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# Building the Foundation: EDOs and Philanthropies as Partners

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# Building the Foundation:

EDOs and Philanthropies as Partners

# The International Economic Development Council

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## Introduction

In recent years, the philanthropic community has assumed a more active and strategic role in economic development. Motivated by the desire to achieve sustainable outcomes, philanthropists and charitable organizations are now seeking to affect change by focusing on comprehensive programs that address the root causes of social problems, rather than mitigating symptoms.<sup>1</sup> This often intersects with the missions of economic development organizations (EDOs) and can complement the economic growth strategies employed by EDOs.

EDOs of varying types, from local chambers of commerce to regional development organizations, provide channels through which foundations can help develop just, equitable, and sustainable economies. The Cleveland Foundation, for example, considers economic development one of the foundation's core goals and has a history of making grants to EDOs that advance its economic transformation initiatives. These grants have been used to support Cleveland's health IT sector and enhance small business performance in low- to moderate-income communities. Outside of Cleveland, there are an increasing number of foundations providing similar program-based support as well as operational support.

Although they are increasingly common, there is little literature that describes these cooperative foundation-EDO relationships. Furthermore, there is no clear set of best practice examples published for both EDOs and foundations to draw upon. As such, IEDC conducted research to better understand philanthropy-led economic development. The findings of this research effort are presented here for two primary purposes: first, to fill this information gap by illustrating how philanthropic organizations support economic development programs, and second, to provide recommendations on how EDOs can establish meaningful and sustainable partnerships with the philanthropic community.

## Research Methodology

Research for this project included a literature review, surveys, and interviews. At the outset of the project, the literature review provided inclusion and exclusion criteria for survey and interview questions as well as acceptable definitions for foundations, economic development, and community development.

Next, a two-part survey was conducted from April to July 2016 and consisted of 16 questions, including multiple choice, short answer, and rankings. There were 13 questions about foundations engaged in economic development and three about demographics and EDO

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<sup>1</sup> BNP Paribas. (2016). New Philanthropy: Building Lasting Change; 2016 BNP Paribas Individual Philanthropy Index. Forbes Insights. Retrieved from <https://group.bnpparibas/en/press-release/2016-bnp-paribas-individual-philanthropy-index>.

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structure. The primary objectives of the survey were to measure and understand the level and types of engagement between EDOs and foundations.

The first half of the survey was conducted online from April to May. The survey was sent to IEDC's full database of members and non-members and promoted through social media and ads in American City & County magazine. At the end of the four-week online survey period, a total of 95 responses were gathered.

The second part of the survey involved directly calling respondents. Using IEDC's database of members and non-members as a base, 60 individuals were randomly selected to be surveyed and 27 responses were collected.

In addition to phone surveys, several interviews were conducted to gather more qualitative data from economic developers and foundation staff.

## Structure of Report

This report is broken down into the following sections: major research findings, opportunities for alignment, and concludes with considerations regarding the future of philanthropy-led economic development. Some resources are also provided in the appendices.

## Summary of Research Findings

This section presents the quantitative findings of the surveys and supporting qualitative findings uncovered from interviews and the literature review. The primary findings include: location matters, as more than 99 percent of EDOs that receive funding from foundations are located within the same city, county, region, or state as their philanthropic funders; community foundations are most involved and provide more funding than other types of foundations; there is room for improved collaboration based on the level of engagement reported by EDOs; and the funding provided for operations and specific programs highlight the most complementary interests between EDOs and foundations. This section concludes with the primary challenges identified by survey respondents.

## Opportunities for Alignment

Opportunities for alignment are based on the primary challenges identified in the survey and interviews as well as from best practices in the rural and urban communities discussed in the case studies. Examples are provided from both the EDO and the foundation perspective.

## Discussion of Major Research Findings

More than a third, 38.5 percent, of survey respondents currently receive financial or in-kind support

**38.5% of survey respondents currently receive financial or in-kind support from a foundation.**

from a foundation. Keep in mind that a significant portion (44.7 percent) of the survey respondents represents public EDOs at the state, county, or city level. This point is worth noting because an EDO's structure determines its primary funding streams. Public EDOs are less likely to actively seek funding from philanthropic organizations as they have direct access to state and federal funding. However, public EDOs can and do access alternative financing mechanisms and sources to supplement governmental funding.<sup>2</sup>



**Figure 1: Survey respondents, by location**

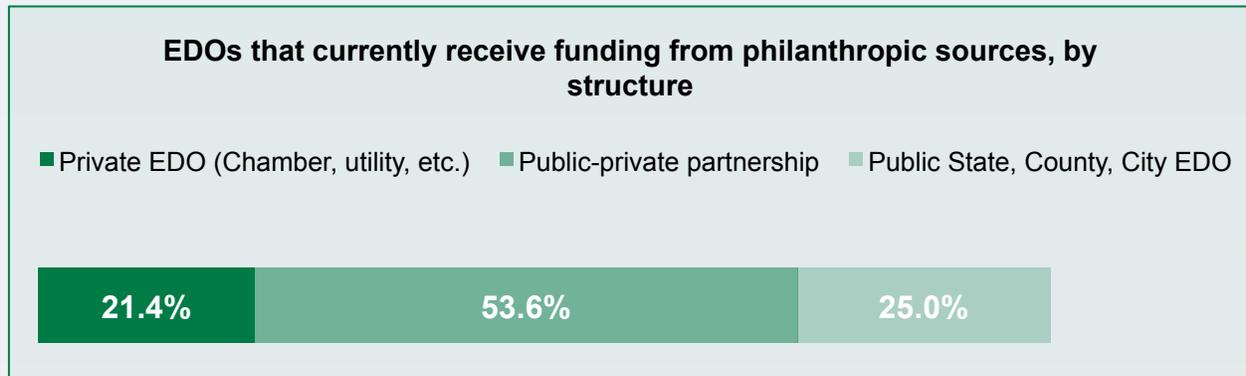
Take, for example, the Wells Fargo Foundation and U.S. Conference of Mayors CommunityWINS (Working/Investing in Neighborhood Stabilization) Grant Program that was announced in 2015. The collaborative effort aims to provide \$3 million over three years to

<sup>2</sup> Finkle, J., Katona, C., Girdwood, C. J. (2011). Managing Economic Development Organizations. The International Economic Development Council, Washington, District of Columbia.

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nonprofits and municipal governments that support neighborhood revitalization, economic development, and job creation in cities.<sup>3</sup>

With that said, the EDO structure that receives the most funding from philanthropic sources is public-private partnerships. As shown in the chart below, 53.6 percent of the respondents that receive financial or in-kind support from a foundation are public-private EDOs. The funding amounts for 2015, as indicated by the survey respondents, range from \$500 to \$650,000, and the average amount received in 2015 was \$145,638.



## Location Matters

The survey results suggest that geographic location, proximity to charitable organizations, and population size impact whether EDOs receive economic development grants. The state of Ohio receives the most foundation support, accounting for 18.5 percent of total respondents that receive funding from philanthropic organizations. Just over 44 percent of the respondents that receive philanthropic support are located in the Midwest. The Northeast, Southern, and Western regions account for 18.5 percent each.<sup>4</sup> Furthermore, more than 99 percent of the survey respondents that receive charitable funds are located in the same city or state as their charitable funders.

These findings mirror the results from the 2015 Columbus Survey which found that 50 percent of community foundations are located in the Midwest, 10 percent in the Northeast, 26 percent in

<sup>3</sup> The United States Conference of Mayors. (2015). CommunityWINS<sup>SM</sup> Grant Program. Web. Retrieved from <http://usmayors.org/communitywins/>.

<sup>4</sup> U.S. Census Bureau Region and Division classifications are used. These regions are Midwest including Illinois, Indiana, Michigan, Ohio, and Wisconsin, Iowa, Kansas, Minnesota, Missouri, Nebraska, North Dakota, and South Dakota; Northeast including Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island, Vermont, New Jersey, New York, and Pennsylvania; South to include Delaware, Florida, Georgia, Maryland, North Carolina, South Carolina, Virginia, Washington D.C., West Virginia, Alabama, Kentucky, Mississippi, and Tennessee, Arkansas, Louisiana, Oklahoma, and Texas; and West including Arizona, Colorado, Idaho, Montana, Nevada, New Mexico, Utah, and Wyoming; Pacific Alaska, California, Hawaii, Oregon, and Washington.

the South and 14 percent in the West.<sup>5</sup> Similarly, the 2015 report *Spotlight on Economic Development Grantmaking in Ohio* by Molly Schnoke of Cleveland State University suggests that geographic proximity between grantmakers and grant recipients in Ohio is an important factor.<sup>6</sup>

### What IS it about a place?

The forthcoming report, *Following the Money: An Analysis of Foundation Grantmaking for Community and Economic Development* (Atlanta and Philadelphia Federal Reserve Banks), highlights some factors that influence a place's ability to attract grant funding. These include:

- Nonprofit density, or the number of nonprofits in a metro area, is considered to be significant and positively associated with the number and value of grants received.
- Metropolitan areas with adult populations between 2 million and 7.5 million received a greater number and overall value of gifts than smaller metros.
- Geographic proximity to grantmakers impacts the likelihood of receiving grants.
- Higher per capita income attracts a greater number and value of million-dollar gifts.
- The share of the population with a bachelor's degree or higher is significantly and positively associated with the number and value of million-dollar gifts received in a metro area.

**Source:** Wardrip, K., Lambe, W., & de Zeeuw, M.G. (2016). *Following the Money: An Analysis of Foundation Grantmaking for Community and Economic Development*. *The Foundation Review*, Vol. 8, 49-64.

Notable patterns with respect to the size of an EDO's jurisdiction were also apparent in the survey results. First, EDOs that serve counties (40.0 percent) and regions (33.3 percent) identified as recipients of funding more often than city-/town-/municipality-level EDOs. Close to a third of the EDOs that indicated they do not receive funding operate at the city, town, or municipal level. Second, EDOs of jurisdictions with a population over 500,000 (37.9 percent) indicated support more often than smaller populations. EDOs that oversee jurisdictions of 25,000 or less also reported more incidences of funding than those in other population groups (see chart below).

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<sup>5</sup> Foundation Center. (2016). 2015 Columbus Survey Findings. Community Foundation Insights. Retrieved from [http://cfinsights.org/Knowledge/ViewArticle/ArticleId/45/2015-Columbus-Survey-Findings.aspx?\\_ga=1.143347581.994129721.1472160305](http://cfinsights.org/Knowledge/ViewArticle/ArticleId/45/2015-Columbus-Survey-Findings.aspx?_ga=1.143347581.994129721.1472160305).

<sup>6</sup> Schnoke, M. (2015). *Spotlight on Economic Development Grantmaking in Ohio May 2015* (Rep.). Cleveland, OH: Foundation Center. Retrieved from [http://foundationcenter.issuelab.org/resource/spotlight\\_on\\_economic\\_development\\_grantmaking\\_in\\_ohio\\_may\\_2015](http://foundationcenter.issuelab.org/resource/spotlight_on_economic_development_grantmaking_in_ohio_may_2015)

**Percent Respondents that receive funding, by jurisdiction size**

■ Up to 25,000 ■ 25,000 to 99,999 ■ 100,000 to 199,999 ■ 200,000 to 499,999 ■ Over 500,000



**Primacy of Community Foundations**

According to the Foundation Center, community foundations only account for 1 percent of all U.S. foundation types in 2014.<sup>7</sup> However, fifty-one percent of survey respondents that receive funding from philanthropic organizations get these funds from community foundations. Again, this supports the idea that location or proximity to a foundation impacts the likelihood of receiving funding. Total giving in 2014, among the community foundations identified by survey respondents, ranged from 183,976 to 130,381,000. The few corporate foundations identified in the survey were located in close proximity to the recipient EDO.

**Foundations Identified by Respondents, by Type**

■ Community ■ Independent ■ Company-sponsored ■ Independent- Family ■ Other



**The Cleveland Foundation: The Nation’s First Community Foundation**

Banker Frederick Goff founded the Cleveland Foundation in 1914, with the goal of fostering philanthropy by pooling resources in a community trust. Conducting social and economic surveys to identify causes of poverty and crime, the foundation discovered philanthropic opportunities in areas such as education, criminal justice reform, social services, and public recreation throughout the 1920s and 30s. The Cleveland Foundation’s activities in these areas garnered national attention, causing other cities to follow its example by creating their own community development organizations. Over the last century, the foundation has significantly contributed to growth in areas such as public works, socioeconomic inclusion,

<sup>7</sup> Foundation Center. (2014). Foundation Stats. Retrieved from <http://data.foundationcenter.org/#/foundations/all/nationwide/total/list/2014>.

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urban renewal, medical care, cultural vitality, and economic development. Today, the Cleveland Foundation's endowment exceeds \$1.8 billion and gives more than \$80 million each year through community development grants. Funds are granted within six major categories: education and youth development, neighborhoods, health and human services, arts and culture, economic development, and purposeful aging. Over the last 15 years, the foundation has invested more than \$85 million in economic development initiatives targeting innovation, entrepreneurship, and business financing gaps.

### **A Shift in Strategic Planning**

Before the foundation had access to large endowments, its main focus was on research and surveys to discover problems at their source. It began employing discretionary grants to address these issues, all while building a donor base and restructuring its donation options to include a higher number of smaller donations. Throughout the 1940s, 50s, and 60s, the Cleveland Foundation's focus broadened, taking on a wider range of causes while its assets and grant sizes increased. The foundation continued its research and grant-making during the 1970s, 80s, and 90s, incorporating hard data and technology as new tools became available.

More recently, the Cleveland Foundation has created organizational categories to focus its continuously mounting number of philanthropic efforts, employing responsive teams and restructuring the board's programmatic responsibilities to strategize how best to allocate the foundation's growing assets. Since 1914, the foundation's community role has grown from a small-scale community trust to a core Cleveland institution, whose reach continues to shape the city's development.

Overall, the Cleveland foundation's strategic growth has progressed as follows: research and small-scale problem solving, growing assets and donor engagement, broadening focus as more assets become available, then reorganizing these large-scale philanthropic efforts into more efficient programs. As the organization's endowments grow, its philanthropic reach widens, requiring strategic adjustment to refocus its goals and grant requirements. Throughout this process, the foundation employed specialized experts, recognizing the importance of high-level human capital to drive the organization's growth. For example, when executive Steven Minter hired experts to head financial, HR, IT, communications, and development departments between 1984 and 2003, the foundation's grantmaking income grew from \$15 million to \$73 million. When taking on new causes and new roles in Cleveland, the foundation restructures its programmatic goals and responsibilities, and carefully employs the expertise of its members and leadership.

### **Economic Development**

The Cleveland Foundation's Economic Transformation Initiative works to develop five major areas: centers of economic activity, a portfolio of industry clusters, entrepreneurship and business growth, family-sustaining jobs, and an engaging workforce system. These areas were chosen based on the foundation's goal to foster core city growth with human capital engagement. Strategically targeting non-traditional industry clusters, such as biomedicine

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and IT, has the potential to create jobs and promote growth for Cleveland's industrial core. Balancing these new industries with residential employment and community development is critical to the foundation's plan. Encouraging business growth through increased access to financial tools and technical assistance, the Cleveland Foundation aims to create more inclusive entrepreneurial opportunities for its residents. The foundation also works to reduce Cleveland's unemployment and underemployment rates, beginning with educational and youth vocational opportunities such as employer mentorship programs. Finally, the foundation works to provide access to jobs that can sustain family incomes. For example, it is currently funding a training program to promote skills-based learning and increase access for employees without educational credentials.

### Looking Forward

After a century of successful philanthropy and community development, the Cleveland Foundation is still moving forward. Its commitment to responsive and proactive grantmaking shows the value it places on adapting to the needs of tomorrow. In fact, about two thirds of the foundation's grants are given to areas that demonstrate the most promise for future benefits. With a focus on its six categories of impact, the Cleveland Foundation is adapting its strategies to the needs of communities with current grants to the Cleveland Metropolitan School District, University Hospitals Health System, the Partnership for a Safer Cleveland, and several other community partners. With forward-looking grants and flexible community responses, the Cleveland Foundation will continue investing in the city's vitality.

## Level of Engagement

Approximately two thirds (65.4 percent) of survey respondents report ongoing, as opposed to one-time, support from foundations. Ongoing support includes multiple instances of event or project-specific funding and the funding of long-term programs and initiatives. Fifty-three percent of respondents reported that the foundations they are most involved with provide up to 5 percent of their organization's funding, and 16.7 percent of this group reported foundations provide more than 10 percent of funding for their organization. In terms of engagement, a significant portion of EDOs are engaged with joint projects or initiatives; 41.7 percent working with a foundation on an ongoing program or joint initiative. However, engagement outside of funding is lacking; only 20.8 percent have established formal partnerships, and an equal amount meet with foundation representatives more than once per month.



## Funding for Operations & Programs

The IEDC survey results and interviews suggest that foundations tend to support EDO operations in a targeted way, rather than providing general operational budget support. In terms of operational support, EDOs reported funding for the development of strategic plans and feasibility studies or for the cost of leadership salaries (rare). For example, the DeKalb County Community Foundation (Illinois) created a Community Economic Development Grants program in 2016, strictly to support economic planning or to implement projects that support established economic plans. In 2015, the Richland County Foundation (Ohio) announced that it will cover the salaries for two new economic development directors for the Richland Community Development Group. The directors will oversee workforce development and business retention and expansion initiatives for Richland County. It is worth noting, however, that both directors were hired as part of the foundation's \$1.1 million five-year strategic plan for local business retention and expansion, workforce development, and entrepreneurship.<sup>8</sup>

Similarly, the Buhl Foundation (Pittsburgh) contributed \$20,000 to Riverlife, a public-private partnership that guides and advocates for the redevelopment of Pittsburgh's riverfronts. The grant was provided to support a planning and feasibility study for the North Side neighborhood's riverfront development. Over the past 15 years, Riverlife has secured grants from numerous charitable organizations, including the Claude Worthington Benedum Foundation, Hillman Foundation, Grable Foundation, and Heinz Endowments for feasibility studies.

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<sup>8</sup> Mansfield News Journal Staff Report. (2015). RCDG Names Barrett Thomas as an Economic Development Director. Braintree Business Development Center. Web. Retrieved from <http://www.braintreepartners.org/news/d1ad7e1/rcdg-names-barrett-thomas-as-an-economic-development-director>.

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The vast majority of survey respondents and interviewees identified funding tied to specific programs or initiatives. Illustrated in the chart below, the survey responses show workforce development, entrepreneurial and small-business development, and business attraction as the top three programs funded by charitable organizations.

### Challenges

The primary challenges identified in the survey and in interviews pertain to a lack of common language and limited of access to charitable organizations.

**Common Language:** The concerns regarding differences in language fall into two categories. The first pertains to accepted definitions, and perceptions, of economic development. Narrow definitions of economic development that only involve business attraction, retention, and expansion activities were cited as hampering collaboration. If foundation staff or leadership holds this definition, EDOs may be viewed as business- rather than people-focused, making it difficult for EDOs to establish connections, much less cultivate relationships, with charitable organizations.

The second category pertains to common metrics for program success and impact. This challenge goes back to the business- vs. people-focus and is further magnified when no clear mission alignment exists between an EDO and a charitable organization.

#### From the EDO's Perspective: The Top 5 Joint Interests

- Business retention and expansion
- Place-based development (e.g., neighborhood and downtown revitalization)
- Entrepreneurial and small-business development
- Workforce development
- Place branding and marketing

**Source:** IEDC Survey Results.

**Limited Access to Charitable Organizations:** Some survey respondents and interviewees noted that they were not located within close proximity to charitable organizations. This physical distance was cited as a deterrent to building relationships, particularly with national foundations. An individual response worth noting concerned the increased competition for funding due to the structural shift of some state agencies from public to public-private nonprofit models.

Other challenges worth noting include dealing with complex policies and procedures for some transactions and meeting 2:1 matching grant requirements.

**From the Foundation's Perspective: Why Some Philanthropic Organizations are Hesitant, or Aren't Funding Economic Development**

- Restricted resources (mission-based, historical funding) and dedicated funding cycles.
- Seems too complex and requires a long-term view.
- Little experience with activities to spur community economic development.
- New focus requires significant learning about economic development strategies and alternatives in a changing world

**Source:** Will Warren, JumpStart, Inc.

## Opportunities for Collaboration

Philanthropic organizations and EDOs have been found to play complementary and reinforcing roles in community development efforts. Foundations are ideal partners in economic development activities as they are well positioned to mobilize financial, human, and political assets to drive economic growth. Economic development practitioners, on the other hand, bring the expertise and operational frameworks needed to implement economic development initiatives. Together, EDOs and foundations can expand their capacity to pursue key community development activities. The section that follows suggests opportunities for alignment and provides supporting examples of philanthropy-led economic development.

## Entrepreneurial and Small Business Development Systems

Entrepreneurs and small businesses create local jobs and help diversify the economic base. Studies find that per capita job growth is positively related to the presence of small businesses and that income growth is positively correlated to small and locally owned businesses.<sup>9</sup> Entrepreneurs and small business owners, however, are faced with many obstacles during business start-up and expansion. As such, numerous foundations<sup>10</sup> provide grants or loans to organizations that help foster entrepreneurship and support small business growth.

According to the report, *Foundations Leading Entrepreneurship*, foundations invest in entrepreneurship:

- To bolster and sustain the local philanthropic sector by supporting future philanthropists (i.e., current entrepreneurs);
- To promote job creation and economic growth, particularly in areas with high rates of poverty;
- To empower underserved communities and groups, including women, minorities, and immigrants; and
- To enrich quality of life and prevent brain drain.<sup>11</sup>

EDOs are well positioned to assist foundations in targeting entrepreneurs and small businesses by delivering technical assistance, establishing incubator or accelerator programs, and providing small business and startup financing.

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<sup>9</sup> Kelly, M. Duncan, V. (2014). A New Anchor Mission for a New Century: Community foundations deploying all resources to build community wealth. Democracy Collaborative. Retrieved from [http://democracycollaborative.org/sites/clone.community-wealth.org/files/downloads/ANewAnchorMission\\_FINAL3.pdf](http://democracycollaborative.org/sites/clone.community-wealth.org/files/downloads/ANewAnchorMission_FINAL3.pdf).

<sup>10</sup> A list is provided in the appendices.

<sup>11</sup> Endeavor Insight. (2015). Foundations Leading Through Entrepreneurship: A New Philanthropic Trend to Create Jobs, Improve Quality of Life, and Strengthen Local Giving. Retrieved from <http://www.endeavor.org/insight/endeavor-insight-foundations-leading-entrepreneurship/>.

## JumpStart, Inc.

Located in Northeast Ohio, JumpStart is a 501(c)(3) charitable organization with the purpose of combating community deterioration in the region by developing programs that encourage economic and job growth. JumpStart was conceived in 2003 by state and community leaders in Ohio with the hope of bringing “venture development” to the area. Venture development, a concept created by the founders of JumpStart, is a unique mix of capital investment and technical assistance to support entrepreneurs in the area. In order to accomplish this, JumpStart enlists the help of foundations, corporations, and state agencies.<sup>1</sup> In addition, JumpStart manages the Northeast Ohio Entrepreneurial Signature Program, which is a collective of organizations that helps entrepreneurs access the tools they need for success. This program created more than 10,000 jobs and produced over \$1.4 billion in revenue from 2003 to 2014.

### **Aligning Programs with Missions**

JumpStart provides small businesses with a variety of services, such as mentoring and scale-up advice. In 2012 JumpStart received funding from the Burton D. Morgan Foundation to create the Burton D. Morgan Mentoring Program. The mentoring program is closely aligned with the foundation mission of championing the entrepreneurial spirit. The program matches young entrepreneurs with mentors in their respective fields. Mentors provide entrepreneurs with technical advice in areas such as sales, marketing, and approaching investors. As such, the program helps participating companies boost their revenue and makes them more competitive when seeking venture capital.<sup>1</sup>

### **Moving Beyond Programs to Implementing Systems**

In addition to the mentoring program, Jumpstart has three funds that provide pre-seed and seed investments to startups. The organization also connects entrepreneurs with outside venture capitalists and other early stage investors across the region. To date, JumpStart has either directly provided or connected entrepreneurs with funds totaling \$1.7 billion, with 34 percent of that funding going to women- and minority-owned businesses.<sup>1</sup> This comprehensive approach to entrepreneurial development reflects a commitment to building the entrepreneurial ecosystem of Northeast Ohio and has opened further opportunities for collaboration with charitable organizations.

For example, the new community development financial institution, Growth Opportunity Partners, Inc. (Growth Opps), was conceptualized with support from the Goldman Sachs Foundation in 2012. Growth Opps provides gap financing to small businesses in Northeast Ohio’s underserved markets. By spring of 2014, Growth Opps was established as a separate legal entity, but it remains a company under the Jumpstart umbrella. Growth Opps leverages Jumpstart’s resources in that clients of the Growth Opps program have access to the Burton D. Morgan program and operating expertise.

JumpStart also offers talent recruitment and placement services to its client companies.

Services include job description and interview guides, onboarding, first-year employee coaching, and employee retention. This ranges from recruiting employees to a specific business to ensuring long-term employee success and loyalty. So far, JumpStart has matched more than 500 employees with startups throughout the region.<sup>1</sup>

### **Conclusion**

As a leading EDO and also a financing institution, JumpStart has become a major player in the economic growth of Northeast Ohio. By offering comprehensive assistance to startups, JumpStart has clarified its role in entrepreneurial development and alignment with foundations sharing similar missions.

A notable trend worth mentioning is the rise of social entrepreneurship and charitable giving to social enterprises. The Schwab Foundation for Social Entrepreneurship defines social entrepreneurship as “practical, innovative and sustainable approaches to benefit society in general, with an emphasis on those who are marginalized and poor.”<sup>12</sup> Many social entrepreneurs inherently advance the missions of charitable organizations and implement sustainable programs that address societal issues. For this reason, progressive foundations have begun targeting organizations that support social entrepreneurs.

## **Propeller: A Source for Global Innovation**

Hurricane Katrina devastated the city of New Orleans, killing more than 1,500 people, destroying 18,000 businesses, and costing the city 95,000 jobs per month in the 10 months following the storm. As outside help was pouring into the city, Andrea Chen decided to accelerate New Orleans’ economic growth from within by reviving the volunteer-run Social Entrepreneurs of New Orleans. As the organization expanded, Chen realized the group did not have to limit itself to one area of social change, and rebranded the organization as “Propeller: A Source for Global Innovation.”

Propeller subsequently created a business accelerator that provides mentorship opportunities and technical support to social entrepreneurs that work in four key areas: food security, water management, healthcare, and educational equity. This support allows social entrepreneurs to create market-based solutions to social and environmental issues in the city, as well as encouraging cooperation between businesses participating in the accelerator program. In order to facilitate this teamwork, Propeller expanded into a 10,000-square-foot incubator and co-working space in the Broadmoor neighborhood, an area hit especially hard

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<sup>12</sup> Schwab Foundation for Social Entrepreneurship. (n.d.) What is a social entrepreneur. Retrieved from <http://www.schwabfound.org/content/what-social-entrepreneur>.

by Katrina, to allow entrepreneurs to draw from like-minded individuals.

### **Partnerships with Foundations**

Through the accelerator, Propeller offers multiple programs to support social entrepreneurship in New Orleans, including an annual Startup Accelerator and Growth Accelerator events. The Startup Accelerator is a collective of workshops in the four aforementioned areas. Each sector-based workshop is a three-month intensive program that helps startups go from the idea phase to the product launch. In addition to the workshops, social entrepreneurs are provided weekly mentoring from experienced professionals, free office space, and technical support. Eligible applicants must identify a legitimate problem and lay out a viable solution, complete with sustainable funding sources and revenue streams. Most eligible participants are in the early startup stage with minimal staff and revenue, but established businesses may also apply for the program if they are developing a new product or service that meets the Startup Accelerator criteria.

The Growth Accelerator, another program offered by Propeller, focuses on expanding established companies and startups that do business in the social sector. Like the Startup Accelerator, the Growth Accelerator is tailored to fit the specific goals of the applicant. In order to do this, the program connects businesses with strategy experts, venture networks, and investors. The Growth Accelerator program helps established companies expand their business scope and reach more people that can benefit from their service or product.

Since 2009, Propeller facilitated the launch of more than 100 ventures. Over 250 full-time and part-time jobs were created since the organization's inception and more than \$60 million in external revenue and financing was generated by program alumni. Propeller Alumni have received more than \$100,000 in funding from sector-based pitch competitions.

## **Neighborhood Revitalization and Redevelopment Efforts**

Recovering from economic decline and disasters is an arduous task. Whether affected by a natural disaster or the loss of a core industry, economic recovery is dependent on getting key neighborhood stakeholders to work together and the development of a long-term strategy. Along with their philanthropic partners, EDOs can lead the charge to redevelop distressed communities and attract business, new residents, and investment into disinvested areas.

## The Kresge Foundation

Founded in 1924, the Kresge Foundation promotes human progress in communities throughout the United States. In 2006, the foundation sought to redefine its approach to giving and developed a new system of strategic philanthropy. The foundation narrowed its geographic focus to U.S. cities and is now guided by specific objectives in six disciplines: arts and culture, education, environment, health, human services, and community development in Detroit.

### A Partner in Recovery

Detroit has seen revitalization efforts by nonprofits and public agencies for decades. The Kresge Foundation has played a pivotal role in these efforts, especially through financing. In early 2015, the foundation awarded \$1.6 million in planning and implementation grants for the “Kresge Innovative Projects: Detroit” initiative.

The three-year, \$5 million initiative provided funds to 18 organizations, 11 of which were implementation grants ranging from \$100,000 to \$150,000 and seven planning grants of \$20,000 to \$25,000. The implementation grants funded efforts to transform blighted areas into greenways as well as the creation of a market, gardens, parks, and play spaces. Planning grants covered the development of strategies to reuse vacant land and feasibility studies for solar power arrays.

In December 2015, the foundation announced an additional 10 grants totaling over \$2.2 million for revitalization efforts. Grants for planning and development were awarded to four organizations including the Eastern Market Corporation to facilitate the creation of a new community development corporation and the Detroit Riverfront Conservancy to update plans for the riverfront district. Grants to renew operating support for EDOs included the Detroit Economic Growth Association and the related Detroit Economic Growth Corporation, and Community Development Advocates Detroit.

Overall, the Kresge Foundation awarded \$30 million in grants in support of Detroit’s revitalization, including grants to Midtown Detroit Inc. (\$500,000), the Detroit Land Bank Authority (\$100,000), and LAND, Inc. (\$150,000).

**Sources:** The Kresge Foundation. (2015). Grants Awarded. Retrieved from [http://kresge.org/grants?search\\_api\\_views\\_fulltext=land%2C%20Inc.&sort\\_by=field\\_grantdate&sort\\_order=DESC](http://kresge.org/grants?search_api_views_fulltext=land%2C%20Inc.&sort_by=field_grantdate&sort_order=DESC).

The Kresge Foundation. (2015) Initiative supports 18 neighborhood revitalization efforts in Detroit. Retrieved from <http://kresge.org/news/initiative-supports-18-neighborhood-revitalization-efforts-detroit>.

The Kresge Foundation. (2015) Kresge commits \$2.2 million for Detroit revitalization, neighborhoods. Retrieved from <http://kresge.org/news/kresge-commits-22-million-detroit-revitalization-neighborhoods>.

## Workforce Development Initiatives

EDOs and philanthropic organizations often share complementary workforce development goals. EDOs aim to improve the skills of workers in order to support business retention, expansion, and attraction.<sup>13</sup> Similarly, philanthropic organizations facilitate worker training as a means to reduce unemployment and improve the quality of life for community residents. As such, EDOs and philanthropies can work together to create effective workforce development infrastructure with training programs that reflect the needs of local businesses and job seekers.

### Central Minnesota's Initiative Foundation

In response to a statewide economic downturn in the mid 1980s, Minnesota public officials and the McKnight Foundation teamed up to create six Initiative Foundations to stop economic decline and job loss in rural Minnesota. McKnight envisioned a regional strategy in which local giving and local responsibility would drive the long-term welfare of each region. As such, each of the six Initiative Foundations exist as separate entities, each responsible for promoting economic growth in rural counties and small cities within their specific region. This structure allows each foundation to develop customized responses to regional needs and opportunities with region-specific grants, business loans, leadership programs, and donor services.<sup>1</sup>

The Central Minnesota Initiative Foundation represents 14 counties, anchored by the city of St. Cloud. In 2013, the Initiative Foundation partnered with longtime grant recipient, the Greater St. Cloud Development Corporation (GSCDC), to boost job growth in the region. Together they created JobSpot, one-stop-shop that connects job seekers with employers and promotes the quality of life in the region as a way to attract workers. JobSpot's main focus is the migration of laborers to the St. Cloud area and will only promote jobs and employers that are located there. By providing funding and consulting services, the Initiative Foundation ensured seamless implementation of the website and has a hand in the workforce development of the region.

Currently, JobSpot has more than 2,400 registered job seekers and over 560 jobs posted from 24 employers. Of registered job seekers, 54 percent are from outside of the area, demonstrating the success of the program's immigration initiative. In the two years since its inception, more than 500 employers have subscribed to JobSpot, the majority of which have found employees through the site. Additionally, JobSpot keep an open dialogue with the region's seven higher education institutions in order to recruit the 30,000-plus students that

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<sup>13</sup> Garmise, S., Nourick, S., Ghosh, S., Girdwood, C.J., Thorstensen, L., Bromley, I. (2011). Workforce Development Manual. International Economic Development Council, Washington, District of Columbia.

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live in the area at any given time. In addition to supporting organizational programs such as JobSpot, the Initiative Foundation grants GSCDC \$7,500 annually to support other regional economic development pursuits.

Through programs such as JobSpot, and working relationships with regional EDOs and higher educational institutions, the Initiative Foundation has a major influence on business and workforce development in the region.

## Rural Economic Development

When measured against their urban and suburban counterparts, much of rural America lags in economic performance. However, an increasing number of rural EDOs have embraced their communities' unique strengths to develop promising economic growth strategies. Similarly, philanthropists and community foundations in small towns and rural areas are banding together to develop stronger networks, pool endowed and non-endowed funds, and in some cases, run entire economic development programs.<sup>14</sup> This growing practice of community development philanthropy (CDP), a coalescing of community philanthropy with community economic development, provides partnership opportunities for practitioners and foundations in rural areas.

**For more on Community Development Philanthropy, visit:**

**[http://www.energizingentrepreneurs.org/solutions/community-development-philanthropy/community\\_development\\_philanthropy.html](http://www.energizingentrepreneurs.org/solutions/community-development-philanthropy/community_development_philanthropy.html)**

## The Ford Family Foundation

The Ford Family Foundation serves the regions of Oregon and Siskiyou County, California. Established in 1957, much of the early work of the foundation centered on providing scholarships and leadership training to rural communities. Although leadership training programs ended in 2016, the philanthropic reach of the foundation continues to grow. Within the past 20 years, there has been additional effort to increase impact throughout rural communities by extending assistance and funding in the areas of: community economic development; children, youth, and families; education; and visual arts. Annually, the foundation disperses approximately \$3 million in economic development funds and \$2 million in rural capital grants.

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<sup>14</sup> Advancing Community Development Philanthropy. (n.d.) What is CDP?. The Aspen Institute; Center for Rural Entrepreneurship. Retrieved from <https://advancingcdp.org/what-is-cdp/>.

### **Economic Vitality**

The Economic Vitality program is a subset of the foundation's Community Economic Development program. Economic Vitality is meant to complement the Ford Institute for Community Building, an arm of the foundation which focuses on building capacity in rural communities. The foundation defines capacity as "the ability to learn, plan, make decisions, and act together," in order to realize "positive social, economic, and environmentally sustainable outcomes."<sup>1</sup> The Economic Vitality program launched in early 2016 and provides support to projects, programs, and organizations that enhance the rural workforce, business retention and expansion, and prospective industry research. Examples of sponsored workforce programs include:

- Funding for displaced worker training that is not supported by state or federal funds
- Incumbent worker training within the manufacturing industry
- Truck driver training

The foundation acknowledges that competition for business growth and retention can be more difficult for rural economies. In turn, Economic Vitality supports investments in rural business attraction strategies such as:

- Support services
- Technical assistance
- Entrepreneurial development
- Succession planning
- Finance

In addition to supporting current employer and entrepreneur needs, Economic Vitality is ensuring rural communities are prepared for opportunities in emerging industries. The decline of the timber industry in Oregon prompted a statewide research initiative to identify new natural resource industries. Through this process, opportunities for new business startups are being identified.

Since the 1950s, the Ford Family Foundation has provided a wealth of resources to promote growth within the rural regions of Oregon and Siskiyou County, California. The introduction of the Economic Vitality Program in 2015 shows that no matter how long an organization has been operating, there will always be room for innovation as economic transition continues.. Even during its infancy, the Economic Vitality program has enhanced rural workforces and fostered the growth and retention of rural businesses. By bringing together thought leaders to address tangential economic issues such as housing, the program also advocates for public policy solutions and ensures that elected officials are informed.

## Looking Ahead

EDOs and philanthropic organizations have complementary roles in increasing community wealth and economic opportunity. Through their diverse, far-reaching growth strategies, EDOs provide foundations an avenue for achieving their charitable missions. In turn, charitable organizations provide the financial, human, and political assets that enable EDOs to implement change. When both organizations work together, they can craft comprehensive and sustainable solutions to complex economic issues.

This findings presented in this report provide some insight into how foundations engage in economic development activities and outlines opportunities for collaboration with philanthropies. As shown in the case studies, foundations are valuable partners in an EDO's efforts to grow small businesses, connect workers to jobs, and revitalize distressed neighborhoods.

Yet, there is still much to learn about philanthropic participation in economic development, especially considering the growing trend of impact investing. For philanthropic organizations, impact investing is likened to the “sweet spot” between traditional philanthropic grants that yield no financial returns and investments for which market-rate financial, and social, returns are sought.<sup>15</sup> This report, and the research supporting it, is primarily focused on foundation grant making. As such, there is still much to uncover regarding the nexus of economic development and the philanthropic community's shift toward impact investing.

Grants are a valuable source of financing for economic growth initiatives, but impact investment can deliver both social and financial returns, the latter of which can be reinvested into new projects. Some EDOs, particularly community development financial institutions, have embraced this shift and moved from being solely grant beneficiaries to impact investing partners. It is still too early, however, to know how this shift will impact grantmaking and the investment in EDOs across the board. More time is needed to see how the relationship between EDOs and foundations will evolve.

Although they may approach social problems in different ways, in the end, both organizations seek the same outcome – prosperity. It is only logical EDOs and foundations should find the most symbiotic ways to work together.

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<sup>15</sup> Etzel, M. (2015, November 9). Philanthropy's New Frontier—Impact Investing (SSIR). Retrieved from [https://ssir.org/articles/entry/philanthropys\\_new\\_frontierimpact\\_investing](https://ssir.org/articles/entry/philanthropys_new_frontierimpact_investing)

## Appendices

### Appendix A: Glossary of Key Economic Development Terms

IEDC's *Introduction to Economic Development Manual* provides the following definitions for key economic development terms:

**Business Retention and Expansion** is a core component of any economic development program. Business retention and expansion programs assist businesses in an effort to: help them survive economic difficulties; assist them with expansions that add new jobs; increase their competitiveness in the wider marketplace.

A **Business Incubator**, as its name implies, is a mechanism used to encourage and support young companies until they become viable. Incubators provide new firms with affordable space, give them technical and managerial support, assist them in securing equity and long-term debt financing, and help locate qualified employees.

**Economic Development** can be defined as a program, group of policies, or set of activities that seeks to improve the economic well-being and quality of life for a community by creating and retaining jobs that facilitate growth and provide a stable tax base.

**Entrepreneurial development** includes activities aimed at assisting entrepreneurs to start up a new establishment.

**Neighborhood Revitalization** focuses on the economic aspects of distressed neighborhoods (retail sector, market potential, employment opportunities, and available labor force) that can be developed to help neighborhoods compete and contribute to the urban economy.

**Workforce Development** refers to efforts or programs that seek to bridge the gap between demand and supply through skills enhancement of existing workers and/or improving basic skills of entry-level workers.

**Impact Investments**, as defined by the Global Impact Investing Network, “are investments made into companies, organizations, and funds with the intention to generate social and environmental impact alongside a financial return. Impact investments can be made in both emerging and developed markets, and target a range of returns from below market to market rate, depending upon the circumstances.”<sup>16</sup>

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<sup>16</sup> What You Need to Know About Impact Investing. (n.d.). Retrieved September, from <https://thegiin.org/impact-investing/need-to-know/>

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According to Encyclopædia Britannica, the term **Philanthropic Foundation** refers to “a nongovernmental, nonprofit organization, with assets provided by donors and managed by its own officials and with income expended for socially useful purposes. *Foundation*, *endowment*, and *charitable trust* are other terms used interchangeably to designate these organizations.”<sup>17</sup>

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<sup>17</sup> Philanthropic Foundation. (n.d.). Retrieved from <https://www.britannica.com/topic/philanthropic-foundation>

## Appendix B: The Burton D. Morgan Foundation's Mini-Directory of Entrepreneurship Foundations

### **CALIFORNIA**

**Broad Foundation, Eli & Edythe, The**  
10900 Wilshire Blvd., 12th Fl. Los Angeles, CA  
90024-6532  
**Web:** [broadfoundation.org/](http://broadfoundation.org/)

**Conrad Foundation**  
1008 General Kennedy St., Ste. C San  
Francisco, CA 94129-1729  
**Web:** [conradawards.org/conrad\\_foundation.htm](http://conradawards.org/conrad_foundation.htm)

**Foundation for Enterprise Development**  
1241 Cave St.  
La Jolla, CA 92037-3602

**Intuit Foundation, The**  
P.O. Box 7850, MS MTV-07-02  
Mountain View, CA 94043  
**Web:**  
[intuit.com/about\\_intuit/philanthropy/how.jsp#Foundation](http://intuit.com/about_intuit/philanthropy/how.jsp#Foundation)

**Jacobs Center for Neighborhood Innovation**  
404 Euclid Ave.  
San Diego, CA 92114-2221  
**Web:** [jacobscenter.org/](http://jacobscenter.org/)

**Johnson Foundation, Franklin and Catherine, The**  
2100 Geng Rd., Ste. 200  
Palo Alto, CA 94303-3307

**Melissa Joy Manning, Inc. Corporate Giving Program**  
2500 Market St., Unit A Oakland, CA 94607-3438  
**Web:**  
[melissajoymanning.com/mm5/merchant.mvc?Screen=PHIL](http://melissajoymanning.com/mm5/merchant.mvc?Screen=PHIL)

**Omidyar Network Fund, Inc.**  
1991 Broadway St., Ste. 200  
Redwood City, CA 94063-1958  
**Web:** [omidyar.net/](http://omidyar.net/)

**Union Bank Foundation**  
P.O. Box 45174  
San Francisco, CA 94145-0174  
**Web:**  
[uboc.com/about/main/0,,2485\\_3457,00.html](http://uboc.com/about/main/0,,2485_3457,00.html)

**Wakerly Family Foundation**  
373 Foxborough Dr.  
Mountain View, CA 94041-1667  
**Web:** [wakerly.org/WFF](http://wakerly.org/WFF)

**Women's Economic Ventures**  
333 S. Salinas St.  
Santa Barbara, CA 93103-2962  
**Web:** [wevonline.org](http://wevonline.org)

**X Prize Foundation, Inc.**  
5510 Lincoln Blvd., Ste. 100  
Playa Vista, CA 90094-2015  
**Web:** [xprize.org](http://xprize.org)

### **COLORADO**

**First Nations Development Institute**  
703 3rd. Ave., Ste. B. Longmont, CO 80501-5995  
**Web:** [firstnations.org](http://firstnations.org)

**Price Foundation, Inc., Louis and Harold, The**  
1371 Hecla Dr., Ste. B-1  
Louisville, CO 80027-2318  
**Web:** [pricefoundation.org](http://pricefoundation.org)

### **CONNECTICUT**

**Elmseed Enterprise Fund, The**  
P.O. Box 207148  
New Haven, CT 06520-7148  
**Web:** [elmseed.org](http://elmseed.org)

**Fippinger Foundation, Inc., Grace J.**  
30 Old Kings Hwy. S., P.O. Box 4004  
Darien, CT 06820-1404  
**Web:** [gjfippingerfdn.org](http://gjfippingerfdn.org)

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### DISTRICT OF COLUMBIA

#### **African American Women's Giving Circle**

1411 K St. N.W., Ste. 800

Washington, DC 20005-3458

**Web:** [thewomensfoundation.org/join-us/become-a-grantee-partner/african-american-womens-giving-circle/](http://thewomensfoundation.org/join-us/become-a-grantee-partner/african-american-womens-giving-circle/)

#### **Case Foundation, The**

1717 Rhode Island Ave. N.W., 7th Fl.

Washington, DC 20036-3023

**Web:** [casefoundation.org](http://casefoundation.org)

#### **Center for International Private Enterprise, Inc.**

1155 15th St. N.W., Ste. 700

Washington, DC 20005-2706

**Web:** [cipe.org](http://cipe.org)

#### **CNFA**

1828 L St., N.W. Ste. 710

Washington, DC 20036-5104

**Web:** [cnfa.org](http://cnfa.org)

#### **FINCA International, Inc.**

1101 14th St., N.W., 11th Fl. Washington, DC 20005-5637

**Web:** [finca.org](http://finca.org)

#### **National Veterans Business Development Corporation**

1625 K St. N.W., Ste. 750

Washington, DC 20006-1695

**Web:** [veteranscorp.org](http://veteranscorp.org)

### FLORIDA

#### **Knight Foundation, John S. and James L.**

Wachovia Financial Ctr., Ste. 3300

200 S. Biscayne Blvd. Miami, FL 33131-2349

**Web:** [knightfoundation.org](http://knightfoundation.org)

### GEORGIA

#### **Georgia-Pacific Foundation, Inc.**

133 Peachtree St. N.E., 39th FL Atlanta, GA 30303-1808

**Web:** [gp.com/gpfoundation/index.html](http://gp.com/gpfoundation/index.html)

#### **UPS Foundation, The**

55 Glenlake Pkwy., N.E. Atlanta, GA 30328-3474

**Web:** [community.ups.com/UPS+Foundation](http://community.ups.com/UPS+Foundation)

### ILLINOIS

#### **Coleman Foundation, Inc., The**

651 W. Washington Blvd., Ste. 306

Chicago, IL 60661-2134

**Web:** [colemanfoundation.org](http://colemanfoundation.org)

#### **Hughes Charitable Foundation, Inc., John E. and Jeanne T., The**

1057 W. Monroe St. Chicago, IL 60607-2603

#### **MB Financial Charitable Foundation**

6111 N. River Rd. Rosemont, IL 60018-5158

**Web:**

[mbfinancial.com/AboutMBFinancialBank/MBinYourCommunity/MBFinancialCharitableFoundation/tabid/171/Default.aspx](http://mbfinancial.com/AboutMBFinancialBank/MBinYourCommunity/MBFinancialCharitableFoundation/tabid/171/Default.aspx)

#### **McCormick Foundation**

205 N. Michigan Ave., Ste. 4300

Chicago, IL 60601-5983

**Web:** [mccormickfoundation.org](http://mccormickfoundation.org)

#### **Miller Family Charitable Foundation, Audrey and Jack**

485 E. Half Day Rd., Ste. 200

Buffalo Grove, IL 60089-8806

**Web:**

[foundationcenter.org/grantmaker/ajmiller/index.html](http://foundationcenter.org/grantmaker/ajmiller/index.html)

#### **Opportunity International, Inc.**

2122 York Rd., Ste. 150

Oak Brook, IL 60523-1996

**Web:** [opportunity.org](http://opportunity.org)

### INDIANA

#### **Old National Bank Foundation, Inc.**

P.O. Box 718

Evansville, IN 47705-0718

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**Web:** [oldnational.com/About-Us/Grants-and-Sponsorships/Index.asp](http://oldnational.com/About-Us/Grants-and-Sponsorships/Index.asp)

### **Scott County Community Foundation, Inc.**

60 N. Main St. P.O. Box 25  
Scottsburg, IN 47170-1129

**Web:** [scottcountyfoundation.org](http://scottcountyfoundation.org)

## **LOUISIANA**

### **Louisiana Cultural Economy Foundation**

5500 Prytania St., No. 403  
New Orleans, LA 70115-4237

**Web:** [culturaleconomy.org](http://culturaleconomy.org)

## **MASSACHUSETTS**

### **Babson Foundation, Paul and Edith, The**

50 Congress St., Ste. 832  
Boston, MA 02109-4017

**Web:** [babsonfoundations.org](http://babsonfoundations.org)

### **Berkshire Bank Foundation**

P.O. Box 1308  
Pittsfield, MA 01202-1308

**Web:** [berkshirebank.com/about/foundations.asp](http://berkshirebank.com/about/foundations.asp)

### **Berkshire Bank Foundation - Pioneer Valley**

P.O. Box 1308  
Pittsfield, MA 01202-1308

**Web:** [berkshirebank.com/about/foundations.asp](http://berkshirebank.com/about/foundations.asp)

### **Berkshire Foundation, Inc., Greater**

P.O. Box 1308  
Pittsfield, MA 01202-1308

**Web:** [berkshirebank.com/about/foundations.asp](http://berkshirebank.com/about/foundations.asp)

### **Grinspoon Charitable Foundation, Harold, The**

380 Union St.  
West Springfield, MA 01089-4132

**Web:** [hgcf.org](http://hgcf.org)

## **SEVEN Fund**

1770 Massachusetts Ave., Ste. 247  
Cambridge, MA 02140-2808

**Web:** [sevenfund.org](http://sevenfund.org)

## **MAINE**

### **Bangor Savings Bank Foundation**

99 Franklin St. P.O. Box 930  
Bangor, ME 04402-0930

### **Web:**

[bangor.com/YouMatterMore/CommunitySupport.aspx](http://bangor.com/YouMatterMore/CommunitySupport.aspx)

## **MICHIGAN**

### **Fisher Foundation, Inc., Max M. and Marjorie S.**

2 Towne Sq., Ste. 920  
Southfield, MI 48075-3761

**Web:** [mmfisher.org](http://mmfisher.org)

### **Houston Foundation, Allan, The**

38505 Woodward Ave., Ste. 1700  
Bloomfield Hills, MI 48304-5205

### **Lowe Foundation, Edward, The**

58220 Decatur Rd. P.O. Box 8  
Cassopolis, MI 49031-0008

**Web:** [EdwardLowe.org/](http://EdwardLowe.org/)

### **MINNESOTA Initiative Foundation**

405 1st St., S.E.  
Little Falls, MN 56345-3007

**Web:** [ifound.org](http://ifound.org)

### **MoneyGram International Corporate Giving Program**

1550 Utica Ave. S., Ste. 100  
Minneapolis, MN 55416-5301

### **Web:**

[moneygram.com/MGICorp/CompanyInformation/CommunityGiving/index.htm](http://moneygram.com/MGICorp/CompanyInformation/CommunityGiving/index.htm)

### **Northwest Minnesota Foundation (NWMF)**

4225 Technology Dr. N.W. Bemidji, MN 56601-5118

**Web:** [nwmf.org](http://nwmf.org)

### **Pentair Foundation, The**

5500 Wayzata Blvd., Ste. 800  
Golden Valley, MN 55416-1259

**Web:** [pentair.com/About-Us/The-Pentair-Foundation.aspx](http://pentair.com/About-Us/The-Pentair-Foundation.aspx)

### **Southern Minnesota Initiative Foundation**

525 Florence Ave. P.O. Box 695  
Owatonna, MN 55060-0695

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**Web:** [smifoundation.org](http://smifoundation.org)

### **Southwest Initiative Foundation**

15 3rd Ave. N.W.  
Hutchinson, MN 55350-1643

**Web:** [swifoundation.org](http://swifoundation.org)

### **Tastefully Simple Corporate Giving Program**

1920 Turning Leaf Ln. SW P.O. Box 3006  
Alexandria, MN 56308-3006  
**Web:** [tastefullysimple.com/Cultures/en-US/WhoWeAre/GivingWithGratitude/GivingGuidelines/](http://tastefullysimple.com/Cultures/en-US/WhoWeAre/GivingWithGratitude/GivingGuidelines/)

## **MISSOURI**

### **Kauffman Foundation, Ewing Marion**

4801 Rockhill Rd.  
Kansas City, MO 64110-2046

**Web:** [kauffman.org](http://kauffman.org)

### **NORTH CAROLINA Mountain BizCapital, Inc.**

153 S. Lexington Ave.  
Asheville, NC 28801-3607

**Web:** [mountainbizworks.org](http://mountainbizworks.org)

### **NORTH DAKOTA Dakota Foundation**

P.O. Box 1535  
Jamestown, ND 58402-1535

**Web:** [dakotafoundation.org/](http://dakotafoundation.org/)

## **NEW JERSEY**

### **International Foundation, The**

1700 Rte. 23N., Ste. 300  
Wayne, NJ 07470-7537

**Web:** [intlfoundation.org](http://intlfoundation.org)

### **Kirby, Jr. Foundation, Inc., A. P.**

14 E. Main St. P.O. Box 90  
Mendham, NJ 07945-1505

### **Mareb Foundation, Inc., The**

32 Benedict Crescent  
Basking Ridge, NJ 07920-4916

### **PSEG Foundation, Inc.**

80 Park Plz., 10C Newark, NJ 07102-4109

**Web:** [pseg.com/community/funding.jsp](http://pseg.com/community/funding.jsp)

### **Winters Family Foundation, Alan and Hope, The**

P.O. Box 570  
Ridgefield, NJ 07657-0570

## **NEW MEXICO**

### **Santa Fe Natural Tobacco Company Foundation**

P.O. Box 25140  
Santa Fe, NM 87504-5140

**Web:** [sfntcfoundation.org](http://sfntcfoundation.org)

## **NEVADA**

### **Norris Foundation, Elwood and Stephanie, The**

8617 Canyon View Dr.  
Las Vegas, NV 89117-5737

## **NEW YORK**

### **ABC Home and Planet Foundation**

888 Broadway 10th Fl. New York, NY 10003

**Web:** [abchomeandplanet.org](http://abchomeandplanet.org)

### **Blackstone Charitable Foundation, The**

345 Park Ave.  
New York, NY 10154

**Web:**

[blackstone.com/cps/rde/xchg/bxcom/hs/citizenship\\_charitable.htm](http://blackstone.com/cps/rde/xchg/bxcom/hs/citizenship_charitable.htm)

### **Citizens Committee for New York City**

305 7th Ave., 15th Fl.  
New York, NY 10001-6008

**Web:** [citizensnyc.org](http://citizensnyc.org)

### **Endeavor Global, Inc.**

900 Broadway, Ste. 600  
New York, NY 10003-1237

**Web:** [endeavor.org](http://endeavor.org)

### **Goldman Sachs Group, Inc. Corporate Giving Program, The**

85 Broad St., 7th FL  
New York, NY 10004-2434

**Web:** [goldmansachs.com/citizenship/index.html](http://goldmansachs.com/citizenship/index.html)

### **Guardian Life Insurance Company of**

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### **America Corporate Giving Program, The**

7 Hanover Sq.  
New York, NY 10004-4010

**Web:**  
guardianlife.com/company\_info/community\_involvement.html

### **Heron Foundation, F. B., The**

100 Broadway, 17th Fl.  
New York, NY 10005-4506

**Web:** fbheron.org/

### **JM Foundation, The**

654 Madison Ave., Ste. 1605  
New York, NY 10065-8430

**Web:** foundationcenter.org/grantmaker/jm

### **Mizuho USA Foundation, Inc.**

1251 Ave. of the Americas, 31st Fl. New York,  
NY 10020-1104

**Web:**  
mizuhocbk.co.jp/english/global\_branch/americas/community.html

### **OppenheimerFunds, Inc. Corporate Giving Program**

2 World Financial Center, 11th Fl.  
225 Liberty St.  
New York, NY 10281

### **OHIO**

#### **Ailern**

6450 Sand Lake Rd., Ste. 100  
Dayton, OH 45414-2679

**Web:** aileron.net/

### **Cleveland Foundation, The**

1422 Euclid Ave., Ste. 1300  
Cleveland, OH 44115-2001

**Web:** clevelandfoundation.org

### **Fasenmyer Foundation, Richard J.**

7575 Northcliff Ave., Ste. 203  
Brooklyn, OH 44144-3205

### **GAR Foundation, The**

277 E. Mill St. Akron, OH 44308

**Web:** garfdn.org

### **JPMorgan Chase Bank, N.A. Corporate**

### **Giving Program**

1111 Polaris Pkwy. Columbus, OH 43240-7001

**Web:** jpmorganchase.com/corporate/Corporate-Responsibility/corporate-responsibility.htm

### **Longaberger Foundation, The**

1500 E. Main St.  
Newark, OH 43055-8847

**Web:**  
longaberger.com/longabergerFoundation.aspx

### **Morgan Foundation, Burton D., The**

22 Aurora St.  
Hudson, OH 44236-2947

**Web:** bdmorganfdn.org

### **Morino Institute**

19111 Detroit Rd., Ste. 305  
Rocky River, OH 44116-1740

### **Wean Foundation, Raymond John, The**

P.O. Box 760  
Warren, OH 44482-0760

**Web:** rjweanfdn.org

## **OREGON**

### **Lemelson Foundation, The**

45 S.W. Ankeny St., Ste. 200  
Portland, OR 97204

**Web:** lemelson.org/

## **PENNSYLVANIA**

### **Benedum Foundation, Claude Worthington**

1400 Benedum-Trees Bldg.  
223 4th Ave.

Pittsburgh, PA 15222-1713

**Web:** benedum.org

### **Franklin Technology Partners of Southeastern Pennsylvania, Ben**

4801 S. Broad St., Ste. 200  
Philadelphia, PA 19112-1324

**Web:** sep.benfranklin.org

### **Heinz Endowments, The**

30 Dominion Twr.  
625 Liberty Ave., 30th Fl. Pittsburgh, PA 15222-3115

## International Economic Development Council

**Web:** heinz.org

### Idea Foundry

4551 Forbes Ave., Ste. 200  
Pittsburgh, PA 15213-3524

**Web:** ideafoundry.org

### PNC Foundation, The

1 PNC Plz.  
249 5th Ave., P1-POPP-20-1  
Pittsburgh, PA 15222

**Web:**

pnccommunityinvolvement.com/PNCFoundation  
.htm

### POISE Foundation

1 Gateway Ctr., Ste. 500  
420 Ft. Duquesne Blvd. Pittsburgh, PA 15222-  
1481

**Web:** poisefoundation.org

### Tippins Foundation

3 Gateway Ctr., Ste. 13E Pittsburgh, PA 15222-  
1094

## RHODE ISLAND

### Providence Economic Development Partnership, Inc.

400 Westminster St., 6th Fl. Providence, RI  
02903-3222

**Web:** providenceri.biz/

## TENNESSEE

### Women's Foundation for a Greater Memphis

8 S. 3rd St., Ste. 110  
Memphis, TN 38103-6600

**Web:** wfgm.org

## TEXAS

### The Holthouse Foundation for Kids

1800 West Loop S., Ste. 1875  
Houston, TX 77027-3209

**Web:** holthousefoundationforkids.org/home

### PHM Foundation, The

P.O. Box 1333

Coppell, TX 75019-1333

**Web:** phmfoundation.org/

### Pickens Foundation, T. Boone, The

8117 Preston Rd., Ste. 260 W. Dallas, TX  
75225-6321

**Web:** tboonepickensfoundation.org

## VIRGINIA

### Association for Enterprise Opportunity

1601 N. Kent St., Ste. 1101  
Arlington, VA 22209-2114

**Web:** microenterpriseworks.org/

### Hunt Family Foundation, Inc., Rodney P.

1750 Tysons Blvd., Ste. 1200  
McLean, VA 22102-4232

## WASHINGTON

### Jones Foundation, Herbert B., The

801 108th Ave. N.E., Ste. 260  
Bellevue, WA 98004-8606

**Web:** hbjfoundation.com

### Miller Freedom Foundation, Warren

2300 7th Ave., Ste. B100  
Seattle, WA 98121-1904

**Web:** warrenmiller.org

## WISCONSIN

### Bradley Foundation, Inc., Lynde and Harry, The

1241 N. Franklin Pl. Milwaukee, WI 53202-2901

**Web:** bradleyfdn.org

### Kern Family Foundation, Inc., The W305

S4239 Brookhill Rd. Waukesha, WI 53189-9126

**Web:** kffd.org/

## WYOMING

### Friess Family Foundation, Lynn and Foster, The

P.O. Box 9790

Jackson, WY 83002-9790

## Appendix C: Indiana Grantmakers Alliance & Purdue Center for Regional Development - Economic Development: A Checklist for Funding

*Economic Development: A Checklist for Funding*

### Step 1: General Assessment

Step 1 is designed so Community Foundations can quickly categorize the community or economic development project into any one of the five IRS charitable purposes.

Does the community or economic development project “substantially” focus on the:

- |   |                |
|---|----------------|
| A. Relief of the poor, distressed or underprivileged.   | yes ___ no ___ |
| B. Advancement of education or science.   | yes ___ no ___ |
| C. Erection or maintenance of public buildings, monuments or works.   | yes ___ no ___ |
| D. Lessening of the burdens of government.  | yes ___ no ___ |
| E. Promotion of social welfare to accomplish any of the above, lessen neighborhood tensions, eliminate prejudice or discrimination or combat community deterioration. | yes ___ no ___ |

## **Step 2: Review of Charitable Purposes**

### A. Relief of the Poor and Underprivileged

Community or economic development projects that target disadvantaged populations or economically-depressed geographic areas meet the IRS criteria because they provide “relief for the poor and distressed”. Examples of these types of projects include:

- Stimulating economic development in areas inhabited by mainly low-income, minority or other disadvantaged groups.
- Providing low-cost or long-term loans to create capital for business proprietors of that type.
- Encouraging industrial enterprises to locate new facilities in economically-depressed areas.
- Constructing or renovating housing for low-income families.
- Buying blighted land and converting it into an industrial park by providing tenant businesses with attractive lease terms, but binding them to hire and train local unemployed persons.
- Giving preference to businesses that will hire low-skilled individuals.
- Supporting a program that benefits the disabled by providing training and/or job opportunities.

### B. Advancement of Education or Science

Supporting education or science may include providing scholarships or training dollars, or assisting in the development of research sites in blighted areas. Regarding the support of economic development projects, the mere fact that the grant will enhance education or science is not sufficient. The grant must go to advance education and science for the purpose of enhancing economic development in an area that is “blighted” or “depressed”. Examples of these types of projects include:

- Supporting students who have expressed a desire to use their abilities in furtherance of civic, cultural, social and economic development.
- Providing social and economic development to persons that are poor and distressed.
- Providing assistance to an educational institution that is establishing an economic development program.
- Supporting a farm that would demonstrate the economic feasibility of environmental conservation.

## Step 2: Review of Charitable Purposes, contd.

### B. Advancement of Education or Science, contd.

- Developing a blighted area into a biotechnological research and development center.
- Supporting a biotechnology incubator whose goal is to broaden the industrial basis and foster jobs in the community by developing new products and processes.
- Attracting new industry to the community or encouraging the development or retention of an industry in the community that is for the public benefit.

### C. Erection or Maintenance of Public Buildings, Monuments or Works

Grants to entities that support economic development by “filling the gaps” on projects that could otherwise be undertaken by the government meets the IRS requirement. Developing infrastructure or constructing new facilities that may be used for business purposes qualifies so long as the benefit to private interest is minimal or insignificant. Examples of these types of projects include grants for:

- Preservation and renovation of an historic train station in a blighted area.
- Construction of an aquarium and an adjacent hotel in a blighted or economically-depressed area.
- Construction of an enclosed park/pedestrian thoroughfare in a blighted urban area.
- Extension of bus service by a city transit authority to cover a disadvantaged area.

### D. Lessening the Burden of Government

Grants to the government or to organizations that are engaged in taking over government responsibilities meet the charitable purpose. *It is essential to obtain approval of the local or state government for the joint project before the grant is made.* Examples of these types of projects include grants for:

- Supporting tourism.
- Expansion of a convention center.
- Operation of a prison.
- Construction of an apartment or office complex.
- Supporting of a government-mandated development program.

## **Step 2: Review of Charitable Purposes, contd.**

### E. Promotion of Social Welfare or Elimination of Discrimination or Combating Community Deterioration

This is a “catch-all” charitable purpose phrase allowing a broader array of activities to fit within the definition of a charitable purpose. Each part of the phrase qualifies as a charitable purpose. Examples of programs that promote social welfare include:

- Rehabilitating housing for the poor in a distressed area.
- Revitalizing a depressed residential area.
- Educating any part of the population on the shortcomings of discrimination in housing or jobs.
- Facilitating programs designed to avoid further deterioration of a community.

### Step 3: Assessment of Eligible and Ineligible Projects

#### A. Eligible Projects

Does the community or economic development project:

- provide help to local business or attract new local facilities of established outside business? *(This factor by itself is not sufficient to qualify the grant for a "charitable purpose"; other listed factors are also required.)*      yes \_\_\_ no \_\_\_
- provide the type of assistance to the community development organization that has non-commercial terms and the potential to revitalize the disadvantaged area?      yes \_\_\_ no \_\_\_
- identify or create a nexus between the business entities assisted and relieving the problems of the disadvantaged areas, or between the businesses and a disadvantaged group, such as a minority, in the area?      yes \_\_\_ no \_\_\_
- promote jobs for the "long-term" poor, disabled or elderly?      yes \_\_\_ no \_\_\_
- support job training for the "long-term" poor, disabled or elderly?      yes \_\_\_ no \_\_\_
- provide housing, retail opportunities or places for jobs for the poor and underprivileged?      yes \_\_\_ no \_\_\_
- target a geographic area that is blighted or deteriorating economically?      yes \_\_\_ no \_\_\_
- assist minority or disadvantaged groups (elderly or disabled)?      yes \_\_\_ no \_\_\_
- "substantially" support businesses who have a record of difficulty in obtaining conventional financing because the owners are minorities or disadvantaged groups?      yes \_\_\_ no \_\_\_
- target businesses that will remain in or relocate to the blighted areas?      yes \_\_\_ no \_\_\_
- support businesses that provide training and jobs to unemployed or under-employed residents?      yes \_\_\_ no \_\_\_
- target a group designated as "low-income" by a government agency?      yes \_\_\_ no \_\_\_

*Economic Development: A Checklist for Funding*

### Step 3: Assessment of Eligible and Ineligible Projects, contd.

#### A. Eligible Projects, contd.

Does the community or economic development project:

- have a *government ruling* that has identified the area as “economically disadvantaged”?      yes \_\_\_ no \_\_\_
- focus on individuals who have suffered from “long-term” poverty and not temporary distress from natural disasters?      yes \_\_\_ no \_\_\_
- involve a governmental unit inviting the organization to participate in the activity?      yes \_\_\_ no \_\_\_
- feature an organization acting jointly with a governmental unit?      yes \_\_\_ no \_\_\_
- play an integral part in a larger governmental program?      yes \_\_\_ no \_\_\_
- receive operational control from a governmental entity?      yes \_\_\_ no \_\_\_
- pay the expenses of the government or governmental debt?      yes \_\_\_ no \_\_\_
- replace one previously undertaken by the government?      yes \_\_\_ no \_\_\_

#### B. Ineligible Projects

The Internal Revenue Service requires that Section 501(c)(3) organizations not support activities that have more than an “insubstantial” non-charitable purpose or result in inurement to private entities or persons. Regarding the “insubstantial” versus “substantial” standard, there is no definitive test to demark the difference between the two. The classification of the project depends on the facts and circumstances of each grant. The “private inurement” standard means that no more than non-incidental benefits of the grant can serve private interests or benefit disinterested persons. Examples include private businesses, creators of a charitable organization or their family members, or a small group of individuals who receive financial gain from the grant.

The fact that a non-incidental benefit flows to a prohibited group *will not violate* IRS regulations. The key is to make certain the *primary focus and beneficiaries of the grant* are a broad-based group that fits within the tax code definition of a charitable purpose.



