Philanthropy 101
Working with Foundations
ADAM LINKER, Health Improvement Program Officer for Eastern North Carolina

SHINIKA MCKIEVER, Director, Corporate & Foundation Relations

BRANDI ORBIN, Associate Director of Development, College of Humanities and Social Sciences UNIVERSITY

Kate B. Reynolds Charitable Trust
Investing in Impact

North Carolina Agricultural and Technical State University

NC State University
Agenda for Today

• Introduction to Philanthropy & Foundation Funding
• Fundamentals of Working with Foundations
• Best Practices
Introduction to Philanthropy & Foundation Funding
Working with the Office of Corporate & Foundation Relations

Our Role on Campus

• Office of CFR is responsible for cultivating, managing, and building relationships with foundation partners on behalf of the University.
• Often part of centralized advancement team that manages the philanthropic and corporate giving relationships across campus.
• Should work very closely with Office of Sponsored Research, Career Services Office, and Office of Academic Affairs.

What We Do

• Central point of contact for philanthropic relationships across campus.
• Oversee and coordinate university-wide CFR relationships, identify opportunities for philanthropic support, facilitate philanthropic dialogue with funders, and prepare grant proposals for submission to philanthropic entities.
• Assist faculty in developing grant proposals and program ideas, provide budget guidance, and supply supporting documentation.
In 2016, INDIVIDUAL DONORS drove the rise in philanthropic giving. And for only the sixth time in 40 years, all nine major philanthropy subsectors realized giving increases.

$390.05 billion

Where did the generosity come from?

- Giving by Individuals: $281.86 billion (72%)
- Giving by Foundations: $59.28 billion (15%)
- Giving by Bequest: $30.36 billion (8%)
- Giving by Corporations: $18.55 billion (5%)

Each charitable subsector grew in 2016 except for giving to Individuals. Growth rates ranged from approximately 3-7 percent.

Where are all of the charitable dollars going?

- 32% Religion: $122.94 billion
- 15% Education: $59.77 billion
- 12% Human Services: $46.80 billion
- 10% To Foundations: $40.56 billion
- 8% Health: $33.14 billion
- 8% Public-Society Benefit: $29.89 billion
- 5% Arts, Culture, and Humanities: $18.21 billion
- 6% International Affairs: $22.03 billion
- 3% Environment/Animals: $11.08 billion
- 2% To Individuals: $7.12 billion


* All figures on this infographic are reported in current dollars unless otherwise noted.
Understanding Foundation 501(c)3 Funding Requirements

- IRS Section 501(c)3 allows for federal tax exemption of nonprofit organizations, specifically those that are considered public charities, private foundations, or private operating foundations.
- The IRS classifies nonprofits with certain codes based on their purpose.
  - Tax-exempt organizations are classified as 501(c) organizations.
  - The purposes that nonprofits have vary.
  - Lists 26 different types of nonprofit organizations.
- Organizations must have 501(c)3 status to be eligible for grant funding from private foundations and other charitable entities.
- IRS Form 1023 is required to apply for tax-exempt status from the IRS.
- Most universities have a charitable foundation, which can be utilized when applying for grants from private foundations.
### Overview of Types of Foundations

<table>
<thead>
<tr>
<th>FOUNDATION TYPE</th>
<th>DESCRIPTION</th>
</tr>
</thead>
<tbody>
<tr>
<td>Family Foundations</td>
<td>Funding priorities based on intention of the donor or the interests of the current family members who are officers or trustees.</td>
</tr>
<tr>
<td>Private Foundations</td>
<td>Usually has small professional staff and carry on the donor’s intent to the extent possible.</td>
</tr>
<tr>
<td>Corporate Foundations</td>
<td>Corporate or company-sponsored foundations that are independent entities created by larger corporations with funds from the business themselves or from founders. Giving may be tied to corporation’s own goals.</td>
</tr>
<tr>
<td>Community Foundations</td>
<td>Are setup by individuals as donor advised funds with specific purpose and intent to serve a particular community or region.</td>
</tr>
<tr>
<td>Donor Advised Funds</td>
<td>Allows donors to make a charitable contribution, receive an immediate tax benefit, and then recommend grants from the fund over time.</td>
</tr>
</tbody>
</table>
Resources to Identify Funding Matches

- Foundation Center
- GrantStation
- North Carolina Network of Grantmakers
- Philanthropy News Digest
- Google
### Form 990

**Return of Organization Exempt From Income Tax**

Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except private foundations).

Do not enter social security numbers on this form as it may be made public.

Information about Form 990 and its instructions is at www.irs.gov/990.

#### Part I: Summary

1. **Briefly describe the organization's mission or most significant activities:**

2. **Activities & Governance**
   - Check box if the organization discontinued its operations or disposed of more than 25% of its net assets.
   - Number of voting members of the governing body (Part VI, line 1a).
   - Number of independent voting members of the governing body (Part VI, line 1b).
   - Total number of individuals employed in calendar year 2015 (Part V, line 2a).
   - Number of volunteers (estimate if necessary).
   - Total unrelated business revenue from Part VII (column (C), line 12).
   - Net unrelated business taxable income from Form 990-T, line 34.

3. **Revenue**
   - Contributions and grants (Part VIII, line 1).
   - Program service revenue (Part VIII, line 2).
   - Investment income (Part VIII, column (A), lines 3, 4, and 10).
   - Other revenue (Part VIII, column (A), lines 5, 6, 7, 9, 10, and 11).
   - Total revenue excluding fees (Part IX, column (A), line 17).

4. **Expenses**
   - Grants and similar amounts paid (Part IX, column (A), lines 1-3).
   - Benefits paid to or for members (Part IX, column (A), line 4).
   - Subles, other compensation, employee benefits (Part IX, columns (A), lines 5-10).
   - Professional fundraising fees (Part IX, column (A), line 11).
   - Total fundraising expenses (Part IX, column (B), line 17).
   - Other expenses (Part IX, column (A), lines 11b-15, 17b-24).
   - Total expenses (Part IX, column (A), line 25).
   - Revenue less expenses. Subtract line 18 from line 12.

5. **Assets**
   - Total assets (Part X, line 1).
   - Total liabilities (Part X, line 2).
   - Net assets or fund balances. Subtract line 21 from line 20.

#### Part II: Signature Block

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on information of which preparer has any knowledge.

**Sign Here**

Signature of officer

Date

**Preparer**

Print or type preparer's name

Preparer's signature

Check if preparer is an attorney.

**Use Only**

Print or type preparer's address

Print or type preparer's EIN

May the IRS discuss this return with the preparer shown above? (See instructions).

**Yes** Yes **No** No

For Paperwork Reduction Act Notice, see the separate instructions.

Cat. No. 11620Y

Page 1 of 1
Identifying Foundation Funding Examples

- Finding funding matches
- Looking at grant announcements
- How do foundations identify new engagement opportunities
Fundamentals of Working with Foundations
The Fine Line Between Gifts & Grants

**Gift**

- A gift or donation is a voluntary transfer of money, services, or property (including equipment & intellectual property) from a donor without any expectation of or receipt of direct economic benefits or provision of good and services from the donor.
- Donor may request that gift is earmarked for a specific purpose or may request certain type of recognition or publicity.
- The donor may be an individual, corporation, or nonprofit organization.

**Grant**

- A grant comes with a contract and a set of expectation that the funding is being awarded with the expectation that it will be used in a particular way, and appropriate performance is expected.
- Funder expects that something measurable will change as a result of the grant award.
- Grant is awarded in exchange for specific services such as outreach, research, training, development, instruction, etc.
Foundation Funding Tips

- Relationships do matter enormously. It’s about trusting you with their money.
- Diversify funding. If you put all your eggs in one basket, you’re probably already in deep trouble.
- Foundations fund outcome-based projects that will be impactful.
- Pay attention to details and think collaboratively.
- Fundraising efforts should flow from and support your core mission.
Foundation FYI

- Before submitting a proposal to a foundation review website for grant guidelines, funding priorities and FAQs.
- Make sure your project or program is a match to the funder’s needs.
- Review the submission requirements.
- Research projects that the funder has funded recently or in the past. RFP means Request for Proposals
- LOI means Letter of Intent
Working as a Team on Foundation Grant Proposals

• Convene internal group (faculty, advancement, sponsored programs) to apply for foundation grants.
• Research what the foundation has funded in the past.
• Review list of past & current sponsored research projects from your institution
Best Practices

• Read the paperwork/agreement when the check arrives (this often dictates gift vs. grant)
  • Important for stewardship
• Meet your stewardship deadlines so you don’t jeopardize future funding!
• Outcomes - if results in no behavior changes, you won’t get funding
• Grant process is extremely competitive
• Grant requirements vs. return on investment
Overview of Grant Proposal Components

- Mission, Vision, Values Statement
- Statement of Need
- Project Description
- Methods
- Staff/Administration
- Program Evaluation

- Budget
- Budget Narrative
- Organizational information
- Letter of Inquiry/Intent
- Grant proposal submission
Questions to Ask Before You Get Started

- Does your project have a large impact on the target population relative to the project costs?
- Are the grant objectives both realistic and high-impact?
- Are the objectives clearly defined and easily measured?
- Does the project bring added value?
- Is the goal of the project transformational in some way?
- Are there opportunities to collaborate with others on project?
Submitting the Proposal

• Formal process – follow the rules!
• Sending questions to faculty in a word document
• Electronic vs hard copy submissions
• Faculty often write, but needs Advancement to ensure one voice in the proposal, checking that we’ve followed rules
• Advancement gathers all the other required materials (501(c)3 documentation, audited financials, Board of Trustees...)
• Submitting as University vs. University Foundation
• Limited Submission
Best Practices
Best Practices for Grantseekers

- Look at the foundation’s website.
- Review the foundation’s 990, this can be obtained from Foundation Center of Guidestar.
- Access Foundation Center
- Learn about the different foundations and what they fund.
- Don’t be afraid to contact funder if you need additional guidance.
- Build relationships with foundation staff and stay in touch.
Managing Your Foundation Portfolio

Helpful Tips

• Going after the highest priority Foundations
• Calendar - managing deadlines, rolling deadlines vs. specific dates
• Proposal Tracking Spreadsheet
• White Board - running list of areas needing funding support
• List of University Funding Needs - potential grant areas
Summary: FDN rep reached out to begin exploring options for engaging with NC State grad students. After several phone calls, we determined that a face-to-face discussion is needed to move the conversation forward.

Purpose of Today’s Meeting: Discuss the options for engagement (attached) to find a solution for a graduate student to work with the Foundation and gain practical experience in a nonprofit. FDN has $50K that can allocate now. If we determine that a multi-year commitment is required, funding won’t be available until the next funding cycle.

Your Role: Discuss the brainstorm ideas for engagement with the X Program in the Department of X.

Suggested Talking Points:
- Thank FND rep for making time to meet with us today
- If appropriate, remind FDN rep where she may have interacted with the program the past
- Outline the options for engagement discussing the pros and cons for each