The Bridgespan Group

D5 Growing diversity, equity, and inclusion in philanthropy

Population-Focused Funds

Positioning for the Future

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Collaborating to accelerate social impact

February 2014

Letter from the Director

At the D5 Coalition, we believe that it is imperative for philanthropy to become more diverse, inclusive, and equitable in its practices so we can better live up to our values and achieve greater impact. We are dedicated to providing philanthropists and foundations with the ideas, inspiration, and resources they need to improve their own diversity practices and work together in a coordinated way.

We also are committed to building the donor base within communities served by population-focused funds. Our goal is not just to boost giving for local causes, but more importantly to empower communities to act on their own behalf.

As we build this movement of funders who share a commitment to diversity, equity, and inclusion I'm often asked to describe, and sometimes to defend, the value of population-focused funds in this effort. Given the dynamic and increasingly diverse contemporary philanthropic landscape, the answer to that question is a complicated one that can vary dramatically depending on the fund, its history, and the environment in which it works.

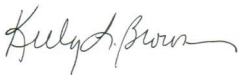
To be sure, for many years these funds were best positioned to attract resources to and from their communities. Population-focused funds, unlike most mainstream philanthropy, more fully resemble and represent their communities. As such, they often have the relationships and cultural competence that can make them a trusted resource. But population-focused funds are a diverse set of organizations, and we've learned that we need to be careful about overgeneralizing. Moreover, these funds confront rapidly changing environments that require them to think hard about their roles in their communities and their business models. And while, as this report indicates, these funds clearly continue to play important roles, they must have a much more rigorous focus on impact to demonstrate their strategic added value.

That is why I'm excited to share this report, *Population-Focused Funds: Positioning for the Future.* The examples in this report highlight what is possible when population-focused funds find a unique and valued niche within their communities. These are stories of adaptation in shifting contexts, while maintaining a focus on strengthening communities.

Our hope is that the data and examples in this report will help population-focused funds see multiple pathways toward greater sustainability and impact. For funders, both individuals and institutions, I also hope this report answers many of their questions about how and why population-focused funds can be highly effective in addressing community needs.

We look forward to your feedback and hope that this is the beginning of a rich discussion about paths forward for population-focused funds.

With appreciation,



Kelly Brown, D5 Director

Executive Summary

Over the past 50 years, a new set of community-based philanthropic organizations emerged. These entities, known as population-focused funds (PFFs), were established by and for members of a racial, ethnic, or cultural community. They are the equivalent of community foundations where the community is based on identity.

These funds are driven by a common passion and serve a common purpose: to inspire more donors and foundations to support organizations serving a particular community, to pursue inclusion and equity for the populations on which they focus, and to effectively address the needs of their constituents.

At their best, PFFs help empower communities. They increase funding by cultivating new donors from within communities and attracting additional dollars from outside. Their approach to grantmaking and programs is rooted in a deep understanding of the constituencies they work with and represent. They foster stronger connections among donors, and between donors and grantees. They also support and raise awareness about efforts to address the needs of their communities. Today, there are over 400 PFFs across the United States. They raise and distribute nearly $400 million in grants each year within their constituent communities.

The D5 Coalition—an initiative involving more than a dozen organizations committed to increasing the philanthropic sector's diversity, inclusion, and equity—commissioned The Bridgespan Group to conduct this research in the face of some troubling trends: the economic downturn, rising competition for PFFs, and declining support for PFFs from private foundations. D5 also wondered how PFFs were engaging individual donors, given the growing size and wealth in some PFFs' focus populations. From this research, D5 hoped to identify strategies PFFs could pursue to increase their financial sustainability and impact, with the goal of helping to strengthen the field.

The research approach consisted of several main components: analysis of revenue data for over 400 PFFs, focus groups and interviews with over 65 people (including leaders of PFFs, researchers, funders who have supported PFFs, and members of the D5 Coalition), and an online survey of PFFs. Additional advisors supported the research as members of the research working team and an advisory committee. Our purpose is to tell the story of PFFs that are using their strengths in service of their vision.

The current state of the field

The over 400 PFFs that exist today sprang up organically over time, shaped by their leaders and the needs, passions, and capacity of their donors and grantees. The field of PFFs is varied, and the data and examples highlighted below underline their heterogeneity.

- PFFs take a variety of organizational forms: 35 percent are independent organizations and 65 percent are affiliated with another organization, such as a community foundation or nonprofit.
- While the median annual revenue for PFFs was $600,000, the budgets of funds included in this study ranged from $1,500 to $210 million.
- They vary in their primary source of revenue: 45 percent cited individual donors as their primary source, with the next largest numbers of PFFs citing foundation grants, investment income from endowments, and corporate gifts.
- Many PFFs are engaged in multiple grantmaking activities, including donor-advised funds, giving circles, scholarship programs, and general community grantmaking. The geographic scope also varies, with nearly half making some grants beyond their local areas.
- While they are primarily thought of as funders, like other community and public foundations, very few PFFs are purely grantmaking institutions. On average, they spend about as much of their budgets on direct services as on grants. The most common types of services PFFs provide include technical assistance and capacity building for grantees; leadership development, education and engagement programs for donors; and community-based research.
- Considered as a whole, PFFs raised about the same revenue in 2011 (the most recent data available for this research) as they did in 2006. However, the economic downturn has not had a uniform impact. Fifty-three percent of the PFFs in our sample experienced declines in revenue during this period, with the greatest percentage declines being among the funds that raised at least $1 million in revenue in 2006. At the same time, 13 percent of PFFs grew quickly, achieving an annual growth rate of 15 percent or more in their total revenue from 2006 to 2011—equivalent to more than doubling their annual revenue over the six years.

A changing environment will require PFFs to adapt and innovate

PFFs, like all organizations, need to evolve to stay relevant, effective, and viable within a changing and competitive landscape. A primary purpose of this research was to identify trends that were affecting PFFs and identify examples of PFFs that were adapting to changing circumstances and seizing the new opportunities these created. Our interviews identified three notable ways in which some PFFs are responding.

1. **Focusing on specific issues and more measurable kinds of impact rather than primarily on group identity and community building.**
    - For example, concerned that its grantmaking was not achieving the transformative results it sought, the Women's Foundation of California focused its grantmaking on organizations that were specifically working on systemic change. It launched a Women's Policy Institute to train activists on how to lead policy advocacy, and it has recently undertaken its own policy work through leading the Stand with Women Campaign.
    - The Michigan Women's Foundation identified a key unmet need in its community—access to capital—and it launched the Angel Micro Loan Fund, which lends directly to women entrepreneurs in its area.
2. **Cultivating individual donors as an increasingly critical source of support.**
    - Responding to significant reductions in public and foundation funding for its work, the Washington Area Women's Foundation adjusted by launching the Campaign to Prosperity focusing on building a stronger, wider base of individual supporters dedicated to improving the economic security of low-income women and girls.
    - Asian Americans/Pacific Islanders in Philanthropy has focused its ambitious donor engagement strategy on developing 50 giving circles across the country.
3. **Innovating through new kinds of collaborations and the use of technology.**
    - The Latino Community Foundation is using its power as a funder to convene, organize, and support the work of Latino organizations advocating on issues that matter most to that community through its work to advance the California Latino Agenda.
    - First Peoples Fund is building a unique cross-sector coalition to provide training for local artists on entrepreneurship and business development as well as working capital grants that allow Native American artists to grow their businesses and contribute to sustaining culture in their communities.
    - Horizons Foundation leveraged the opportunity created by Bolder Giving's first ever national LGBTQ Give OUT Day by helping community nonprofits raise funds using social media.

The path forward

These examples point to the powerful roles PFFs can play in their communities and the fact that there are many pathways to viability and impact. Yet the future for PFFs is uncertain. From a revenue standpoint, about half have yet to recover from the economic downturn, and some are still experiencing declining revenue. Most PFFs do not have endowments to provide a buffer. Many are receiving less funding from private foundations at a time when they have yet to effectively engage individual donors. Simultaneously, there are a growing number of alternatives to PFFs beyond community foundations, including organizations

that are pioneering new approaches to connect donors with causes, cutting out "middlemen" like PFFs. At a time when funders and donors want data and evidence of impact, many PFFs are unable to provide it. While these factors do not suggest an immediate crisis, we are concerned that many PFFs are failing to react to the gradual, but significant, changes that are threatening their futures.

In the face of current trends, PFFs can position themselves for future success if they:

- **Choose a strategic focus:** Choosing a focus that is aligned with their vision will help PFFs articulate their value more clearly to donors and funders, know what capabilities and capacity to build, guide them to the right partners, and help them determine how to measure and communicate their impact.
- **More effectively engage individual donors:** For many PFFs, individual donors may be the best path to financial sustainability. PFFs should learn as much as they can about their potential donor base and how best to engage them. To do so, many PFFs will need to make some new investments to bring on staff with specific expertise or better systems to support donor engagement. In communities with limited access to wealth, this strategy may be harder but no less essential. PFFs that are able to effectively engage their own community members also will likely be in a stronger position to secure support from private, corporate, and government funders.
- **Regularly assess their environments to identify potential partners and competitors:** PFFs must be able to communicate their unique value within their communities and understand who their potential partners and competitors are. Key actors will change over time, so PFFs need to make this kind of assessment regularly. This assessment, in some cases, will lead PFFs to actually merge or consider other forms of strategic partnership.
- **Measure their impact:** In an environment where philanthropy is increasingly outcomes-focused, it is important for PFFs to clearly articulate their impact to donors and community members and show how they are improving over time. There is a range of ways for PFFs to engage in understanding their impact, ranging from simple to more sophisticated approaches, such as external evaluation.

PFFs that do these four things should be in a stronger position to adapt to the long-term trends and maintain or increase their impact.

For funders and donors who understand the unique potential of PFFs to engage and benefit often marginalized communities, one clear message emerges: PFFs will need support for their own capacity building in order to adapt to a changing environment. Because most PFFs do not have substantial endowments or ready sources of unrestricted funds, they will often require one-time investments to help them execute these promising new strategies. Indeed, each of the strategic shifts we highlight in this report—even strategies to engage individual donors—could not have happened without support from a private foundation, a corporate funder, or a set of deeply engaged individual donors.

Much has changed in the political and cultural landscape of the United States since the first PFFs were founded 50 years ago, and most of these changes are for the good with respect to the communities of which PFFs are part. Given the growing number of people of color in this country as well as the ongoing struggle for full equity and inclusion by communities of color, the lesbian, gay, bisexual, transgender, and queer (LGBTQ) community, women, and people with disabilities, the work is not yet done. Over the next decades, we hope that an increasing number of PFFs will find ways to increase revenue, engage the next generation of donors and community leaders, and make the tough decisions necessary to have more impact in the communities they serve and on the problems they seek to address.

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Introduction

Over the past 50 years, a new set of community-based philanthropic organizations emerged. These entities, known as population-focused funds (PFFs), were established by and for members of a racial, ethnic, or cultural community. They are the equivalent of community foundations where the community is based on identity.

These funds are driven by a common passion and serve a common purpose: to inspire more donors and foundations to support identity-based organizations, to pursue inclusion and equity for the populations on which they focus, and to effectively address the needs of their communities. Today, there are over 400 PFFs across the United States.

Over the past half-century, much has changed in the political and cultural landscape of the United States, and mostly for the good, with respect to the communities of which PFFs are part. However, philanthropic investment in the communities served by PFFs has not been commensurate with their size or need. Estimates of grantmaking from independent and community foundations in support of these diverse communities range from 3 to 12 percent, lower than might be expected given the growing number of people of color in this country as well as the ongoing struggle for full equity and inclusion by communities of color, the lesbian, gay, bisexual, transgender, and queer (LGBTQ) community, women, and people with disabilities.[1]

The D5 Coalition (see the sidebar "Goals of the D5 Coalition" above) believes that PFFs and more diverse donors should play an important role in supporting a more inclusive and equitable philanthropic sector. For this reason, the D5 Coalition commissioned this report, which builds on prior research that established common definitions for the field, framed the role of diversity in philanthropy, and described how community-based philanthropy is shifting

Goals of the D5 Coalition

D5 envisions a philanthropic sector in which foundations draw on the power of diverse staffs and boards to achieve lasting impact, forge genuine partnerships with diverse communities, and increase access to opportunities and resources for all people. We believe the cumulative impact of these efforts is a stronger sector that more effectively advances the common good.

D5's efforts are guided by four big goals we've set for philanthropy to achieve by the end of 2015:

1. Building more diverse and inclusive philanthropic **leadership**
2. Identifying policies, practices, and **actions** that philanthropic organizations can take to advance diversity, equity, and inclusion
3. Increasing the flow of **funding** resources and donors to diverse communities
4. Coordinating and supporting field-wide **data** collection and research systems

1 *State of the Work*, (D5 Coalition, 2013); *Investing in a Diverse Democracy: Foundation Giving to Minority-Led Nonprofits,* (Greenlining Institute, 2006); *Fairness in Philanthropy Part 1: Foundation Giving to Minority-Led Nonprofits*, (Greenlining Institute,2005); Will Pittz and Rinku Sen, *Short Changed: Foundation Giving and Communities of Color,* (Applied Research Center, 2004); Anthony Bowen*, Forty Years of LGBTQ Philanthropy 1970-2010,* (Funders for LGBTQ Issues, 2012).

Examples of Prior Research on Population-Focused Funds

- The *Diversity Funds Inventory* provided an overview of the field of PFFs, including key characteristics such as their focus populations, mix of funders, and roles in generating donor leadership and activism. The paper was released by Rockefeller Philanthropy Advisors in 2009.
- *Racial, Ethnic, and Tribal Philanthropy: A Scan of the Landscape* described the roles that PFFs play in educating community members about social investment, funding projects that other funders overlook, and helping grassroots organizations better position themselves to raise funds from mainstream foundations. The paper was released by the Forum of Regional Associations of Grantmakers in 2009.
- *Growing Community Philanthropy* highlighted the importance of robust donor engagement, how challenge grants help PFFs attract new and increased donations, and key sustainability factors, including diverse funding sources, staff capacity and infrastructure, adaptability, and endowments. This report was released by Rockefeller Philanthropy Advisors in 2009.
- *Social Catalysts: A Case Study of Fifteen Successful Diversity Focused Funds* provided in-depth research on a diverse group of PFFs and identified a few characteristics that they shared in common, including strong grassroots leadership, ability to adapt their internal structure to meet community needs and address financial challenges, strength of stewardship of their community's financial and social capital, and capacity to drive multiple social change strategies. The paper was released by The Diversity in Philanthropy Project in 2009.
- *Cultures of Giving: Energizing and Expanding Philanthropy by and for Communities of Color* highlights keys to success for PFFs, which include having dedicated staff, particularly fundraising staff, long-term leaders from within the community, and strategic use of challenge grants to attract and engage donors and build endowments. The paper was released by the Kellogg Foundation in 2012.

with the broader social and political context of the social sector. (See "Prior Research on Population-Focused Funds" above.)

Believing in the potential of PFFs to play an important role within diverse communities, D5 commissioned this report in the face of some troubling trends. In the wake of the Great Recession, D5 wanted to understand how the field of PFFs was changing and if PFFs were remaining viable, particularly given that several private foundations that had previously funded PFFs had shifted their focus. D5 also wondered how PFFs were engaging individual donors, given the growing size and wealth in some PFFs' focus populations. From this research, D5 hoped to identify strategies PFFs could pursue to increase their financial sustainability and impact, with the goal of helping to strengthen the field.

This research is based on a range of sources: existing literature on the field, an analysis of PFFs' revenue and expense trends, interviews with practitioners and field experts, focus groups with leaders of PFFs, a national survey of PFFs, and ongoing input from project advisors (see Appendix 5 for details on research approach). It answers the following questions:

- What is the current state of the field of PFFs, particularly in the wake of the Great Recession? What characteristics do PFFs share and how do they vary?
- What trends are affecting the way PFFs operate today? What challenges and opportunities do they face?
- How are PFFs adapting to these trends such that they are able to remain viable and make a continued valued contribution to their communities? What does this say about potential paths forward for PFFs?

In addition, given the growing pressure on PFFs to measure and articulate how they add value as an intermediary between donors and community causes, we developed a primer on performance measurement tailored to PFFs (see Appendix 1).

While we hope the findings from this research advance our readers' understanding of the field of PFFs, it does not provide definitive answers to some important questions:

- **Which characteristics of PFFs contribute to greater financial sustainability?** While we sought to isolate elements of PFFs' *structure* (e.g., population-focus, budget size) and *strategy* (e.g., approaches to programming, grantmaking, and fundraising) that were clear drivers of financial sustainability, we were not able to differentiate objective characteristics that distinguished PFFs that had been able to maintain or grow their revenue base from those that had experienced declines. This may be because there are other factors that we were not able to analyze, such as the presence of direct competitors, the quality of their leadership, or the strength of donor environment. Or given variation in the field, there may not be characteristics or strategies that are universally associated with stronger revenue growth. Instead, we uncovered both multiple pathways to growth and common themes among PFFs experiencing the strongest growth.
- **Which PFFs are having the most impact, and which strategies should they pursue in order to have more impact?** The challenges in answering these questions are that PFFs define impact in different ways, and most do so implicitly rather than explicitly; there are no common, consistent measures across PFFs; and there are no readily available datasets that would allow us to compare PFFs' relative impact within communities. For this reason, we asked a number of experts, including leaders of PFFs, to identify those that they perceived to have the most influence and impact. What we did not anticipate was that there would be so little consensus among those we interviewed about which PFFs fit this criterion. As a result, we found it difficult to identify a group of PFFs that clearly stood out on this dimension. This could speak to the fact that the field is not tightly connected so that even experts have limited knowledge of the actors within it, or it could be further evidence that PFFs are so varied that there is no single, shared definition of impact and influence for this diverse set of organizations. Rather than answering this question directly, we highlight the stories of PFFs that were identified by their peers or experts in the field as examples with a strong reputation for impact.

- **What is the size and scope of the market of individual donors for PFFs?** While our interviews and secondary research pointed to the importance of this segment for future support of PFFs, it was outside the scope of this study to assess its size or scope, including variation across different communities. This is an area for future research as PFFs seek to better understand their potential donor base.

In conducting this research, we understood that there were several distinct audiences for this work. While our primary goal was to inform leaders of PFFs, this report also is relevant to their institutional funders and individual donors. We hope this report will provide leaders of PFFs with greater insight into the field of which they are a part and their role and value in their communities. While we expect PFF leaders will be well aware of the trends we identify, we hope the examples of how PFFs are adapting to these trends will inspire new thinking about options for the path forward. In addition, in the conclusion and appendix on performance measurement, we've drawn from lessons learned to offer our own reflections and practical advice.

For funders and donors, we hope this report will increase their awareness of the range and diversity of PFFs as they exist today, as well as the vital roles they have the potential to play in their communities. We also hope funders find inspiration in the examples, as all of the PFFs we highlight benefited from a strong funding partner whose support enabled them to carry out important work.

The Role of Population-Focused Funds: Philanthropy by and for Diverse Communities

At their best, PFFs are vehicles for community empowerment. They increase funding for their community by cultivating new donors from within and attracting additional dollars from outside sources. Their approach to grantmaking and programs is rooted in a deep understanding of their communities. They foster stronger connections among donors and between donors and grantees, and they support and raise awareness of efforts to address the needs of their communities.

Straddling the fields of philanthropy and nonprofits, the over 400 US-based population-focused funds collectively raise and distribute nearly $400 million in grants each year within their communities.[2] While they are primarily thought of as funders, like other community and public foundations, very few PFFs are purely grantmaking institutions. On average, they spend about as much of their budgets on direct services as on grants.[3] The most common types of services PFFs provide include technical assistance and capacity building for grantees, education and engagement programs for donors, and community-based research. As one expert described it, "Being a funder and an operator is a good thing … [PFF's] ability to make grants is a tool in their toolkit … If it is only about direct funding, [PFFs] would lose that game because there are other people who just do that and are … bigger than they are at it."

While the specific work of PFFs varies, most PFFs are playing one or more of the following roles within their communities:[4]

- Cultivating traditions of giving and increasing the flow of resources to their communities,
- Advocating on behalf of the communities they serve, and
- Supporting organizations and leaders within their communities that might otherwise be overlooked.

Cultivating traditions of giving and increasing the flow of resources to their communities

As a form of community philanthropy, PFFs seek to inspire and educate donors within their communities. Through the power of their shared cultural identity, they have the potential to engage donors from within their communities, connect donors to each other and connect donors to community-based organizations.

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2 *Cultures of Giving: Energizing and Expanding Philanthropy by and for Communities of Color,* (W. K. Kellogg Foundation, 2012).

3 The average PFF spends roughly 20 percent on administration and fundraising, 40 percent on grants, and 40 percent on services. *Database of PFFs, (*D5 Coalition, 2013, unpublished).

4 Based on input from interviews conducted with nearly 70 experts and organizational leaders in the field of PFFs.

One donor described his motivation to give to a PFF in this way: "For me it is a matter of wanting to be closely aligned with people I know and understand and who understand how I think." Using culturally competent donor outreach and education practices, PFFs can tap into existing traditions of giving—and foster new community norms of giving—to motivate and inspire donors within diverse communities to see themselves as part of the larger field and a new wave of philanthropy.

PFFs also focus on drawing resources to their communities, sometimes by raising funds to support their grantmaking and programmatic work, and other times helping organizations in their communities connect with funders directly. As one fund leader said, "We love it when our donors start giving directly....We don't care if the money flows through us or not." PFFs contend that they are not only increasing communities' access to philanthropic dollars but also their control over how those dollars are used. As one PFF leader explained, "PFFs allow our communities to be players in philanthropy... [They] allow us to have a seat at the table." Many PFFs have annual fundraising campaigns and events that garner support from a range of corporate sponsors and individual donors that are part of a PFF's broader geographic, if not identity-based, community.

> *"We love it when our donors start giving directly...We don't care if the money flows through us or not."*
>
> PFF LEADER

Advocating on behalf of the communities they serve

The period of strongest growth in number of PFFs was in the 1970s, at the height of race and gender equality movements, and their emergence at that time was not coincidental.[5] Many PFFs were launched as vehicles for community empowerment. As described by one PFF leader, they were "a way for the community to take care of its own." In some cases, PFFs were among the few organizations of any kind wholly focused on a specific population. That remains the case in a few areas today. For example, the Guilford Green Foundation in Greensboro, NC, noted that it is often called upon as "the voice" of the LGBTQ community, given the dearth of other actors that can speak on behalf of its community.

5 For more detail on the history of population-focused funds see Appendix 3: Evolution of Identity-Based Giving and PFFs, on page 56.

Supporting organizations and leaders that might otherwise be overlooked

PFFs pride themselves on having relationships within and knowledge of their communities that most funders, donors, and organizations outside their communities do not have. Many of the PFF leaders that we spoke with said this was one of their distinguishing strengths. As one leader described, "We hold knowledge of what work's being done, who's doing it, and how they can connect, that others don't." Another said, "It's hard for small nonprofits to attract the attention of big funders. They don't have a sophisticated grant writer....[We] know these people [nonprofits] personally. We know who is showing up to do the work, and we can direct resources to them, even though they're not big and well-known." Many PFFs consciously seek to fund grassroots leaders and organizations that few others will fund. For example, Astraea Lesbian Foundation for Justice describes itself as "the first grantmaker to hundreds of organizations" and directs resources to segments of its community that have "the least access to financial resources."[6]

> *"It's hard for small nonprofits to attract the attention of big funders. They don't have a sophisticated grant writer....[We] know these people [nonprofits] personally. We know who is showing up to do the work, and we can direct resources to them, even though they're not big and well-known."*
>
> PFF LEADER

In our observations of the field, many PFFs are playing a combination of these three roles within their communities today.

6 Astraea Lesbian Foundation for Justice, http://www.astraeafoundation.org/who-we-are/grants-2.

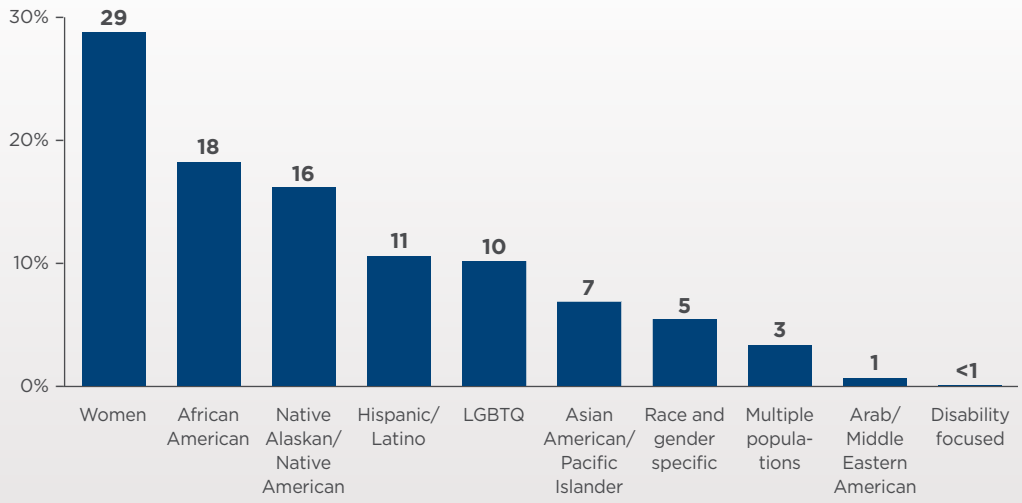
Overview of the Field: Population-Focused Funds Are a Diverse Set of Organizations

The over 400 PFFs that exist today sprang up organically over time, shaped by their leaders and the needs, passions, and capacity of their donors and grantees. The story of the field of PFFs is one of variation, and the data and examples highlighted below underline their heterogeneity. Our purpose in sharing this information is to provide a current picture of the field as well as to set the context for later discussions of how trends are affecting this group of diverse organizations and what this suggests for potential paths forward.

Key characteristics

Most PFFs serve populations defined by gender, race, ethnicity, sexual orientation, or gender identity, with a smaller proportion of funds focusing on disabled/differently-abled people, multiple populations, or populations defined by race *and* gender (e.g., African American women). Women's funds are most numerous, comprising nearly 30 percent of the field. The remainder of the field is spread across multiple racial, ethnic, and sexual identity categories (see Figure 1).

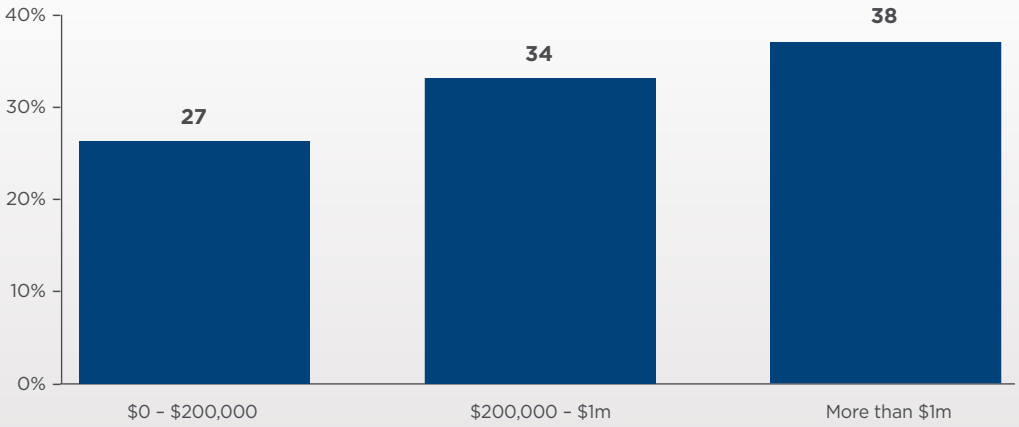
Figure 1: Percentage breakdown of PFFs, by identity



Source: Population-Focused Fund Master Database (Bridgespan, D5, Rockefeller Philanthropy Advisors, Foundation Center); National Center for Charitable Statistics Core Files (2006-2010); National Center for Charitable Statistics Business Master File 2011; GuideStar; organization websites.

While the median annual revenue for PFFs across the group was $600,000, there was significant variation. The budgets of funds included in this study ranged from $1,500 to $210 million, with an almost even distribution of funds across three revenue categories: funds with less than $200,000, between $200,001 and $1 million, and greater than $1 million (Figure 2).

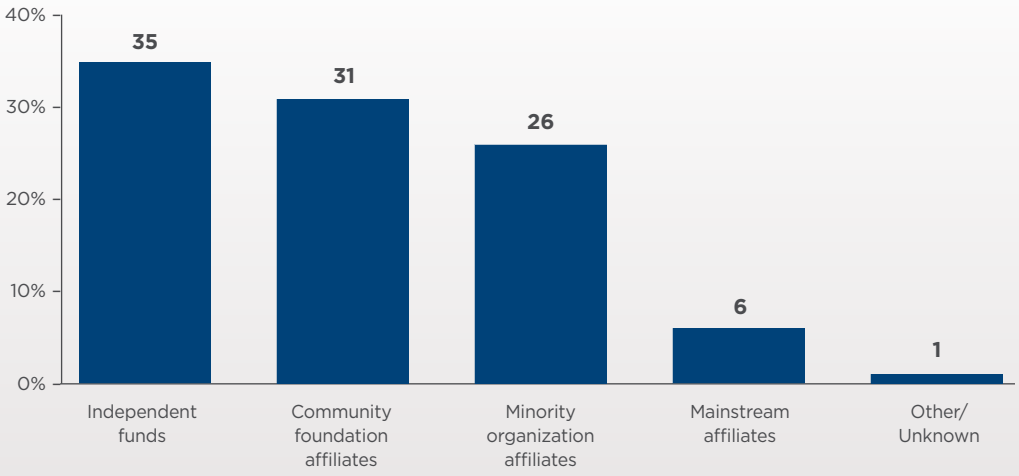
Figure 2: Percent of PFFs by 2011 total revenue



Source: Population-Focused Fund Master Database (Bridgespan, D5, Rockefeller Philanthropy Advisors, Foundation Center); National Center for Charitable Statistics Core Files (2006-2010); National Center for Charitable Statistics Business Master File 2011; GuideStar; organization websites.

PFFs also take a variety of shapes in terms of organizational structure. While 35 percent are independent organizations, the remaining are affiliated with another organization—a community foundation or nonprofit—meaning that they are a project of or fiscally sponsored by those organizations.

Figure 3: Percent of PFFs by organizational structure[7]

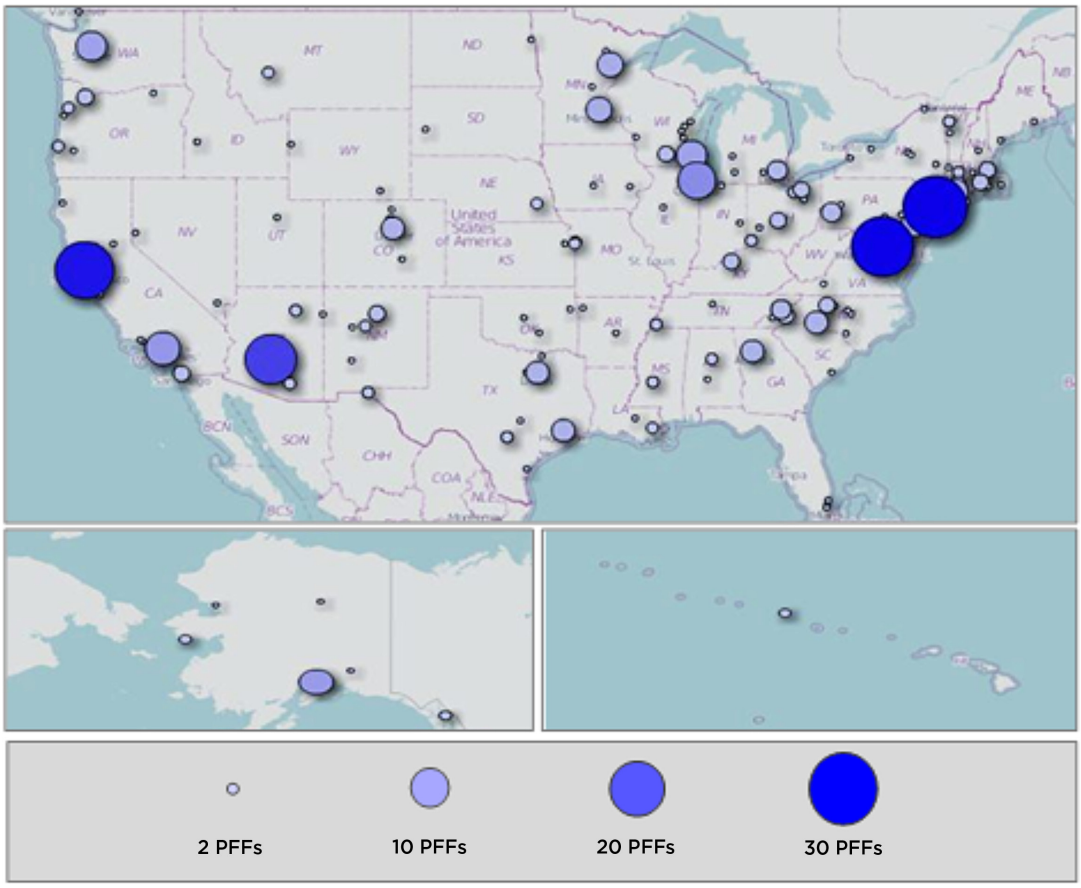


Source: Population-Focused Fund Master Database (Bridgespan, D5, Rockefeller Philanthropy Advisors, Foundation Center); National Center for Charitable Statistics Core Files (2006-2010); National Center for Charitable Statistics Business Master File 2011; GuideStar; organization websites.

7 Categories for organizational structure based on Diversity Funds Inventory, (Rockefeller Philanthropy Advisors, 2009).

PFFs—like most of the social sector—are more concentrated around large urban centers, but they are also distributed across the United States.[8] Thirty-four percent are in the West, 27 percent are located in the South, 20 percent are in the Northeast, and 19 percent are in the Midwest. Among the states, California (15 percent) and New York (10 percent) had the largest number of PFFs. Arizona (7 percent), an outlier among the less populated states, had a significant concentration of PFFs driven primarily by an emphasis on population-focused donor advised funds within its statewide community foundation (See Figure 4).

Figure 4: PFFs across the United States



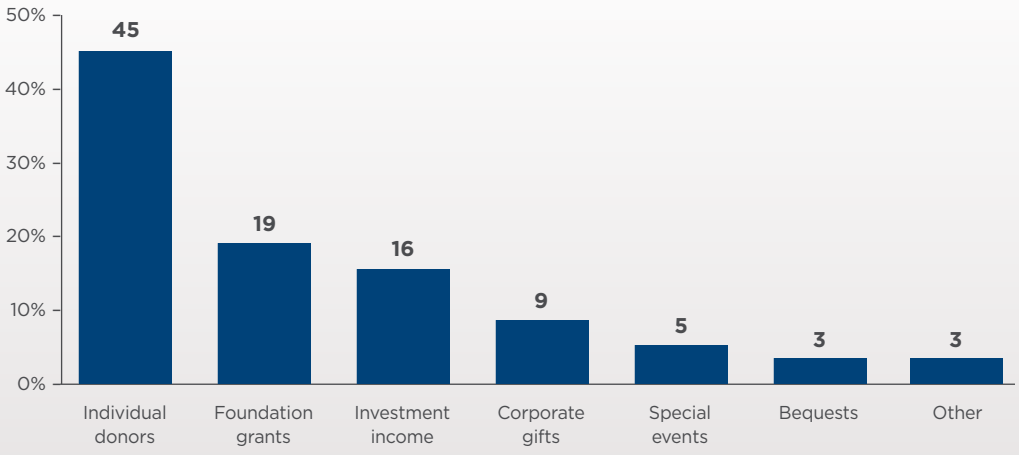
Source: Population-Focused Fund Master Database (Bridgespan, D5, Rockefeller Philanthropy Advisors, Foundation Center).

PFFs vary in terms of their primary source of revenue as well. Most include a number of sources in their revenue mix. When asked what their primary source of revenue is, almost half (45 percent) cited individual donors; other forms of income—including foundation and corporate gifts—are the primary source of income for the remaining funds. As with most nonprofit organizations, PFFs' funding sources often change over time as, for example, a major foundation or corporate partner enters or exits a partnership with the PFF.

8 Alex Neuhoff and Andrew Dunckelman, *Small but Tough: Nonprofits in Rural America*, (The Bridgespan Group, 2011).

Endowments are generally not significant sources of revenue. While nearly three-quarters of the PFFs who responded to our survey have endowments, investment income is the primary source of revenue for only 16 percent of funds overall and only 18 percent had endowments over $1 million.[9] In our research, we were not able to determine any significant relationship between a PFF's primary source of revenue and other characteristics (e.g., focus population, organizational structure, and location).[10]

Figure 5: Percent of PFFs by primary source of revenue



Source: D5 Coalition Strengthening Population-Focused Funds Survey (2013).

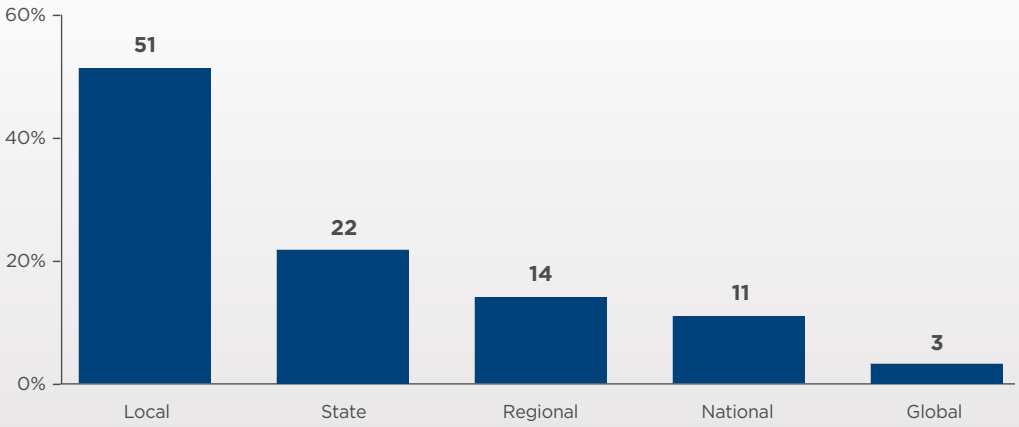
Grantmaking and programmatic strategies

Beyond these basic characteristics, PFFs vary in terms of the specific grantmaking and programmatic strategies they pursue as well as the way in which they communicate the value of their work to donors. Many PFFs are engaged in multiple grantmaking activities, including through donor-advised funds, giving circles, scholarship programs, and general community grantmaking. The geographic scope also varied, with nearly half making some grants beyond their local areas.

9 Seventy-one percent of PFFs had endowments: *Survey of PFFs*, (D5 Coalition, 2013, unpublished). PFFs' challenges in building endowments can be traced to numerous causes, including the absence of major founding gifts, their relatively short histories and modest scale, and the tension between raising current funds for operations and to meet immediate community needs and investing in long-term endowment-building strategies such as planned giving.

10 *Ibid.*

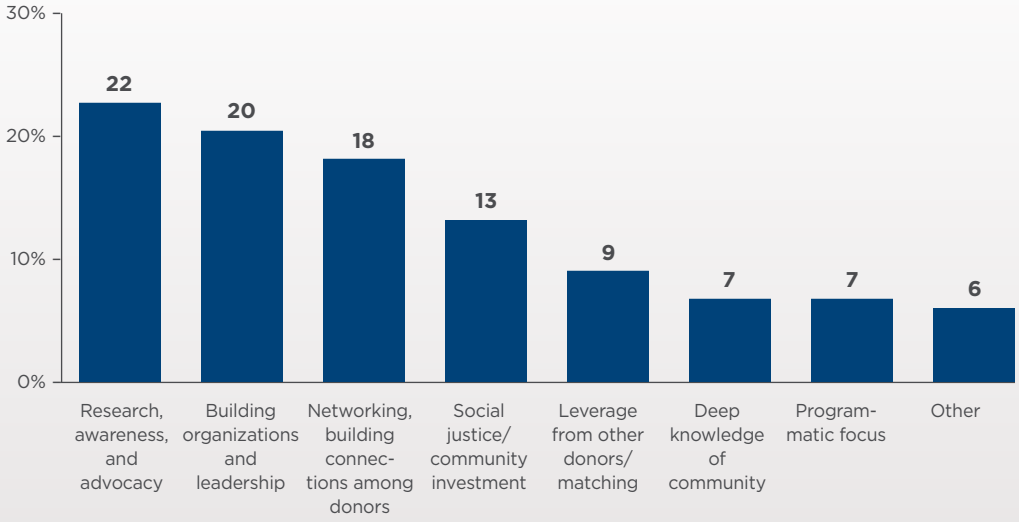
Figure 6: Percent of PFFs by geographic focus of grantmaking



Note: "Local" is within a specific city, county, or counties within one state. "Regional" covers multiple states. Totals may not add up to 100% due to rounding.
Source: D5 Coalition Strengthening Population-Focused Funds Survey (2013).

Beyond grantmaking, PFFs see themselves contributing to their communities in a number of other ways.

Figure 7: Percent of PFFs by category of response to contribution beyond grantmaking



Note: Totals may not add to 100% due to rounding. Percentages based on a content analysis of open-ended responses to the question, "When you talk with donors and grantees, how do you describe the value you provide beyond the monetary value of your grants?"
Source: D5 Coalition Strengthening Population-Focused Funds Survey (2013).

The Impact of the Great Recession: There Is Significant Variation in How PFFs Have Fared as a Result of the Economic Downturn

Given PFFs' great diversity, it is not surprising that we found that the economic downturn has not had a uniform impact on these organizations. Our findings suggest that "success," as defined by stable or growing revenue, is possible for all type of funds, and that funds that have experienced the strongest revenue growth have achieved this in a variety of ways.

Revenue trends—a mixed picture

One key finding from this revenue analysis is that PFFs are faring better than we anticipated given the concern about their financial health and viability which undergirded this research project. When considered as a group, changes in revenue during this period mirror that of community foundations and nonprofits. From 2006 to 2011, total revenue for PFFs had a growth rate of a little less than 1 percent whereas revenue for community foundations declined 4 percent.[11] While PFFs raised about the same revenue in 2011 as they did in 2006, they were below the peak they reached in 2008. This trend also mirrored the overall trend for community foundations. Yet while total revenue was slightly up, 53 percent of PFFs in our sample experienced declines in revenue from 2006 to 2011.[12]

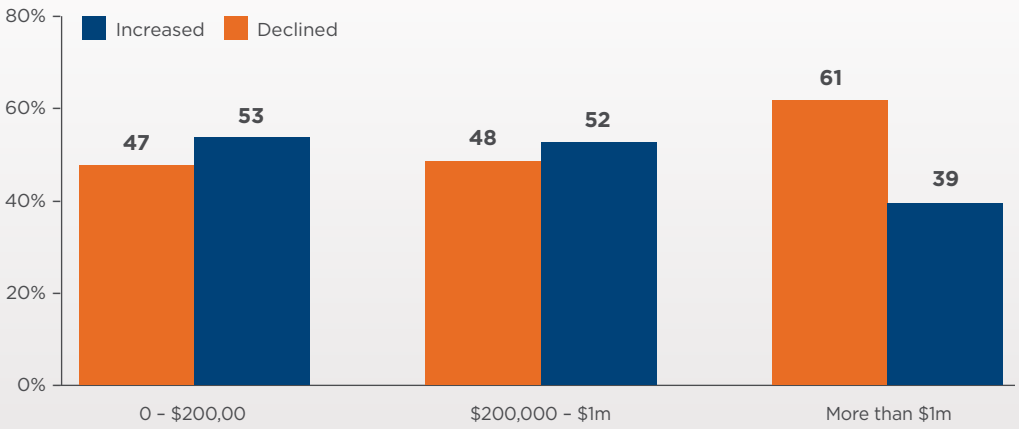
The same pattern, with nearly half experiencing a growth in revenue during the period and half declining, held when we compared PFFs across population focus, geography, and governance structure. The only group that seemed to be faring significantly worse than others were funds with larger budgets, specifically those that raised at least $1 million in revenue in 2006. Among this group, 61 percent experienced declines in revenue from their levels in 2006.[13]

11 *Foundation Growth and Giving Estimates,* (Foundation Center, 2012); *Key Facts on Community Foundations,* (Foundation Center, 2012); *Exploring Trends and Distinct Choices,* (Philanthropy Northwest, 2012).

12 *Giving USA 2013 Highlights*, (Giving USA, 2013); "Giving USA 2013: Giving Coming Back Slowly and Different After Recession," *Nonprofit Quarterly*, June 18, 2013.

13 Population-Focused Fund Master Database (Bridgespan, D5, Rockefeller Philanthropy Advisors, Foundation Center); National Center for Charitable Statistics Core Files (2006-2010); National Center for Charitable Statistics Business Master File 2011; GuideStar; organization websites.

Figure 8: Percent of PFFs with increasing or declining revenue from 2006 to 2011 by revenue band



Note: Revenue bands defined by total revenue for organization in 2006; designation of increase or decline based on growth rate of revenue with start year in 2006 and end year in 2011.
Source: Population-Focused Fund Master Database (Bridgespan, D5, Rockefeller Philanthropy Advisors, Foundation Center); National Center for Charitable Statistics Core Files (2006-2010); National Center for Charitable Statistics Business Master File 2011; GuideStar; organization websites.

While it is difficult to know for certain what is behind this difference, we do know that funds with larger budgets are more likely to have experienced declining support from private foundations. On average, PFFs that had raised funds for regranting experienced a decline of 8.8 percent in revenue between 2006 and 2011, as compared to the average 1 percent change in revenue for all PFFs.

Funds with the fastest revenue growth mirror the diversity of the field

The more revenue a PFF is able to raise, the more potential it has to do good. In addition, the ability to garner support can be seen as one indicator that a PFF has successfully demonstrated and communicated its value to donors or institutional partners like foundations, corporations, or government. In our sample, 13 percent of PFFs were able to achieve an annual growth rate of 15 percent or more in their total revenue from 2006 to 2011—this is equivalent to more than doubling their annual revenue over the six-year period. (The fastest-growing funds are listed in Appendix 4.)

When we looked for patterns among this group, we found that those that had experienced fast revenue growth are as diverse as the field of PFFs. Among the top 50 fastest-growing funds, all population groups are represented (14 are women's funds, 13 are Native Alaskan/Native American, eight are Hispanic/Latino funds, five are Asian American/Pacific Islander funds, four are African American funds, three are LGBTQ-focused, two are race and gender specific, and one fund covered multiple populations). Further, the top 50 funds are spread

across 22 states. The fastest-growing funds encompassed different organizational structures and ranged in annual budget from $80,000 to $45 million.

From interviews with leaders of some of these fast-growing funds, we learned that the ways they had grown their revenue bases varied widely. For example, the Korean American Community Foundation attributed most of its growth in revenue to a highly successful annual event. The POISE Foundation in Pittsburgh generated increased funds from several sources—serving as the fiscal sponsor for nonprofit organizations, managing donor funds, and administering a K–12 scholarship fund that is supported by Education Improvement Tax Credit dollars from corporations. The Dallas Women's Foundation, which houses donor-advised funds, generated strong support from individual donors. The First Peoples Fund raised revenue from several private and government funders. Even during the Great Recession, there were many pathways to strong financial growth.

Yet, because funds that grew the most in revenue did not share a set of characteristics or pursue the same strategies, the question remains: What differentiated funds that were able to grow their revenue base during the Great Recession from those that were not? And, looking forward, what strategies should PFFs pursue to increase their financial sustainability? These are important questions, and given the diversity of the field, we know there is no single answer.

Our goal in the next section, therefore, is to describe some of the pathways taken by funds that are growing and perceived to be having strong positive impact and influence in their communities. Our hope is that all PFFs will find relevance in one or more of these examples.

Examples of Successful Adaptation: Population-Focused Funds Can Evolve to Seize New Opportunities

PFFs, like all organizations, need to evolve to stay relevant, effective, and viable within a changing and competitive landscape. In this section, we identify three major trends that are having a significant effect on that landscape:

- Specific issues and impact are becoming more important than group identity to many donors.
- Individual donors are an increasingly critical source of support.
- Competitive pressures are driving more innovation in collaboration, partnerships, and use of technology.

We expect that these trends will continue, and that PFFs will continue to need to adapt in order to survive and prosper. For this reason, for each of the trends we identify, we highlight a few examples of PFFs that have pursued new programmatic or fundraising strategies with success to showcase what is possible when PFFs evolve in the face of a changing environment.

Beyond being examples of adaptation, all of the PFFs we highlight: (1) have maintained or grown their revenues over the period between 2006 and 2011, and (2) were identified by more than one expert as a PFF having "significant impact and influence." While we can't say for sure whether the strategy we highlight is *the* key to their success, we believe these examples point to lessons from which other PFFs can benefit.

Trend 1: Specific issues and impact are becoming more important than group identity to many donors.

> *"We don't live in the era of identity politics anymore. This is supposed to be the postracial, women are equal, gay marriage era."*
>
> LEADER OF AN AFRICAN AMERICAN FUND

Many PFFs were launched during the 1970s when identity was a galvanizing force and community building was a valued goal.[14] Several of the experts we spoke with expressed concerns that, as discussions of identity and community have changed, PFFs that are anchored in traditional notions of identity will be challenged to articulate their continued relevance. As one leader of an African American fund put it: "We don't live in the era of identity politics anymore. This is supposed to be the postracial, women are equal, gay marriage era." Thus, the ability to represent an identity group may no longer carry the same force in mobilizing communities and generating support.

14 *Cultures of Giving: Energizing and Expanding Philanthropy by and for Communities of Color*, (W.K. Kellogg Foundation, 2012); *Diversity Funds Inventory, (*Rockefeller Philanthropy Advisors, 2009).

This challenge may grow in future years. Baby boomers have already surpassed the generation ahead of them in terms of total dollars given to nonprofits, and this group, like the generation that follows them is, on the whole, more focused on giving that addresses specific issues and achieves measureable impact. Generation X (born between 1965 and 1980) and Generation Y (1981 and 1995) are already giving a significant portion of the total dollars, and they tend to be even more focused on return on investment.[15] While more needs to be learned about donor preferences and behavior within diverse communities, recent research by Ange-Marie Hancock of the University of Southern California suggests this trend is mirrored among black donors in Los Angeles. She writes, "Millennials think differently about their affinity with the black community in relationship to their donor behavior. They are less concerned about helping black communities exclusively. Don't expect charitable giving among Millennials to look like the giving among Baby Boomers, and don't expect them to respond to the same approaches and tactics."[16]

For PFFs to capture the attention of the next generation of donors, they should consider pursuing more grantmaking and programming targeted toward specific issues. Many PFFs, long committed to inclusive funding strategies, make grants to a wide array of nonprofits for broad-based, community-building activities. While some PFFs may choose to continue to pursue this strategy so that they can respond to the breadth of needs in their communities, this approach is likely to become more difficult to support as individual donors and institutional funders look for greater focus and impact. In the two examples we highlight below, we look at how PFFs have shifted their work to focus more directly on a specific issue, leading to a virtuous cycle as changes to their programming and grantmaking engaged new funders and built their reputation for impact.

The Women's Foundation of California: Taking on a new role in systems change

The Women's Foundation of California was established in 2003 with the merger of the Women's Foundation (based in San Francisco) and the Los Angeles Women's Foundation. A post-merger evaluation found that grantmaking was not achieving the transformative results the foundation sought. As Judy Patrick, the foundation's president and CEO, explained, "We had impacted lives of women but not impacted conditions keeping women in poverty." The organization shifted its grantmaking to support organizations that were also working on systemic change, and it launched an advocacy program, the Women's Policy Institute.

> *"We have a niche in Sacramento because we are a foundation and not a nonprofit. We can get access that many nonprofits cannot get."*
>
> JUDY PATRICK, PRESIDENT AND CEO, WOMEN'S FOUNDATION OF CALIFORNIA

15 While baby boomers give 43 percent of all money contributed by individuals, together Gen X donors and Gen Y donors give 31 percent: Vinay Bhagat, Pam Loeb, and Mark Rovner, *The Next Generation of American Giving,* (Convio, March 2010).

16 Ange-Marie Hancock, "Giving Black," *Stanford Social Innovation Review*, December 18, 2012.

The Women's Policy Institute supports women activists working in nonprofits, advocacy organizations, and local government who are seeking to implement policy change. The institute provides a year-long policy advocacy training program for activists that includes training retreats, individual mentors, and opportunities for participants to build relationships with each other and policy makers. From 2012 to 2013 the Women's Policy Institute enrolled 34 fellows from across California. Of the 300 fellows that have graduated from the institute since its inception, 92 percent are still engaged in policy work. The fellows have achieved remarkable success, contributing to the passage of 19 laws in the areas of women's health, safety, and economic prosperity. The Women's Foundation of California has been able to leverage its status as a PFF to carry out this program. Patrick explained, "We have a niche in Sacramento because we are a foundation and not a nonprofit. We can get access that many nonprofits cannot get. The Women's Policy Institute model has already been replicated in five states. Because more and more decisions are being made at the county level, we are now developing a curriculum for a county-level training program."

Going forward, the Women's Foundation of California has decided to dedicate even more of its capacity to advocacy work. Through its Stand with Women campaign, launched in 2012, the foundation is now directly engaging on policy issues in Sacramento. While still in its early days, the campaign has been successful in advocating against cuts to programs that would impact the lives of women and their families, such as subsidized childcare and welfare-to-work programs.

This work has required the foundation to hire dedicated staff, develop some new capabilities, and increase support from key funders. To operate the Women's Policy Institute, the foundation employs one full-time staff member and a lead trainer. In addition, a portion of the time of two more staff members is dedicated to the Stand with Women Campaign. Rather than grantmaking, these staff members have expertise in communications, community organizing, and advocacy. The foundation raises funds for these policy initiatives from a number of individual donors and private foundations, including The California Endowment, with which the Women's Foundation has built a long-term relationship.

The Michigan Women's Foundation: Adapting strategy to address an unmet need

Another example of how a PFF adapted its approach to focus on a key need in its community is the Michigan Women's Foundation, with its launch of the Angel Micro Loan Fund. The idea to establish this fund grew out of a statewide listening tour. "During the listening tour we heard [the] access to capital issue come up at least 10 times in different parts of the state from different kinds of women," said Carolyn Cassin, the fund's president and CEO. "In Kalamazoo, a wealthy donor asked us why we weren't focused on access to capital. She said, 'Let's not just give away money. Let's loan it to them, invest in them.' Everyone in the room started clapping. At another meeting… a woman who was running a $4 million a year business said that she had gone to local banks, but they weren't going to take a risk on her. People had so much energy on access to capital and how hard it was to grow a business as a woman in Michigan."

Creating a new microloan fund for women was not an easy task. Much of their early work focused on convincing stakeholders that the Michigan Women's Foundation could manage such a program. "To build our credibility, we focused on partnering with the right people and organizations that are known to the field," Cassin explained.

Initially, to support this work, the foundation raised $100,000 from four banks, individual donors at all levels (from $50 to $15,000), and the Ford Fund. Grant funding allowed the foundation to build capacity and hire staff with specialized skills, including three loan officers with banking experience. In addition, the foundation built a microloan board that included lawyers and bankers. To date, the fund has earned an 8 percent annual return, and, pending approval from the Michigan Economic Development Corporation, is on track to grow to $2 million.

Both of these women's funds made the decision to move beyond traditional grantmaking, a shift that required them to bring on new staff, build new expertise, and develop new relationships. As a result of these shifts, both foundations have been able to grow their revenue, strengthen their reputations for impact, and achieve significant positive change in their communities.

Trend 2: Individual donors are an increasingly critical source of support.

While some PFFs have always been entirely reliant on individual donors, a number of the larger PFFs grew as the result of funding from private foundations for regranting and, in some instances, for capacity building of the PFFs themselves. Although some PFFs are continuing to find success in this model (see sidebar on Pride Foundation), for the near term it seems unlikely to be a path toward greater financial sustainability and growth for most PFFs. In our analysis of revenue trends, the starkest finding was that PFFs that received regranting dollars from private foundations had experienced the most significant decline in their revenues (8.8 percent) between 2006 and 2011. Experts we spoke with confirmed this trend. As one researcher described it, "PFFs that were able to access national foundation money have been impacted by the trend away from giving grantmaking dollars to intermediary organizations." In the course of our research, we spoke with a number of PFFs and other public foundations that once relied on regranting funds from private foundations but no longer receive them.

Bucking the Trend: Pride Foundation's Role as a Strategic Grantmaking Partner

As experts in their constituents' needs, PFFs can be well-positioned to serve as a granting partner for funders who do not have the same level of community expertise or in-depth relationships. One example of a strong partnership between a PFF and another funder is that between Pride Foundation and the Bill & Melinda Gates Foundation. Based in Seattle, Pride Foundation is a regional community foundation that inspires giving to expand opportunities and advance full equality for LGBTQ communities across the Northwest. In 2012, Pride Foundation joined the Building Community Philanthropy funding partnership with the Gates Foundation, receiving $400,000 over four years to regrant to organizations that focus on reducing homelessness among LGBTQ youth.

Kris Hermanns, executive director of Pride Foundation, explained that foundations partner with Pride because "we are community-oriented and community-driven." "Larger, national foundations may not have the capacity to give smaller grants to smaller, remote communities. The privilege of [PFFs] is that often times we hold knowledge of what work is being done, who is doing it, and how they can connect, that other groups on the ground may not."

Pride Foundation has taken time to build its credibility to be an effective partner by actively engaging and participating in initiatives. For example, Pride Foundation leveraged its existing knowledge of the community to lead a Gates Foundation-supported initiative focused on LGBTQ youth in the Northwest. Through that initiative, Pride Foundation was able to successfully build the capacity of LGBTQ youth development organizations in the area, and it fostered commitment from the grantees for continued collaboration to pool resources and efforts in support of interventions targeting LGBTQ youth. As a trusted convener, grantmaker, and expert in its field, Pride Foundation has been able to position itself as a successful partner to larger foundations in areas of shared interest.

Pride Foundation's partnership with the Gates Foundation is just one of several that the foundation has engaged in during the past few years. It partnered with the Civil Marriage Collaborative and the Gill Foundation to provide education and outreach on behalf of marriage equality in the state of Washington, and with the Washington Women's Foundation to educate their donors about issues affecting the LGBTQ community.

In the face of reduced funding for regranting, individual donors will become an increasingly critical source of support for PFFs. Many of the communities which PFFs represent are growing in numbers or wealth. The next wave of intergenerational wealth transfers is predicted to increase the number of individual donors and family foundations across the country, and PFFs have the potential to cultivate new donors within their communities.[17]

17 *Family Philanthropy and the Intergenerational Transfer of Wealth,* (Community Foundation R&D Incubator, 2000); *#NextGenDonors: Respecting Legacy, Revolutionizing Philanthropy*, (The Next Gen Donors Research Project, July 2013).

PFFs will need to engage donors, and most recognize this need whether or not they have yet been able to act on it. Ninety-two percent of respondents to our field survey listed "improving individual donor education" as one of their top three priorities. In addition, many PFFs see establishing planned giving programs as a key to longer-term sustainability. Seventy-five percent of respondents listed "understanding how to set up planned giving programs" as a top priority.[18] A challenge for PFFs pursuing this type of individual donor strategy is that they need to invest their time and effort today, recognizing that this work may not pay off for decades.

Below we highlight two very different strategies to grow the base of individual donors within diverse communities. The Washington Area Women's Foundation's Campaign for Prosperity provides an example of how one PFF became more effective in engaging individual donors. Asian Americans/Pacific Islanders in Philanthropy offers a complementary example of a time-limited effort to catalyze individual donor giving circles across the country.

Washington Area Women's Foundation: Developing a new base of support among individual donors

The Washington Area Women's Foundation (WAWF), which is focused on transforming the lives of women and girls in the Washington, DC, region, changed its fundraising and programming to focus more on individual donors. This shift resulted from several major changes to WAWF's funding base. Prior to 2008, WAWF had benefited from a federal earmark that provided a stable $1 million in annual revenue. Even more significant was the funding WAWF received from major national funders who provided dollars for regranting. The organization faced the loss of these two primary revenue sources in 2008, at the height of the recession.

Aware that it was unlikely to ever recapture these sources of financial support, WAWF conducted a strategic planning and rebranding effort that articulated specific goals and developed new approaches to target individual donors. With the completion of its new strategic plan in 2011, the organization sharpened the focus of its grantmaking to three areas: financial education and wealth creation, jobs with family-sustaining wages and benefits, and high-quality early child care and education. In 2012, it launched a two-year Campaign to Prosperity to raise funds primarily from individual donors to improve the economic security of low-income women and girls.

Previously, the foundation had heard that donors "didn't understand who we were," said Jennifer Lockwood-Shabat, vice president of WAWF. "They had a hard time explaining us." With a tighter focus and more intensive donor development, WAWF has been able to expand from its small set of loyal contributors to a broader base. Recently, it launched a calendar of events with the goal of offering one educational

18 *Survey of PFFs*, unpublished.

or social event a month. “Some people like to network with other women like them, others will want to know more about the programmatic work and be educated on issues, others want to be educated about planned giving,” Lockwood-Shabat explained. “We want to offer a range of options that will appeal to a diverse group of women.”

To make this shift, WAWF had to invest in its own operations. The organization added two staff members (a development manager and assistant) with experience in development and special events, as well as new staffing to support financial oversight and program implementation. The organization also put resources into improving its use of technology (Raiser’s Edge) to do deeper donor research. The Capital One Foundation was one of several funders that provided critical capacity-building support for these efforts. In just over a year, the campaign has raised $3.5 million for WAWF’s operations and grantmaking.

Asian Americans/Pacific Islanders in Philanthropy: Expanding the circle of individual donors

Asian Americans/Pacific Islanders in Philanthropy (AAPIP) is working to build the base of individual donors across the country. While many private foundations have shifted away from providing regranting funds to intermediaries, some are supporting efforts like that of AAPIP that are focused on building a stronger, more diverse philanthropic base. Foundations that are interested in supporting increased giving within diverse communities recognize the potential of PFFs like AAPIP, which have the potential to tap into giving traditions within their communities, create openings for individuals from a range of economic backgrounds to participate, and bring people together to increase their personal philanthropy.

To this end, AAPIP began to incubate giving circles, a mechanism for a group of individuals to pool their money and time to give to organizations and causes they select. This approach made sense to try to scale, according to Noelle Ito, AAPIP’s senior director of community philanthropy, because it has been practiced in the Asian American/Pacific Islander (AAPI) community for many generations. When AAPIP conducted a survey of its donors, it found 57 percent of respondents were interested in joining a giving circle.

In 2011, AAPIP launched the National Giving Circle Campaign to “build a movement of 50 giving circles to increase investments to the AAPI community, strengthen the leadership and capacity of AAPI young professionals, and attract and engage new donors to give with a purpose.” AAPIP has two full-time staff members and a part-time consultant to support the campaign. It is working to grow the number of giving circles, codify training materials, hold workshops, and provide an annual convening for giving circle leaders. In addition to programmatic support, AAPIP provides $500 in start-up funds and up to $12,500 for a 50 percent match on individual contributions to the giving circles in its network. Requirements for the giving circle include granting at least $2,500 in the first year through a democratic process and giving to organizations that serve the AAPI community.

While focused on developing individual donors, AAPIP's National Giving Circle Campaign would not have been possible without funding from several major foundations, including the W.K. Kellogg Foundation, Wells Fargo Foundation, and Gill Foundation. AAPIP uses these funds to cover its staff costs and provide matching funds for the nascent giving circles.

The network has grown to 31 giving circles with more than 1,200 members, well on the way to AAPIP's goal of 50 giving circles by the end of 2015. AAPIP's hope is that this campaign will catalyze new giving circles that will enable donors to become stronger community leaders and more connected to each other and to organizations in their communities. The ultimate goal is for the circles to be sustained beyond the life of the initiative.

These examples highlight two distinct pathways to building a stronger base of individual donors within diverse communities. One focuses on issues that engaged and activated donors, the other an intensive, time-limited campaign to spread the giving circle model, designed to engage donors with each other and develop long-term habits of giving.

Trend 3: Competitive pressures and a desire for more impact are helping drive innovation in terms of collaboration, partnerships, and use of technology.

In addition to existing competition from community foundations and the United Way, the expansion of commercial charitable funds and social giving platforms like DonorsChoose and Kiva means that PFFs face increased competition from other entities that seek to raise money for causes within their communities.[19]

> *"Large foundations will give us money for leading programs but not for grantmaking. This puts us in the position of competing with grantees."*
>
> PFF FUND LEADER

At the same time, because most PFFs do more than raise money to support their community grantmaking, they are also potentially competing with nonprofits that provide similar services, including research, capacity building, and community organizing. One leader we spoke with expressed concern that funders were pushing PFFs into competition with nonprofits. "Large foundations will give us money for leading programs but not for grantmaking. This puts us in the position of competing with grantees."

While increased competition has placed pressure on many PFFs, some have adapted by engaging actively in collaborations. Below we describe two examples of such collaboration: the Latino Community Foundation and the First Peoples Fund. While these collaborative efforts have very different designs and purposes,

19 Lucy Bernholz, Katherine Fulton, and Gabriel Kasper, *On the Brink of New Promise: The Future of US Community Foundations,* (Monitor Institute, 2005).

Population-Focused Funds' Competitive/Collaborative Landscape

Wherever PFFs are located and whichever populations they focus on, they are part of an ecosystem of organizations. In the course of our research, the following sets of organizations were identified as ones that may have significant mission and programmatic alignment with PFFs, and, therefore, the most potential to be either competitors (when they seek resources from the same set of donors or funders) or collaborators (when they offer a complementary set of capacity and capabilities, and work in partnership with PFFs).

- Community foundations and public/progressive foundations: PFFs play an analogous role to community foundations, but for a specific population within a geographic area rather than the entire population of a geographic area. In some communities, PFFs are affiliated with the community foundation. Public/progressive foundations are another form of community philanthropy that also share a lot of characteristics with PFFs. Like PFFs, these entities raise money for grantmaking and programming, and many of these public foundations have launched initiatives or funds that focus on specific, diverse communities (e.g., LGBTQ youth and African Americans).
- Nonprofits that provide a similar set of programs or services such as community-specific research, leadership development, capacity-building, and advocacy: In the work that they do beyond grantmaking, PFFs face another set of potential competitors (as they seek to raise funds from the same set of donors) as well as potential partners.

in both, PFFs have played a critical role in sparking the collaboration. A third example, Horizons Foundation's participation in Bolder Giving's Give OUT Day, showcases how one PFF supported the participation of organizations within its community to effectively engage in an online fundraising campaign.

Latino Community Foundation: Creating a shared platform for change

The Latino Community Foundation (LCF) exemplifies how one PFF is adapting its approach and using its power as a funder to convene, organize, and support the work of Latino organizations advocating on issues that matter most to that community.

LCF's primary focus has been on grantmaking for children and youth, and it has only recently taken on more of an advocacy and organizing role through its work on the California Latino Agenda, a statewide campaign designed to focus attention on key Latino issues and potential solutions. Raquel Donoso, LCF's executive director, said, "We didn't think this was going to be our path. The California Latino Agenda grew out conversations with grantees. First, we brought Latino nonprofit executive directors together, without an agenda, for more of an informal conversation." Hearing their frustrations and challenges, LCF recognized it could play a valuable role in formalizing an effort that would engage this group, and others that had similar concerns.

The next milestone in this initiative took place in May 2013, when LCF convened over 125 organizations and 15 state legislators in Sacramento. At that gathering, LCF discovered that although funding cuts were creating significant challenges for many community service providers, there was no mechanism for those organizations to band together and advance a shared platform for change. Thus, the California Latino Agenda was born. LCF now serves as the hub for this effort. LCF plans to support the creation of regional, issue-focused coalitions to define priorities, desired outcomes, and approaches for achieving policy change, and to help raise funds for the groups that will do this work. The goal, according to Donoso, is to "strengthen the groups on the ground" rather than simply build LCF's own capacity.

> *"Groups need resources to be able to do this advocacy work, and we are working hard to get those resources to them."*
>
> RAQUEL DONOSO, EXECUTIVE DIRECTOR, LATINO COMMUNITY FOUNDATION

In taking on this new role, LCF has relied on the expertise of its program director, who has a community organizing background. LCF also has a development director who has been successful in cultivating individual and corporate donors to support this work. From Donoso's perspective, LCF is in a unique position to convene organizations, in part, because it can provide funding to support participation. "Groups need resources to be able to do this advocacy work, and we are working hard to get those resources to them," she said.

While the California Latino Agenda is too new to have many concrete results, LCF believes it has already built new connections among organizations and advanced efforts on policy issues, such as a new funding formula for California students.

First Peoples Fund: Building a cross-sector coalition to support cultural preservation and vitality

The First Peoples Fund partners with foundations, community development financial institutions, and government agencies to support and honor community-centered artists from Native American communities. Based in South Dakota, the fund provides training for local artists on entrepreneurship and business development. The fund also provides working capital grants that allow Native artists to grow their businesses and contribute to sustaining culture in their communities.

The First Peoples Fund transitioned from a donor-advised fund to a PFF in 2003, as it successfully garnered support from corporate, government, and other funders that shared an interest in economic development within Native American populations. Lori Pourier, president of the First Peoples Fund, attributed its success to "cross-sector partnerships and relationship building between nonprofit leaders and within philanthropy to understand how we can complement and support each other."

The First Peoples Fund has a staff of five who provide a range of services to local artists. To date, the First Peoples Fund's staff members also have trained and certified two dozen professionals to serve as coaches through their programs. These

coaches are teamed with Native Community Development Financial Institutions business coaches to help emerging artists build their businesses.

Since 2004, the First Peoples Fund has raised $5.7 million in philanthropic support, with investment coming from the Ford Foundation, Leveraging Investments in Creativity, and the W. K. Kellogg Foundation, as well as an additional $700,000 from government agencies. The fund's annual revenue has grown substantially, from $450,000 in 2006 to nearly $950,000 in 2011. Its growth continues with several recent multiyear grants that total more than $2 million.

Horizons Foundation and Give OUT Day: Helping community nonprofits raise funds using social media

In May, 2013, Bolder Giving, a national nonprofit focused on inspiring and supporting people to give at their full potential, launched its first Give OUT Day, a social media campaign to raise funds for organizations within the LGBTQ community. Although this type of online fundraising campaign could be seen as a threat to PFFs—because it provides an alternative for donors to give directly rather than go through PFFs as an aggregator—some PFFs that participated in the effort were able to raise more funds and reach new donors.

> *"Participating in this way is core to our mission. Our focus was 100 percent on raising funds to support them and encourage more community philanthropy. This is a large part of why we exist."*
>
> ROGER DOUGHTY, EXECUTIVE DIRECTOR, HORIZONS FOUNDATION

Rather than viewing Give OUT Day either as a threat or as an opportunity to raise money for itself, the Horizons Foundation, a PFF based in San Francisco, focused on helping Bay Area LGBTQ nonprofits reap the benefits of this online fundraising effort. Horizons staff held webinars to educate its grantees and other local LGBTQ nonprofits about the opportunity, provided one-on-one technical assistance to help organizations prepare for the campaign, and conducted social media outreach to raise the visibility of participating organizations. Horizons Foundation's Executive Director Roger Doughty said, "Participating in this way is core to our mission. Our focus was 100 percent on raising funds to support them and encourage more community philanthropy. This is a large part of why we exist."

Horizons raised an additional $27,000 as prize money for organizations that generated the most donations. As "giving days" have emerged as a philanthropic strategy, such prizes are seen as helpful in spurring competition among participants and a sense of excitement among donors. More than 50 Bay Area LGBTQ organizations participated in Give OUT day—more than in any other region in the country. One of these local organizations, the Transgender Law Center, won the prize money for raising the largest number of donations nationally. For this inaugural effort, Horizons dedicated a portion of one of its staff member's time over the four-month period leading up to Give OUT Day. The learning curve was steep, and the project took between 10 percent to nearly 80 percent of her time during that time period, but Doughty expects it will take less time in future years.

Having participated in the first Give OUT Day, Doughty believes that supporting this type of online giving campaign is one way that PFFs can deliver on their mission. “It is very, very hard to get a community focused on giving. This is one way of doing it that is being tested.” Some important questions about this type of effort will only be answerable with time, such as whether donors who get drawn in by the giving event stay engaged and give more over time, but it does provide an interesting model for how PFFs can use social media to garner new support for organizations within their communities, or perhaps for themselves.

In addition to being a new channel for donors, the Bolder Giving campaign was also very cost-effective, which is increasingly important in an era when donors want to see more of their dollars go directly to the beneficiary rather than be used to pay for the overhead of an intermediary. Because a private foundation covered the development, management, and operations costs, organizations that participated in the campaign received 100 percent of the donations they garnered, minus a 4.4 percent credit-card processing fee.

Cross-Cutting Lessons: Adaptation Is Possible and Excellence in Execution Matters

These varied examples point to two primary lessons that are relevant to all PFFs, particularly those challenged by significant shifts in their immediate funding and competitive landscape.

First, the good news is that adaptation is possible. We have seen successful examples of PFFs, such as the Washington Area Women's Foundation, shifting its fundraising to focus more on individual donors. We also have seen PFFs adapt their programmatic strategies—seizing new roles that leverage their position as a funder, but take them beyond grantmaking. This was the case for both the Women's Foundation of California and the Latino Community Foundation.

Second, while we can't say which fundraising strategy will be the best fit for all PFFs or what programs PFFs should offer to have more impact in their communities, we can say that *how* PFFs approach their work matters. PFFs with the fastest growth in revenue (see Appendix 4 for the list) and those that we highlight as examples of adaptation shared the following qualities.

Strategic focus

What they chose to focus on varied, but PFFs that are experiencing success in this environment focused their use of precious staff time and resources on a core set of issues and strategies: for example, the Women's Foundation of California on statewide policy and advocacy, the Michigan Women's Foundation on increasing access to capital, the First Peoples Fund on working with local artists to drive economic development.

One benefit of strategic focus is that it allows PFFs to better communicate their purpose and value to donors and demonstrate concrete impact. Through its Campaign for Prosperity, for example, the Washington Area Women's Foundation was able to more effectively mobilize individual donors. Selecting an issue focus also can help PFFs find and develop long-term partnerships with private foundations and corporations with the same goals. For example, the Women's Foundation of California has an ongoing funding partnership with The California Endowment to support its Women's Policy Institute. The First Peoples Fund found a number of strong partners who were committed to economic development for native populations. This type of focus also makes it easier for PFFs to measure their impact, compared to the more traditional PFF strategy of smaller grants and programs spread out over a larger number of issue areas. However, narrowing the issue focus could put PFFs at risk of losing long-time supporters, so they should take some care in developing and communicating

any change of focus.[20] Finally, since most PFFs are small, focusing on fewer issues could allow them to develop greater expertise, helping them to become attractive partners for other organizations interested in addressing a particular issue and distinguishing themselves in a potentially crowded landscape.

Right-sized capacity and capabilities

To carry out their work, PFFs need to have the right amount and types of capacity. While some PFFs are entirely volunteer-driven, all of the examples we highlight had some paid staff. Sometimes these were new staff with the specialized expertise needed to implement new strategies. For example, the Michigan Women's Foundation hired loan officers with banking experience. The Latino Community Foundation, on the other hand, already had a program director with significant community organizing experience. PFFs that sought to engage in more individual donor development have hired people with the expertise to do culturally competent, effective donor engagement and management. While the type of expertise required varied based on the strategies PFFs sought to pursue, it was important for PFFs to carefully assess their talent and make sure they had the right teams in place to achieve their goals.

Deep relationships and partnerships

To achieve their strategic goals and desired outcomes, successful PFFs realize they must work in partnership with both funders and other organizations in their communities. For PFFs that needed to invest in new capacity and capabilities as they shifted their fundraising, grantmaking, or programmatic strategy, it was critical to have strong relationships with private or corporate funders to support them through this transition. The Ford Fund played this role for the Michigan Women's Foundation. The Capital One Foundation supported the Washington Area Women's Foundation with technology and other capacity-building investments. Asian Americans/Pacific Islanders in Philanthropy's Giving Circle Campaign received vital support from the W.K. Kellogg Foundation and other private foundations.

To carry out their community grantmaking and programming, most PFFs also need strong partnerships with other nonprofit organizations. The examples we highlight of the First Peoples Fund and the Latino Community Foundation showcase how PFFs can play a valued role when they have trusted relationships with grantees and other members of their communities. Going forward, more PFFs also may seek to participate in and benefit from partnerships led by other nonprofit organizations, such as Bolder Giving's Give OUT Day.

20 According to Roger Doughty, executive director of the Horizons Foundation, a survey of that organization's most loyal donors found that the number one reason they supported Horizons was that it "funded across the Bay Area and across all parts of the LGBT community."

Strong focus on results and continuous improvement

PFFs face increasing pressure to measure and articulate how they add value as intermediaries between donors (especially institutional funders) and community organizations. Since PFFs function as funders and service providers, many are being required to demonstrate their impact at both grantmaking and programmatic levels. This pressure is felt by most of the PFFs we spoke with. Some have found value in a disciplined approach to measuring impact, while still finding it difficult to measure and quantify benefits. As one PFF leader said, "It's hard to see changes. [Our] funders want to see that their funding has impact. They want to see the ROI [return on investment]. How many people? What kind of changes?"

This need to measure and demonstrate results is likely to persist. Foundations and corporate funders will continue to demand specific and discernible outcomes. On the individual giving side, the next generation of donors looks to be even more focused on evidence of impact and tangible results than the current one; community groups may question and want to see evidence of the value-added role of PFFs. Among the PFFs we highlight as examples, we saw some similarities in how they embraced a focus on results and continuous improvement, engaging in evaluation and planning at key junctures. The Women's Foundation of California shifted its strategy after systematically evaluating the impact of its grantmaking. The Latino Community Foundation has engaged an evaluator to help develop a logic model for its advocacy work on the California Latino Agenda. These PFFs embraced performance measurement not just to quantify impact for donors but to inform their own learning and development. (For more guidance on performance measurement for PFFs, see Appendix 1.)

The Way Forward

Philanthropic investment in support of diverse communities is still less than what is needed given the growing number of people of color in this country as well as the ongoing struggle for full equity and inclusion by communities of color, the LGBTQ community, women, and people with disabilities. PFFs have the potential to play vital roles within their communities, and, in the course of our research, we found many inspiring examples of funds that are doing just that. At their best, PFFs are increasing funding for their communities by cultivating new donors from within and attracting additional dollars from outside sources. They are advocating on behalf of their communities, and supporting organizations and leaders who might otherwise be overlooked.

But the future for PFFs is uncertain. By 2011, about half had not yet recovered from the economic downturn and were still experiencing declining revenue. Most PFFs do not have endowments to provide a buffer. Many are receiving less funding from private foundations at a time when they have yet to effectively engage individual donors. Simultaneously, there are a growing number of alternatives to PFFs beyond community foundations, including organizations that are pioneering new approaches (often technology-enabled) to connect donors with causes, cutting out "middlemen" like PFFs. At a time when funders and donors want data and evidence of impact, many PFFs are unable to provide it. While these factors do not suggest an immediate crisis, we are concerned that many PFFs are failing to react to the gradual, but significant, changes that are threatening their futures.

At the same time, some PFFs are positively adapting to the changing funding and competitive landscape. They are maintaining or growing their revenues and pursuing new programmatic and fundraising strategies. Whether using concerted efforts to attract a new base of individual donors, building coalitions to engage in systems change or doubling down on specific issue areas, these PFFs are taking steps to increase their effectiveness and impact in their communities.

In the face of current trends and learning from these positive examples, we recommend PFFs do the following:

- **Choose a strategic focus:** With few staff members and limited budgets, most PFFs spread themselves thin, making a wide range of grants and carrying out a number of programs. This can diffuse their impact. As we have seen, choosing a focus that is aligned with its vision will help a PFF articulate its value more clearly to donors and funders, know what capabilities and capacity to build, guide it to the right partners, and help it determine how to measure and communicate its impact.
- **Sharpen their focus on individual donor engagement:** For many PFFs, individual donors may be the best path to financial sustainability. PFFs should learn as much as they can about their potential donor bases and how best to engage them. (There are many resources available on this topic—see Appendix 2). To better engage donors, many PFFs will need to make some

new investments to bring on staff with specific expertise or better systems to support donor engagement, such as planned giving. In communities with limited access to wealth, this strategy may be harder but no less essential. PFFs that are able to effectively engage their own community members also will likely be in a stronger position to secure support from private, corporate, and government funders.

- **Regularly assess their environments to identify potential partners and competitors:** PFFs must be able to communicate their unique value within their communities, and understand who their potential partners and competitors are. Key actors will change over time, so PFFs need to make this kind of assessment regularly. This assessment, in some cases, will lead PFFs to actually merge or consider other forms of strategic partnership.
- **Measure their impact:** In an environment where philanthropy is increasingly outcomes-focused, it is important for PFFs to clearly articulate their impact to donors and community members, and show how they are improving over time. There are a range of ways for PFFs to engage in understanding their impact, ranging from simple to more sophisticated approaches, such as external evaluation (see Appendix 1).

PFFs that do these four things should be in a stronger position to adapt to the long-term trends and maintain or increase their impact.

For funders and donors who understand the unique potential of PFFs to engage and benefit often marginalized communities, one clear message emerges: PFFs will need support for their own capacity building in order to adapt to a changing environment. Because most PFFs do not have substantial endowments or ready sources of unrestricted funds, they will often require one-time investments to help them execute these promising new strategies. Indeed, each of the strategic shifts we highlight in this report—even strategies to engage individual donors—could not have happened without support from a private foundation, a corporate funder, or set of deeply engaged individual donors.

Over the next decades, we hope that an increasing number of PFFs will find ways to increase revenue, engage the next generation of donors and community leaders, and make the tough decisions necessary to have more impact in the communities they serve and on the problems they seek to address. Some will have to take dramatic steps to survive and thrive, such as more aggressively sharing resources. For others, closure or merger may be the responsible choice. Although we can't predict the future, what we know for sure is that successful PFFs will represent and be representative of their communities—holding themselves accountable for achieving impact, and for learning and improving over time.

Appendix 1: Primer on Performance Measurement

Population-focused funds (PFFs) face increasing pressure to measure and articulate how they add value as an intermediary between donors and community causes. When done well, performance measurement is not simply a way of pointing to success but also a tool for improving PFF performance and building trust within a community.

Performance measurement challenges

Many PFFs are motivated to improve and demonstrate the results of their work in their communities. Yet many face significant challenges in doing so:

- When PFFs focus on an identity-group and general community-building activities rather than a specific issue area, it is difficult to define and hone in on specific, measurable changes.
- Many provide small grants (over 60 percent of PFFs report an average grant size of $10,000 or less)[21] primarily focused on general operating support. Both the size of these grants and their generalized purpose can make it difficult for PFFs to assess the effectiveness of their funding support.[22]
- Many PFFs work to engage and empower donors by giving them decision-making authority over their philanthropy. This can lead to grantmaking that is not aligned to any particular strategy and can diffuse a fund's intended impact.
- Funds engaged in advocacy for movement building and policy change find that the work is slow-moving and rarely proceeds in a straight line. When change occurs, it is often hard to attribute it to a particular actor or strategy.
- Many PFFs have intangible goals, such as community empowerment and self-determination, which, however powerful, do not lend themselves easily to measurement.
- PFFs often provide complementary services in collaboration with the communities they serve and may find it difficult to determine their specific contributions to forms of collaborative impact.
- PFFs have limited resources to devote to operations, so it is difficult to invest in the systems and processes to support ongoing measurement of results. Further, they are concerned with measuring impact in a way that is culturally appropriate, which requires a unique, and difficult to find, set of expertise on the part of staff and consultants.

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21 Database of PFFs, *unpublished.*

22 This type of support is highly valued by nonprofits, given how difficult it can be to raise funds for non-programmatic costs. Grantmakers for Effective Organizations has developed a report to assist foundations in developing tactics and approaches for measuring the impact of general operating support. See *General Operating Support Vol. 2: Assessing the Impact*.

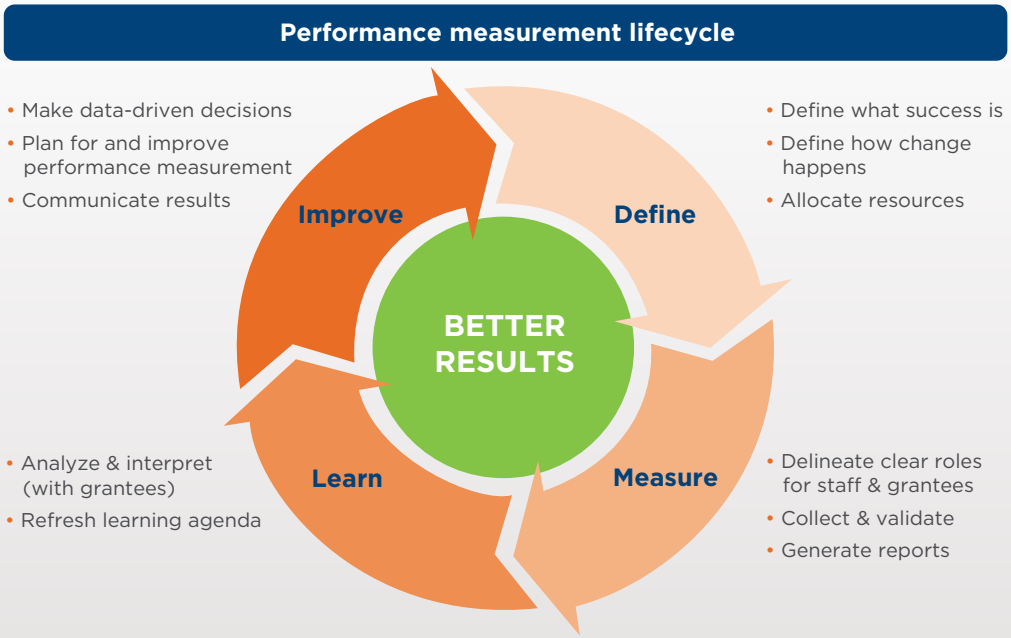
- In addition to these challenges, many members of marginalized communities often have been placed in a position to prove the relevance and worth of their contributions to society, and thus may view performance measurement as a continuation of this special scrutiny. As a result, PFFs face an uphill battle in efforts both to measure and communicate their impact.

Notwithstanding these challenges, donors increasingly will expect PFFs to prove and improve their effectiveness. Therefore, PFFs should take the steps required to develop performance measurement approaches that are suited to their contexts, unique contributions, and size.

Keys to performance measurement: define, measure, learn, improve

PFFs that focus on results will measure performance not just to satisfy a funder or meet a one-time need but to truly understand how and if they are having impact. They will tailor their inquiry to the cultural context of their grantees and their own programs, and they will use the information they gather to get better over time. Performance measurement is an ongoing process involving four key steps: Define, Measure, Learn, and Improve (see Figure 9).

Figure 9: Performance measurement as a continuous cycle



DEFINE: Performance measurement begins with having a clear definition of what success looks like and an understanding of how that definition translates to specific grants and programs. For many organizations, the definition of success is embedded in the organization's vision statement and strategy. Strategic clarity requires answering these questions: What changes do we seek to create? For whom? And, by when? With answers to these questions, PFFs should be able to understand what information they need to assess if they are making the difference they seek.

Defining Success: Key Questions for PFFs to Answer

- What goals and priorities does our community have? How does our community define success?
- What is our intended impact? What goals have we set for ourselves?
- What information would give us the best understanding of our progress towards those goals?
- What are the key decisions we make in assessing community needs, making program decisions?
- What information is necessary for making the best decision? What information would be nice to know, but not necessary?

For the Michigan Women's Foundation, the decision to establish the Angel Micro Loan Fund came from a statewide listening tour. Not content simply to get into the micro loan business, the Michigan Women's Foundation has devoted significant resources to understanding the impact of its program. Its metrics include: how many women start a business, if the businesses are sustainable a year later, the number of women who go through its entrepreneurs training program, feedback from participants about the program, the number of jobs created and sustained, how much capital was deployed, how much a business grew, and end of year revenues. Each metric is used to understand the success of the micro loan program and the support it provides to build the capacity of women entrepreneurs.

For more information on how to successfully execute the define stage, see Manuel Pastor et al., Transactions, Transformations, Translations: Metrics That Matter for Building, Scaling, and Funding Social Movements*, (University of Southern California, 2011), and the* Logic Model Development Guide*, (W. K. Kellogg Foundation, 2004).*

MEASURE: After determining the most important metrics, PFFs must decide how to collect the necessary data to measure their results. There are multiple ways to collect information (e.g., surveys, interviews, program inputs and outputs, media coverage) and the right approach depends on the type of information sought and the level of investment and effort a PFF can make.

For many of the organizations we interviewed, evaluation of grantmaking and programming was a dedicated portion of program and grants management staff time. Several organizations had worked with consultants to create the systems and processes for capturing information.

Several funds had success aggregating and measuring data to tell stories of their success. "We hired a consultant who talked to grant partners and aggregated the data," explained Nichole Dunn, president and CEO of the Women's Fund of Central Ohio. "Using the Making the Case toolkit (see the sidebar "Spotlight: Making the Case"), we were able to say that for every one person we touch, six other lives are affected. We can say we are a great return on investment." Through this data, the Women's Fund of Central Ohio has been able to better understand how its investments affect community members and more effectively communicate its impact to donors. Similarly, Executive Director Raquel Donoso of the Latino Community Foundation recounted her organization's experience working with an external consultant to develop an evaluation framework and approach to data collection for the foundation's early childhood education program: "A lot of service providers collect information because of their funders, but a lot of time they haven't asked questions about what is the bigger impact that is achieved for the community. We have been able to bring resources in to support community partners to change intake forms so they can collect success stories in a systemic way."

Measuring Success: Key Questions for PFFs to Answer

- What are the potential methods for collecting the measurements?
- What measures would be most meaningful to our community?
- What resources and capacities do we/our grantees have to conduct performance measurement?
- Who will be responsible for collecting the data to measure impact?
- How can we conduct measurement in a way that it supports our other goals (e.g., community engagement, strong relationships with grantees, etc.)?

For further information on how to successfully execute the measure stage, see Jane Reisman, et al., A Guide to Measuring Advocacy and Policy, *(Annie E. Casey Foundation, 2007) and the Global Investment Network's website on Impact Reporting and Investment Standards,* http://iris.thegiin.org/.

Spotlight: Making the Case

The Women's Funding Network, a coalition of 160 organizations that fund women's solutions around the world, has developed a comprehensive evaluation methodology called Making the Case to support these organizations to measure the social change impact they have. Making the Case has been adopted by approximately 40 women's funds as well as Nike global partners and Accion micro lenders. The methodology was developed over a year-long interactive process involving over 70 women's funds and their grantees, and was officially launched in 2004. The methodology provides a framework that defines five shifts as indicators of social change in whatever the key issue the fund focuses on:

- Shift in definition: The issue is defined differently in the community or larger society.
- Shift in behavior: People are behaving different in the community or larger society.
- Shift in engagement: People in the community or larger society are more engaged. Critical mass has been reached.
- Shift in policy: An institutional, organizational, or legislative policy or practice has changed.
- Maintaining past gains: Past gains have been maintained, generally in the face of opposition.

The methodology also provides tools for engaging stakeholders, collecting and storing grantee feedback, and supporting ongoing learning; this methodology aligns with the four key steps of define, measure, learn, and improve. Making the Case includes approaches for implementing the methodology as well as sharing results with donors, grantees, and other stakeholders.

LEARN: Developing a culture of performance measurement requires developing the right mechanisms and structures to reflect on goals, think about data, share constructive feedback, and foster improvements. This means setting up structured processes for review and reflection. This can happen in a variety of ways. For example, as part of the formal grantmaking cycle or when considering grant renewals, PFFs can initiate conversations with grantees about successes and challenges. Funds that invest in a cohort of grantees or engage in initiative-based grantmaking can support collaboration and shared learning through facilitated sessions. Lastly, PFFs should not be afraid to reach out to thought leaders, peers, beneficiaries, and community members and ask them to help in understanding the impact of their work.

The POISE Foundation has worked to build just such an inclusive culture of learning. It designed its strategic planning process to engage and learn from community members, organizations, and donors as it refines its mission in support of a sustainable African

Learning from Results: Key Questions for PFFs to Answer

- What results are we and our grantees collectively achieving?
- How are the results different from what we expected? What is driving this?
- How will we share what we learn with our community, partners, and the field?

American community in Pittsburgh. Mark Lewis, the president of the POISE Foundation, explained that, in revisiting its strategy, the foundation "convened different constituencies in different neighborhoods to talk about what is the vision for a sustainable black community. We came up with a vision and now engage people to help design the process to achieve the vision." As a result of these community conversations, the POISE Foundation has identified strengthening families as the key to fostering a sustainable African American community. As POISE implements this strategy, it wants to keep learning. "One way of evaluating us," said Lewis, "is by taking stock of how the community views the process and programs. We are always trying to get feedback on whether we are on target or not…Having that type of feedback from the community speaks volumes and allows us to focus on the right measures relevant to the community."

For further information on how to successfully execute the learn stage, see Jeri Eckhart-Queenan, "Measurement as Learning," (The Bridgespan Group, 2011) and Andrew Wolk, et al., Building a Performance Measurement System: Using Data to Accelerate Impact, *(Root Cause, 2009).*

IMPROVE: PFFs improve over time by using what they learn to assess their progress toward their goals and develop approaches for addressing critical gaps. As their goals and needs evolve, PFFs should revisit their approaches to performance measurement.

Improving Based on Results: Key Questions for PFFs to Answer

- How can we use what we are learning to inform the decisions we make (e.g., selecting grantees, allocating resources)?
- How will we change our processes and programs based on what we learn?
- How can we help our grantees to improve?
- How do we want to revise our approach to performance management, based on what we've learned?

Based on insights from evaluating the impact of their grants, the Women's Foundation of California has made strategic shifts. One key insight was that the foundation's programs had benefited women participants, but the programs were not changing the conditions that were keeping women in poverty. This realization led to the creation of the Women's Policy Institute, a policy advocacy training program for women activists who are already leading organizations focused on women's issues. Based on the success of the Women's Policy Institute, the Women's Foundation of California decided to deepen its focus on advocacy by supporting establishment of similar institutes in five states. Judy Patrick, president and CEO of the Women's Foundation of California, explained that it is important to "stick to where we have the greatest value to add."

For further information on how to successfully execute the improve stage, see Matthew Forti and Kathleen Yazbak, "Building a Capacity to Measure and Manage Performance," (The Bridgepsan Group, 2012).

Guiding principles and measures for PFFs

In developing performance measurement practices and measures, PFFs should consider the goals they share with their grantees and communities, their role as grantmaking organizations, and the resource constraints they and their grantees face.

Shared goals

PFFs should consider their grantees' resources and priorities and how performance measurement can support their success. They should align with grantees on the measurements that will be most helpful to the grantees to assess their own impact by asking the questions: "What will you hold yourself accountable to achieving? How will you make this happen? What have you accomplished thus far? What isn't working and what have you learned?" These conversations can transform the relationship between funder and grantee, and ensure that both have the same goals.

Role as grantmakers

PFFs should measure the success of organizations and leaders who receive grants as well as the success of the programs they implement themselves. As community institutions, they are investing both money and programmatic resources to support their communities. Given these parallel lines of investment, they should develop measures for both roles.

- **Grantee success:** Assess the effectiveness of their grantees and the extent to which their funding enabled them to achieve results for their beneficiaries and meet other financial and organizational objectives.
- **Funder value-add:** For PFFs, a major value-add role is increasing the resources that flow to their communities—through them or directly to community organizations—as a result of their work. Additionally, PFFs should assess the effectiveness of activities to support grantees and strengthen the field (e.g., through capacity-building support, exercising influence and leadership in communities, and monitoring financial and operational effectiveness).

Many PFFs engage others in grantmaking decisions, which in turn can affect the approach a PFF takes to measuring grantee success. The following chart provides some examples of what PFFs may want to measure based on different decision-making processes about grants.

Level of Decision Making	Measures to Assess Grantees' Success (Illustrative)
• Grant decisions are made by donors/ community members (e.g., giving circles) or grant decisions are made by program staff in consultation with community members	• Depends on level of involvement PFF has in establishing guidelines for grants • If donors/community members are decision makers, collect stories of impact from grantees • If PFF provides guidelines and goals, measure grantee's effectiveness against those goals (e.g., increase in income of program beneficiaries)
• Grantmaking to support advocacy campaigns	• Collect stories of impact, examples of media coverage, and information on level of community and stakeholder engagement (e.g., number of people attending key events, number of legislators contacted) • Progress of bills sponsored • Changes in definition or perception of a particular issue within the community or larger society • Number of people actively engaged on a specific issue • Shift in policies or practices of government institutions
• Grant decisions made in conjunction with a funding partner (foundation, corporate, government)	• Depends on size of investments and degree of focus for initiative or partnership • At a minimum, collect stories from program participants, track inputs and outputs • For more defined initiatives, measure grantee's effectiveness against initiative goals (e.g., increase in income of program beneficiaries) • For efforts designed to effect community-level change, measure shifts in outcomes for target issue area (e.g., high school graduation rate for young men of color within the community)

In addition to collecting information on success of the grantees funded, PFFs also should evaluate the impact of their programs. As discussed above, a critical step in measuring impact requires aligning the proper measures to the activities and goals of each program area. Highlighted below are a set of programmatic goals that we surfaced as being shared across many PFFs. Linked to each of those goals are an illustrative set of outcomes PFFs might consider if they are pursuing that programmatic approach.

Programmatic Goals	Measures to Assess PFF's Value-Add (Illustrative)
• **Cultivating traditions of giving:** Increasing pool of diverse donors within a community and educating donors and community members	• Number of new donors from within the community • Increasing commitment, expressed through dollars and/or time, from donors over time • Number of dollars raised by donors from friends/ community • Donor and/or community members' increased knowledge and awareness of relevant issues within the community • Donor and/or community members' direct participation in causes and support of grantees (beyond philanthropy)
• **Advocating on behalf of communities:** Raising awareness of critical issues facing diverse communities	• Changes in definition or perception of a particular issue within the community or larger society
• **Supporting leaders within communities:** Developing and mobilizing community leaders	• Skills gained by leaders within the community (e.g., completion of leadership training programs, follow-up surveys on application of skillset, self-reported outcomes data for returns on application of skills gained from training and ongoing coaching support)
• **Supporting organizations within communities:** Building partnerships and collaborations in support of specific initiatives	• Public commitments from stakeholders and/or formal memoranda of understanding • Level of alignment and coordination of resources (e.g., linked grantmaking, evaluation, convening) as measured through grantee and community surveys • In the longer term, improved outcomes on the key goals of the partnership or collaboration

Resource constraints

Evaluation approaches should match the size and type of intervention made. PFFs need to consider their own financial resources, staffing, and skills in implementing performance measurement. There are a range of approaches they can use to assess impact and guide continual improvement. These can be as simple as capturing stories of impact from grantees or as complex as formal program evaluation and randomized control trials. What is important is that a PFF be intentional and systematic so that it is able to capture more than anecdotes.

Depending on the size and intent of the grant, leaders of PFFs should consider the questions: What is the right size of investment in measurement for us to know whether our grants are making an impact? Who is the audience (staff, community

partners, board members, foundations, corporations) with whom we will need to communicate? And, what is the most compelling form in which that information should be conveyed? Answering these questions can help PFFs identify the most direct means of gathering the information required to support their performance measurement needs.

Additionally, PFFs should tailor performance measurement requests to the size of the grant. For smaller grants, data collection and reporting requirements should be simpler. One way for PFFs to support their grantees in performance measurement is to take on as much of the work as possible (e.g., interviewing community partners about a grantee's work) or provide funding for grantees to comply with reporting requirements.

Finally, PFFs should conduct performance measurement in a way that directly benefits community members and grantees: not simply gathering information from grantees and programs, but providing data and analysis to grantees so that they are able to see the results of their actions, tell their stories in a compelling way, and make needed improvements. Providing this information to grantees helps ensure that there is transparency and trust at the core of the relationships between PFFs, their communities, and their grantee partners.

In the future, PFFs likely can expect to be asked more often to justify their impact, strategies, perhaps even their very existence. Despite the challenges associated with measuring impact, it cannot be ignored.

Questions for reflection and discussion

- How would you describe the current status of your performance measurement?
- What elements of the performance measurement approach (define, measure, learn, improve) are you using today?
- How can PFFs further collaborate to identify performance measurement tools and practices that will best serve their goals?
- How can PFFs use performance measurement to articulate their value-add as intermediary grantmaking institutions? What other tools are needed?

Performance measurement resources

The following additional resources on performance measurement may prove useful to PFFs.

Resource	Description
A.M. Burgoyne, "Dashboards that Guide Good," *Stanford Social Innovation Review*, Spring 2010	Article on the three key principles of good dashboards: keep it lean but meaningful, tailor to the audience, and capture untraditional system-level metrics
Grantmakers for Effective Organizations, *General Operating Support Vol. 2: Assessing the Impact*, 2008	Guide created to support foundations in developing strategies and tactics for evaluating the impact of general operating support grants for grantees
Jeri Eckhart-Queenan and Matthew Forti, "Measurement as Learning: What Nonprofit CEOs, Board Members, and Philanthropists Need to Know to Keep Improving," The Bridgespan Group, 2011	Guide to performance measurement as a tool for learning and improving that covers five principles: 1) begin with the end in mind, 2) anchor measurement in the organization's theory of change, 3) create a culture of measurement, 4) ensure that all contributors benefit, and 5) get better at measurement over time
Matthew Forti and K. Yazbak, "Building Capacity to Measure and Manage Performance," The Bridgespan Group, 2012	Guide to performance measurement that covers committed leadership, a culture of continuous improvement, external and internal staff capacity and skills
M. Gottfredson, S. Schaubert, and E. Babcock, "Achieving Breakthrough Performance," *Stanford Social Innovation Review,* Summer 2008	Article covering four performance management principles for companies: 1) costs of serving should always decline; 2) market position determines your options; 3) clients and funding pools don't stand still; and 4) simplicity gets results
"Impact Reporting and Investment Standards," Global Impact Investing Network, http://www.iris.thegiin.org	Collaborative web platform run by the Global Impact Investing Network, in an attempt to create a common framework for defining, tracking, and reporting outputs and outcome indicators of impact capital
M. Kramer, M. Parkhurst, and L. Vaidyanathan, "Breakthroughs in Shared Measurement and Social Impact," FSG, 2009	Report on 20 efforts to develop shared approaches to performance, outcome, or impact measurement across multiple organizations

Resource	Description
A. Likierman, "Five Traps of Performance Measurement," *Harvard Business Review,* October 2009	Article on the five most common traps of performance measurement for companies: 1) measuring against yourself, 2) looking backward, 3) putting your faith in numbers, 4) gaming your metrics, and 5) sticking to your numbers too long
"Logic Model Development Guide," W. K. Kellogg Foundation, 2004	Guide on the underlying principles of logic modeling and how to use it to enhance program planning, implementation, and dissemination activities
"Making the Case," Women's Funding Network, 2012	Comprehensive evaluation methodology for assessing grantmaking outcomes and social change impact across five areas: shift in definition, shift in behavior, shift in engagement, shift in policy, and maintaining past gains
M. Pastor, J. Ito, and R. Rosner, *Transactions, Transformations, Translations: Metrics that Matter for Building, Scaling, and Funding Social Movements*, University of Santa Cruz Program for Environmental and Regional Equity, 2011	Report on performance measurement for funders and nonprofit organizations working in social movements, including a framework and suggestions for relevant metrics
"Performance Measurement," The Bridgespan Group, http://www.bridgespan.org/Services-and-Expertise/Expertise/Performance-Measurement	Online collection of performance measurement articles, implementation guides, and case studies on nonprofit organizations as they implement and improve their performance measurement
H. Preskill and N. Jones, "Practical Guide for Engaging Stakeholders in Developing Evaluation Questions," FSG, 2009	Guide for evaluators and their clients in the process of engaging stakeholders—those with a stake or interest in the program, policy, or initiative being evaluated; guide assists philanthropy as well as the field of evaluation more generally, as it seeks to increase the value and usefulness of evaluation

Resource	Description
J.C. Sawhill and D. Williamson, "Mission Impossible: Measuring Success in Non Profit Organizations," *Nonprofit Management and Leadership,* 2003	Article with 1) case study on how The Nature Conservancy implemented new performance management through assessing impact, activity, and capacity, 2) interviews and data from 30 other leading nonprofits on how they measure performance in these three areas, and 3) general lessons on performance measurement in the nonprofit sector
"Tools and Resources for Assessing Social Impact," Foundation Center, http://trasi.foundationcenter.org/	Website with searchable database of tools, methods, and best practices for assessing social impact for programs across all sectors and geographies
A. Wolk, et. al., *Building a performance measurement system: Using data to accelerate performance impact*, Root Cause, 2009	Introduction to performance measurement and a step-by-step practical guide for creating and strengthening performance measurement systems

Appendix 2: Further Reading on Cultivating Individual Donors

How-To Documents/Tools

Building Bridges to Communities of Color: A Toolkit for Engaging Donors of Color (PDF)
Published by Philanthropy New York in June 2007, this toolkit was created as part of the work of the Coalition for New Philanthropy, a New Ventures grantee collaborative led by Philanthropy New York. This toolkit offers examples of effective donor-engagement strategies, challenges and lessons learned, best practices, and useful tools.

How to Support Racial, Ethnic and Tribal Funds and Giving Circles
The information on this section of the Forum of Regional Associations of Grantmakers website outlines options and strategies that organizations can use for deciding the best way to support a racial, ethnic, tribal fund or giving circle.

Toolkit for Racial, Ethnic, and Tribal Funds and Foundations (PDF)
This Forum of Regional Associations of Grantmakers publication presents a collection of models, outlines and questions to ask when starting a racial, ethnic or tribal fund or foundation. The guide is for community leaders and potential host organizations.

Reports/Research

A New Heritage of Giving: Philanthropy in Asian America
New Heritage of Giving, a special initiative created to promote and increase the impact of Asian American philanthropy, is administered by the Asian American Federation of New York and is a partner of the Coalition for New Philanthropy. The website features information about Asian American giving, including many examples of way to promote giving in Asian American communities.

Abriendos Caminos: Strengthening Latino Communities Through Giving and Volunteering (PDF)
Published by the Hispanic Federation in partnership with the Coalition for New Philanthropy, this publication looks at giving and volunteering in Latino communities in the United States as a way of getting more Latinos involved in their communities.

Developing Resources of the Community for the Community: The Coalition for New Philanthropy (PDF)
A final report on the history, activities, and lessons learned of the Coalition for New Philanthropy, a multiyear initiative promoting philanthropy in communities of color throughout the New York City area.

Engaging Diverse Communities
This Forum of Regional Associations of Grantmakers publication provides practical advice on how philanthropic institutions can broaden their donor bases, services, and programs by reaching out to culturally defined communities. The report outlines a straightforward approach to identify, attract, and invite participation by diverse donors.

Generations of Generosity: Racial, Ethnic and Tribal Philanthropy (PDF)
This compact and colorful brochure from the Forum of Regional Associations of Grantmakers combines the highlights from the research findings on racial, ethnic, and tribal philanthropy with stories and quotes from some of the practitioners.

Pathways for Change: Philanthropy Among African American, Asian American, and Latino Donors in the New York Metropolitan Region (PDF)
Published in 2005 by the Coalition for New Philanthropy and the CUNY Center on Philanthropy and Civil Society, this report presents findings of a research study that explored giving trends in African American, Latino, and Asian American communities in New York. This study was the first of its kind in New York.

Racial, Ethnic and Tribal Philanthropy: A Scan of the Landscape (PDF)
This Forum of Regional Associations of Grantmakers publication presents an overview of racial, ethnic, and tribal philanthropy in the United States. It was originally published in November 2006.

The Physics of LGBTQ Funding: Momentum, Resistance, & Impact (PDF)
Every year for nearly a decade, Funders for LGBTQ Issues has released an annual report seeking to quantify and examine the amount and character of foundation grantmaking for LGBTQ communities. This brief paper seeks to build on those annual tracking reports by taking a longer and wider view. The title references physics as the study of things that are in motion, of how things interact and relate to each other. This paper looks at the movement of LGBTQ funding over time and how LGBTQ grantmaking has interacted with other trends in the philanthropic world and beyond. This paper also offers recommendations for increasing LGBTQ funding in the future.

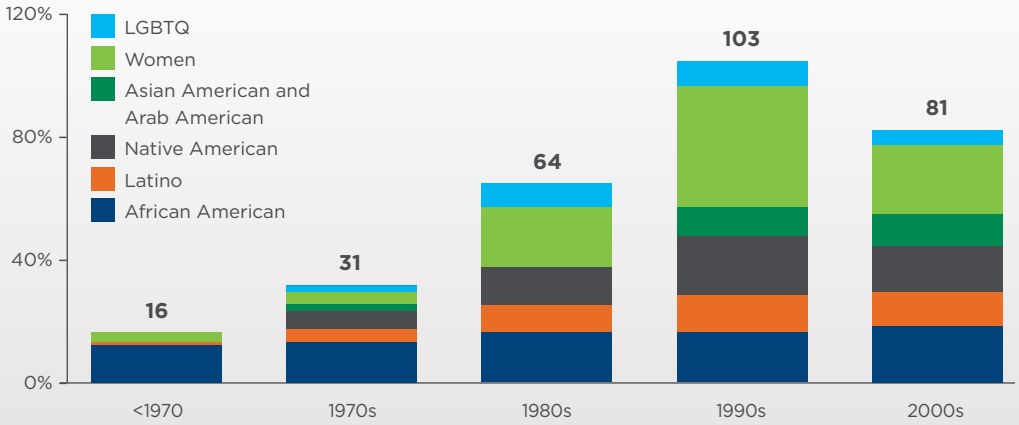
Towards a More Responsive Philanthropy: Grantmaking for Racial Equity and LGBTQ Justice (PDF)
This paper continues the Funders for LGBTQ Issues' efforts to advance work at the intersection of racial equity and LGBTQ justice. In it you will find the stories of five foundations that are working on these critical issues.

Understand Communities
In order to provide some insight into the giving practices of racial, ethnic, and tribal communities, the Forum of Regional Associations of Grantmakers has compiled research and resources on giving by Tribal, Hispanic/Latino, Asian American, Arab American, and African American donors. This section of the Forum's website offers information on these specific giving traditions.

Appendix 3: Evolution of Identity-Based Giving and Population-Focused Funds[23]

PFFs and community philanthropy in general adapted and evolved over time in line with social, political, and economic trends in the United States. Growing significantly after the civil rights era, PFFs saw increases from 1970 through the 1990s with a modest decline in the establishment of new funds in the 2000s.

Figure 10: Growth in new PFFs over time



Note: The founding years of 52 funds could not be determined.

Historical context for growth in number of PFFs

- **Before 1900:** Philanthropy in the 1800s and before was firmly grounded in most cultures' practices of "taking care of one's own." Philanthropic activities were often tied to shared religious and/or ethnic identity and became part of daily life. The country's history of continued immigration led to ongoing efforts to preserve identities and support newly arrived members.
- **1900 to 1960s:** Amid the changes in economic fortunes during this period, new institutional philanthropic structures were developed—private foundations, community foundations, federated structures, and the United Way—many based on existing traditions of giving. During this period, the government provided more services, such as public health, education, and Social Security.
- **1970s:** Formalized identity-based philanthropy first gained prominence in the 1970s in conjunction with the civil rights and other equality-focused movements that focused on specific groups (e.g., women, African Americans, Native Americans, Hispanics, LGBTQ).

23 *On the Brink of New Promise: The Future of US Community Foundations,* (Monitor Institute, 2005); *Cultures of Giving: Energizing and Expanding Philanthropy By and For Communities of Color*, (W. K. Kellogg Foundation, 2012).

- **1980s to present:** Most of the growth in new PFFs has taken place since 1980, with the peak in the 1990s, with nearly one-third of funds established during this period. In the 2000s, despite the decline in number of new funds, there was an increase in the percentage of funds affiliated with community foundations (43 percent versus 25 percent in the 1990s). A number of Asian American and Arab American funds were established after 2000. During this time, PFFs, like other community foundations, began to face stronger sources of competition for donors: commercial financial services organizations entered the giving space, while the growth of online giving and other direct marketing channels by nonprofits meant donors had more options for how to give directly.

Appendix 4: The Fifty Fastest-Growing Funds (2006 to 2011)[24]

Name	2006-11 CAGR	2011 Total Revenue	Population	State	Organization Type
Foundation for Women's Wellness	97%	$1M	Women	CO	Independent
Thetis Foundation	72%	$1.2M	Native Alaskan/ Native American	WA	Independent
Asian & Pacific Islander American Scholarship Fund	62%	$13.4M	Asian American/ Pacific Islander	DC	Independent
Sitnasuak Foundation	51%	$0.1M	Native Alaskan/ Native American	AK	Affiliated
Robert "Aqqaluk" Newlin, Sr. Memorial Trust	37%	$5.3M	Native Alaskan/ Native American	AK	Affiliated
Equipoise Fund	34%	$0.1M	Women	WY	Independent
POISE Foundation	33%	$2.8M	African American	PA	Independent
North Carolina Society of Hispanic Professionals, Inc.	29%	$0.3M	Hispanic/ Latino	NC	Independent
Dallas Women's Foundation	28%	$7.1M	Women	TX	Independent
Latino Community Foundation	27%	$0.9M	Hispanic/ Latino	CA	Affiliated
Hispanic Foundation of Silicon Valley	25%	$0.5M	Hispanic/ Latino	CA	Independent
Asian Americans/ Pacific Islanders in Philanthropy	24%	$2.5M	Asian American/ Pacific Islander	CA	Independent

24 Refers to funds that had the fastest-growing revenue between 2006 and 2011. *Survey of PFFs*, (D5 Coalition, 2013, unpublished).

Name	2006-11 CAGR	2011 Total Revenue	Population	State	Organization Type
Alaska Native Arts Foundation	23%	$0.6M	Native Alaskan/ Native American	AK	Independent
Anita Borg Institute for Women and Technology	23%	$5M	Women	CA	Independent
Navajo United Way, Inc.	23%	$0.5M	Native Alaskan/ Native American	AZ	Independent
Women's Fund of Mississippi	22%	$0.7M	Women	MS	Independent
Greater Seattle Business Association Scholarship Fund	21%	$0.4M	LGBTQ	WA	Affiliated
American Indian College Fund	18%	$26.6M	Native Alaskan/ Native American	CO	Independent
Chugach Heritage Foundation	17%	$1M	Native Alaskan/ Native American	AK	Independent
Korean American Community Foundation	17%	$1.2M	Asian American/ Pacific Islander	NY	Independent
Iowa Women's Foundation	17%	$0.2M	Women	IA	Independent
Links Foundation, Inc.	16%	$0.1M	Women	DC	Affiliated
National Hispanic Council on Aging	16%	$1.9M	Hispanic/ Latino	DC	Affiliated
Tom Joyner Foundation, Inc.	16%	$1.9M	African American	TX	Independent
Ninos Latinos Unidos, Inc.	16%	$5.9M	Hispanic/ Latino	CA	Independent
Spirit of Sovereignty Foundation	16%	$0.2M	Native Alaskan/ Native American	DC	Affiliated

Name	2006-11 CAGR	2011 Total Revenue	Population	State	Organization Type
First Peoples Fund	16%	$0.9M	Native Alaskan/ Native American	SD	Independent
Women's Foundation of Arkansas	15%	$0.2M	Women	AR	Independent
Lambda Theta Nu Sorority, Inc.	15%	$0.2M	Hispanic/ Latino	CA	Affiliated
Washington DC Alumnae Foundation —Delta Sigma Theta, Inc.	15%	$0.2M	African American Women	DC	Affiliated
Chickasaw Foundation	15%	$2.5M	Native Alaskan/ Native American	OK	Independent
Korean American Scholarship Foundation	15%	$0.8M	Asian American/ Pacific Islander	CA	Independent
Aleut Foundation	15%	$0.7M	Native Alaskan/ Native American	AK	Independent
San Diego Human Dignity Foundation	14%	$0.8M	LGBTQ	CA	Independent
Women's Fund for the Fox Valley Region, Inc.	14%	$0.3M	Women	WI	Independent
Black Belt Community Foundation, Inc.	14%	$1.4M	African American	AL	Independent
Lambda Literary Foundation	13%	$0.3M	LGBTQ	CA	Independent
Beautiful Foundation USA, Inc.	13%	$0.3M	Asian American/ Pacific Islander	NJ	Independent
Congressional Hispanic Caucus Institute	13%	$8.8M	Hispanic/ Latino	DC	Independent

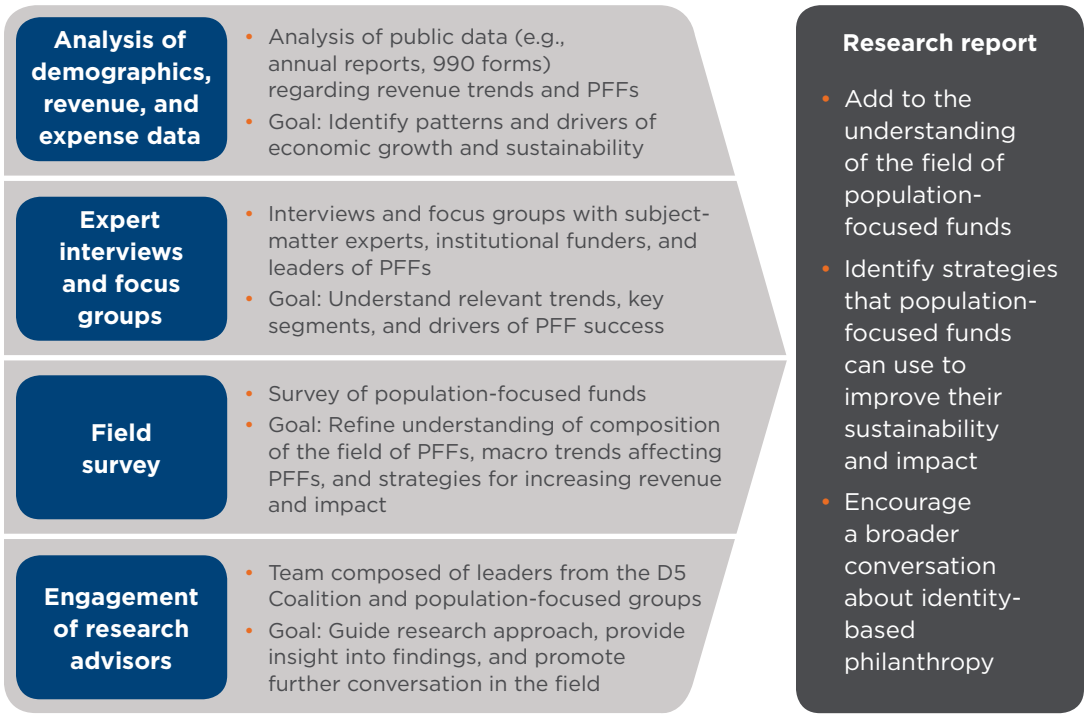
Name	2006-11 CAGR	2011 Total Revenue	Population	State	Organization Type
Black United Fund of Colorado	13%	$0.08M	African American	CO	Independent
A Room of Her Own Foundation	13%	$0.09M	Women	NM	Independent
Hispanic College Fund, Inc.	13%	$5.7M	Hispanic/ Latino	DC	Independent
360 Degrees of Giving	13%	$0.008M	Women	KS	Affiliated
Los Angeles Brotherhood Crusade, Inc.	12%	$3.3M	Multiple	CA	Independent
Aurora Foundation for Women and Girls	12%	$0.1M	Women	CT	Independent
Foundation for Women	12%	$0.6M	Women	CA	Independent
Women's Fund of Greater Milwaukee, Inc.	12%	$0.4M	Women	WI	Independent
Northern Virginia Delta Education and Community Service Foundation	12%	$0.08M	Women	VA	Affiliated
Potlatch Fund	12%	$0.8M	Native Alaskan/ Native American	WA	Independent
Chicana/Latina Foundation	11%	$0.5M	Race and Gender Specific	CA	Affiliated

Appendix 5: Research Approach and Field Engagement

The D5 Coalition seeks to grow diversity, equity, and inclusion in philanthropy. One key area of its strategy is to increase donors and dollars to diverse communities, in part through strengthening PFFs. As part of this effort, the D5 Coalition commissioned a research project from February to July 2013 to better understand the field of PFFs and to identify strategies and tactics that PFFs can use to improve their sustainability and impact.

This research focused on gathering data and insights in ways that would fully reflect the diversity of PFFs. To this end, the research contained four main components: analysis of data for over 400 PFFs, focus groups and interviews with over 65 people, a survey of PFFs, and the engagement of advisors in the form of a research working team and advisory committee (see Figure 11).

Figure 11: Research approach and objectives



Analysis of demographics, revenue, and expense data: Publicly available data on PFF revenue, expenses, and programmatic efforts were analyzed to identify patterns of economic growth and sustainability. Specifically, we assessed revenue and expense data for a five-year period, from 2006 to 2011, in order to analyze longitudinal trends, study the impact of the 2008 financial crisis on PFFs, and identify PFFs that maintained financial sustainability during this period (defined, in this case, as stability and/or growth in revenue).

PFFs included in the analysis were identified through two separate databases: one from the D5 Coalition and the other from Rockefeller Philanthropy Advisors. Information on revenue and expenses was drawn from publically available tax filings, sourced through GuideStar, the National Center on Charitable Statistics, and PFFs' websites and publications. Other information gathered included population focus, total assets, breakdown of expenses (total, program, admin, and fundraising), grantmaking practices and programs, and location. This information was used to tag and assess whether there were patterns related to these attributes that affected sustainability and growth. In total, we were able to compile complete information for a sample set of 212 PFFs (44 percent of all PFFs identified) that was used to assess patterns for the field as a whole.

Expert interviews and focus groups: Interviews with experts and focus groups with over 65 individuals were used to understand the key segments within the field of PFFs, drivers of PFFs' financial sustainability and impact, and the effects of trends in the sector. Our interviewees included leaders of PFFs, researchers, donors, and members of the D5 Coalition. Interviewees were identified through a scan of the literature, input from the research working team and research advisory committee, as well as through conversations with experts and researchers in the field.

We also attended the Women's Funding Network Conference and Funders for LGBTQ Issues retreat, where we engaged participants in formal focus group discussions as well as held informal discussions and attended sessions to listen and learn.

Field survey: We conducted a field survey of PFFs to refine our understanding of the composition of the field of PFFs, macro trends affecting them, business models, and performance management practices. We invited 470 PFFs to complete a survey between April 24 and May 6, 2013. We had 66 survey responses (a 14 percent response rate).

Engagement of research advisors: This research was guided by a research working team and the research advisory committee, which were composed of leaders from the D5 Coalition and PFFs. They helped guide the scope of the research, asked provocative questions, and provided insights into the findings.

Appendix 6: Expert Interviews and Focus Group Participants

Interviewees	
Name	**Organization**
J. Bob Alotta	Astraea Lesbian Foundation for Justice
Mayra Aguirre	Hispanic Development Fund of the Greater Kansas City Community Foundation
John Brown	San Diego Human Dignity Foundation
Kafi Blumenfield	Liberty Hill Foundation
Shane Burton	Guilford Green Foundation
Carolyn Cassin	Michigan Women's Foundation
Louise Chernin	Greater Seattle Business Association (LGBTQ scholarships)
Sharon Cravitz	Foundation for Women's Wellness
Jara Dean-Coffey	jdc-Partnerships
Brickson Diamond	Blackhouse Foundation
Raquel Donoso	Latino Community Foundation
Nichole Dunn	Women's Fund of Central Ohio
Paul Fairchild	Cream City Foundation
Charles Fields	The California Endowment
Katherine Fulton	Monitor Institute
Sara Gould	Caring Across Generations (formerly president of Ms. Foundation)
Kris Hermanns	Pride Foundation
Sandra Hernandez	The San Francisco Foundation
Mae Hong	Rockefeller Philanthropy Advisors
Kim Hutchinson	Disability Funders Network
Paul Hyman	Stonewall Community Foundation
Noelle Ito	Asian Americans/Pacific Islanders in Philanthropy
Chad Jones	Community Investment Network
Gabriel Kasper	Monitor Institute
Carol Lewis	Philanthropy Northwest
Jennifer Lockwood-Shabat	Washington Area Women's Foundation
Patricia MacDonald	Black Community Fund of the Greater Kansas City Community Foundation
Ben Maulbeck	Funders for LGBTQ Issues
Heidi McPherson	Chester County Fund for Women and Girls

Interviewees	
Name	**Organization**
Linda Meric	9 to 5 National Association of Working Women
Dawn Oliver	Iowa Women's Foundation
Brienne Pasick	North Carolina Society of Hispanic Professionals
Judy Patrick	Women's Foundation of California
Anna Pond	Independent Consultant
Lori Pourier	First Peoples Fund
Susan Raffo	PFund Foundation
Henry Ramos	Independent Consultant
Kimberly Roberson	Mott Foundation
Peggy Saika	Asian Americans/Pacific Islanders in Philanthropy
Zeke Spier	Social Justice Fund Northwest
Vanessa Thompson	Navajo United Way
Anthony Timiraos	Our Fund, Inc.
Sheila White Horse	First Peoples Fund
Kyung B. Yoon	Korean American Community Foundation
Alandra Washington	The W. K. Kellogg Foundation
Charisse Bremond Weaver	Los Angeles Brotherhood Crusade

Focus group with leaders of LGBTQ funds	
Name	**Organization**
J. Bob Alotta	Astraea Lesbian Foundation for Justice
John Brown	San Diego Human Dignity Foundation
Shane Burton	Guilford Green Foundation
Roger Doughty	Horizons Foundation
Paul Fairchild	Cream City Foundation
Kris Hermanns	Pride Foundation
Paul Hyman	Stonewall Community Foundation
Ben Maulbeck	Funders for LGBTQ Issues
Susan Raffo	PFund Foundation
Anthony Timiraos	Our Fund, Inc.

Focus group with Women's Funding Network	
Name	**Organization**
Carol Andreae	Women's Fund of Central Ohio
Yvonne Bare	Women's Fund of Miami-Dade County
Becky Boulanger	Women's Fund for the Fox Valley Region
Sally Crane	Women's Fund of Central Ohio
Nichole Dunn	Women's Fund of Central Ohio
Cheryl Dumont-Smith	Aurora Women and Girls Foundation
Jeanne Jackson	Women's Fund of Alabama
Beth Lonn	Women's Fund of Central Ohio
Marilyn March	Women's Fund of Miami-Dade County
Judy Patrick	Women's Foundation of California
Sarah Ruef-Lindquist	Maine Women's Fund
Kristen Spangler	Women's Funding Alliance

Appendix 7: Respondents to Field Survey

100 Black Men of Metro Baton Rouge

Ahtna Heritage Foundation

Arizona Community Foundation

Arizona Foundation for Women

Asian Americans/Pacific Islanders in Philanthropy

Asian Pacific Community Fund

Asian Women Giving Circle

Black Benefactors

Black United Fund of Illinois

Center for Arab American Philanthropy

Charlotte Lesbian and Gay Fund

Cherokee Nation Foundation

Cherokee Preservation Foundation

Chester County Fund for Women and Girls

Chicago Foundation for Women

Community Foundation of St. Joseph County

Community Investment Network

Cream City Foundation

Dallas Women's Foundation

Foundation for the Mid South

Frontera Women's Foundation

Funders for LGBTQ Issues

GSBA Scholarship Fund

Hispanic Development Fund

Hispanic Foundation of Silicon Valley

Horizons Foundation

International Funders for Indigenous People

Indian Land Tenure Foundation

Kentucky Foundation for Women

Koniag Education Foundation

Korean American Community Foundation

LA API Giving Circle

Latino Community Foundation

Maine Women's Fund

Native Arts and Cultures Foundation

NC Society of Hispanic Professionals

Nuestro Futuro an Initiative of The Chicago Community Trust

POISE Foundation

Pride Foundation

Samara Fund at the Vermont Community Foundation

San Diego Human Dignity Foundation

Santa Fe Community Foundation

Social Justice Fund NW

Stonewall Community Foundation

The Black Community Fund

The Community Foundation of Middle Tennessee

The Trust Project

The Women's Fund of The Greater Cincinnati Foundation

The Women's Fund of Winston—Salem

Tiwahe Foundation

United Latino Fund

Washington Area Women's Foundation

Women's Foundation for a Greater Memphis

Women's Foundation of California

Women's Foundation of Southern Arizona

Women's Fund for the Fox Valley Region

Women's Fund of Hawaii

Women's Fund of Rhode Island

Women's Fund of Southeastern MA

Women's Funding Alliance

Women's Giving Circle

Appendix 8: Research Advisors

Research Working Team	
Name	**Organization**
Paul Bachleitner	Joint Affinity Group
Kelly Brown	D5 Coalition
Roger Doughty	Horizons Foundation
Mae Hong	Rockefeller Philanthropy Advisors
Heidi McPherson	Chester County Fund for Women and Girls
Judi Powell	D5 Coalition

Research Strategy Session Participants	
Name	**Organization**
Paul Bachleitner	Joint Affinity Groups
Louis Delgado	Independent Consultant
Roger Doughty	Horizons Foundation
Mae Hong	Rockefeller Philanthropy Advisors
Noelle Ito	Asian Americans/Pacific Islanders in Philanthropy

Research Advisory Committee	
Name	**Organization**
Dana Arviso	Potlatch Fund
Raquel Donoso	Latino Community Foundation
Yves Etheart	Philanthropy New York
Ange-Marie Hancock	University of Southern California
Carly Hare	Native Americans in Philanthropy
Mae Hong	Rockefeller Philanthropy Advisors
Kim Hutchinson	Disability Funders Network
Chad Jones	Community Investment Network
Peggy Saika	Asian Americans/Pacific Islanders in Philanthropy
Nareman Taha	Center for Arab American Philanthropy
Sylvia Zaldivar-Sykes	Lake County Community Foundation

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