

BUILDING BRIDGES

TO COMMUNITIES OF COLOR

A TOOLKIT

FOR ENGAGING
DONORS OF COLOR

COALITION FOR
NEW PHILANTHROPY

PARTNERS

ASIAN AMERICAN FEDERATION OF NEW YORK • HISPANIC FEDERATION • THE TWENTY-FIRST CENTURY FOUNDATION

CENTER ON PHILANTHROPY AND CIVIL SOCIETY • NEW YORK REGIONAL ASSOCIATION OF GRANTMAKERS

The Coalition for New Philanthropy has created this toolkit to enable community foundations, ethnic funds and nonprofit organizations to reach and engage donors of color, who represent an untapped source of giving, voluntarism and leadership.

The toolkit is a resource guide for:

Trends in African American, Asian American and Latino giving

Developing themes and strategies that resonate with these ethnic groups

Framing the “ask”

Discerning the various philanthropic structures and donor vehicles that are most effective to meet proposed goals, such as:

Affiliate Funds
Charitable Gifts
Community Foundations
Donor Advised Funds
Donor Designated Funds
Family Foundations
Field of Interest Funds
Giving Circles
Independent Foundations
Pooled Income Funds
Private Foundations
Public Foundations

Establishing strong relationships with professional advisors and donors

Addressing challenges in ethnic philanthropy

“At no other time in American history has giving among communities of color been more critical to achieve the parity that previously excluded people due to race, culture and identity, nor have donors of color been more empowered given the recent educational and wealth gains among communities of color in the United States. The question for us all is how to reach these donors most effectively, and the Coalition for New Philanthropy has created strategies, tools and connections that have increased the number of donors in several ethnic communities.”

– Erica Hunt, President, The Twenty-First Century Foundation

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WEALTH INEQUALITY IN AMERICA HAS NEVER BEEN AS PRONOUNCED... OR AS PARADOXICAL.

As wealth rises in communities across the nation, so does the number of disenfranchised. The gaps between the haves and the have-nots are broadening into gulfs as society undergoes dramatic transformation.

New demographics are changing the nation's complexion. Federal programs intended to aid the poor wither away as the needs of target populations continue to mount. Nonprofits are stepping into the breach, but they are stretched to the breaking point. Even the landscape of philanthropy has shifted as new paradigms for giving emerge and convention gives way to innovation.

How can community organizations across the nation bridge the divide between rich and poor?

How should nonprofits elicit the support of donors of color?

How can organizations become more accountable to their publics?

And how do foundations mobilize philanthropic resources and potential partners within communities of color to sustain community investment and change?

The answers to these and other questions are elusive. But the Coalition for New Philanthropy offers valuable expertise in finding the right solutions for each organization and for each community of color.

Through individual and collaborative efforts, Coalition partners have honed their understanding of what works and what does not in ethnic philanthropy, become trusted resources for donors, foundations and corporations and shared their insights with groups around the country that seek to reach ethnic donors.

Equally important, Coalition partners have encouraged sustained giving among their donors, many of whom have committed to long-term philanthropy and who are now more strategic in how they give.

What This Toolkit Offers:

- Examples of effective donor-engagement strategies
- Lessons learned, lessons relearned and challenges
- Best practices
- Useful tools for growing philanthropy among donors of color

The Coalition's models for success are replicable for similar donor communities throughout the nation and also for organizations and foundations that address the needs of other ethnic groups not specifically addressed by the Coalition.

The Coalition seeks to strengthen community philanthropy – foundations, independent funds in communities of color and nonprofit organizations – and to help empower donors of color wherever they live.

The world of philanthropy continues to evolve for donors of color and for the publics they support and hope to reach.

New methods of giving crop up every year as funding for social and political advocacy gives way to complex wealth-generating vehicles that promote transformations in the quality of life of untold millions.

Put another way, the idea of advocacy itself has changed: today it is likely to be defined as a means for leveling playing fields, whether through bolstering education opportunities, addressing discrepancies in health care or creating greater access to opportunities in various markets.

Creating fair and just opportunities for all depends on racial and ethnic philanthropy as never before. Ethnic groups must be

willing and able to raise their own philanthropic capital, which can also help attract allies and support for community causes.

And the need is greater than ever.

According to the Foundation Center, the nation's largest foundations gave \$33.6 billion in 2005. A Foundation Center study indicates that of the top 50 recipients to receive grant dollars from leading foundations that year, only one was ethnic in its focus - the United Negro College Fund, which was awarded 83 grants valued at \$69.6 million.

In addition to minimal funds from foundations, an additional challenge has been that many African Americans, Hispanics and Asian Americans have not been apprised of methods for conducting sophisticated and effective giving to support the causes they deem important.

The Coalition's flagship research report, *Pathways for Change: Philanthropy Among African American, Asian American, and Latino Donors in the New York Metropolitan Region*, reveals that donors of color are not

only generous but they tend to give more than comparable populations.

In communities of color, however, while giving still tends to be through religious affiliations, family, professional and social clubs, it is now taking on added sophistication. *Pathways* also shows that many in these communities want to see the direct effect of giving, making relationship building more critical for organizations that attempt to engage donors of color.

The first issue that nonprofit staffs must consider as they seek donors of color is the changing ethnic landscape in the United States. According to Census Bureau estimates, minorities make up one-third of the country's population. Census projections put "minorities" at half of the population by the year 2050.

A New Landscape of Giving

Changing Demographics

U.S. demographics, workplace opportunities and consumer buying capabilities have grown exponentially in the last decade, transforming the field of philanthropy and accelerating the spread of new methods of giving among donors of color. Younger minorities tend to give via channels other than their religious and social affiliations and in many instances they are writing bigger checks than those of previous generations.

From Minority to Majority

In many regions of the country people of color have become the majority. In Texas, for instance, "minorities" account for slightly more than half of the population. Hispanics, now 13% of the nation's population, outnumber African Americans and make up more than 10.3% of the workforce; African Americans are 12% of the population and Asian Americans are 4.3%. Collectively, these three groups make up 29.3% of the population. Non-Hispanic whites account for 69.1% of the population.

Emerging Wealth and Buying Power Among Communities of Color

Fast-growing wealth in communities of color has compelled marketers to directly target minorities in America. For 2007, Hispanic buying power was expected to reach \$863.1 billion, while African American buying power was expected to be \$847 billion; for Asian Americans, this number was estimated to be \$427 billion.

Greater Reliance on Nonprofits to Fill the Gap

In an era when social programs have come under fire and the privatization of basic services such as welfare, child support and workforce development has become a reality, the question becomes whether attempts by private companies to reduce costs and create efficiencies leaves those in need out in the cold. Plans are afoot in government to cut Medicare support for the elderly by \$66 billion and Medicaid for poverty-stricken citizens by \$12 billion at a time when it's expected that health costs will rise from \$208.9 billion to more than \$309 billion in fiscal 2008. In the wake of the public sector's shift away from supporting societal needs, philanthropy has become an agent of change.

Established in 1999, the Coalition for New Philanthropy is a multi-year initiative that has promoted philanthropy in communities of color, conducted original research, strategically mobilized community resources and offered best practices to organizations throughout the nation.

Mission

The Coalition’s primary mission is to increase community assets by connecting emerging wealth to the needs of Asian American, African American and Hispanic communities in the New York metropolitan area and to an extent throughout the country. Coalition partners have shed light on traditionally generous, sometimes invisible, giving in their communities and attempted to channel it strategically for greater impact. While Coalition work has focused on local New York communities, it’s important to note that the constituent base of each Coalition ethnic fund partner is larger than most U.S. cities. As a result, the Coalition has become the go-to resource for information on ethnic philanthropy in the United States.

Common Goals

- To empower donors** to enhance the effectiveness of their individual and collective giving, and leverage philanthropy as a tool for developing civic leadership;
- To create permanent philanthropic resources** for these racial and ethnic communities;
- To educate financial and legal advisors and Coalition partners** to meet the needs of donors;
- To strengthen the ability of Coalition partners** to promote philanthropy; and
- To increase understanding of donor intent and motivation** in communities of color.

The Coalition consists of five partners, including three ethnic funders:

Asian American Federation of New York
A leadership organization that advances the civic voice and quality of life of Asian Americans.

Hispanic Federation
The premier Latino organization in the Northeast with a member network of more than 90 agencies that serve more than 2 million people.

The Twenty-First Century Foundation
One of the few endowed national foundations providing resources for black community social justice and leadership development initiatives.

Center on Philanthropy and Civil Society at The Graduate Center of The City University of New York
A leading philanthropy research center.

New York Regional Association of Grantmakers, whose members are world-renowned foundations in the New York region.



History

In the late 1990s several ethnic-focused nonprofits that had been part of W.K. Kellogg Foundation's Emerging Funds in Communities of Color project – among them the Asian American Federation of New York, the Hispanic Federation and The Twenty-First Century Foundation – met informally to discuss philanthropy in ethnic communities in New York. They were joined by the New York Regional Association of Grantmakers, which also sought to increase and diversify philanthropy, and by the Center on Philanthropy and Civil Society. The five organizations decided to apply for a grant from New Ventures in Giving, the Forum of Regional Associations of Grantmakers initiative to increase local community philanthropy.

New Ventures awarded a grant and the multi-year Coalition for New Philanthropy was formed in 2000. Its charge was to promote philanthropy in communities of color, conduct original research and offer best practices to organizations throughout the nation.



Strategies

With sound backing and a mandate to provide a vision and a voice for strategic community philanthropy, Coalition partners devised effective strategies for facilitating sophisticated and high-impact giving practices among donors of color.

To achieve its goals, the Coalition has employed a number of strategies, including:

Promoting, educating and offering information about sustained, strategic philanthropy to donors within the African American, Latino and Asian American communities;

Engaging existing formal and informal social, professional, civic, cultural and faith-based associations and groups in learning circles on the power and promise of leadership and more strategic philanthropy to improve community and social conditions;

Training Coalition partners and financial and legal advisors on effective philanthropic advising techniques and issues important to these cultural communities;

Offering donors philanthropic advice, services and information; and

Providing research on philanthropic practices and interests of donors of color.

◀ The Hispanic Federation, its member agencies and other immigrant advocates rally thousands for the National Day of Action for Immigrant Justice.

Results

In aggregate, the Coalition during its more than six-year history has achieved the following:

Conducted more than 300 outreach events;

Reached more than 10,000 donors;

Developed outreach marketing materials;

Engaged nearly 2,000 new donors who contributed to the Coalition partners' community funds;

Increased the grantmaking budgets of its ethnic fund partners by an average of 44%;

Attracted the attention of mainstream foundations, high net worth individuals and professional advisors who can influence those individuals;

Helped to put racial and ethnic philanthropy on the map; and

Shared its insight with practitioners in other regions of the country to help further the cause of strategic ethnic philanthropy.

In addition, through its Donor Research Project, the Coalition has put a clearer lens on giving patterns and motivations among racial and ethnic communities, how these communities define themselves, the barriers to sustained giving and how to attract donors of color.

Trends in Giving

within African American, Asian American and Latino Communities

Giving and volunteering promote and are forms of civic participation.

In an era of general dissatisfaction with the political process, giving provides a key link between the individual, the community and the broader society.

Giving sustains traditional value. People of color have long and strong histories of giving on which they build from generation to generation.

Giving is about investing in the future and collective community ideals.

Giving reflects and develops qualities of leadership and individual initiative according to donors interviewed by the Coalition, it counter-balances materialism and self-involvement.

Philanthropy in communities of color has traditionally been and continues to be an agent for social change and for promoting social justice.

Successful Themes and Strategies

for Engaging Ethnic Donors

Understand how the community defines itself; know whether it does so according to racial cultural or religious affiliations.

Issues require leadership; think of philanthropy as not just raising money but as a means to cultivate leadership in solving problems.

Respond to challenges in your community that require leadership – such as lack of affordable housing, gang activity, limited access to healthcare and segregation. This can have a galvanizing effect on donors who care about those issues.

Create messaging, materials and strategies that outline how your organization can help donors realize their visions of philanthropy.

Engage donors in addressing causes that overwhelmingly affect their communities and demonstrate how they can fund solutions to problems.

Cultivate relationships with high net worth individuals, but understand that your organization must demonstrate its relevance and credibility in order to win them.

Framing the “Ask”

Speak the donor’s language, but don’t come off as elitist.

Highlight the effect that even small gifts can have – the majority of charitable giving comes from average American families.

Help donors to frame their vision of, and motivation for, giving.

Frame the “ask” in accordance to the issues that the donor cares about.

Organizers from 21CF-funded ACORN and Katrina survivors march for equitable rebuilding in New Orleans and the Gulf Coast.



“The general message is that we all give, but among donors of color, the giving is not well-documented. We know by looking at U.S. Department of Commerce data that giving in the black community was in the area of \$11.2 billion in 2005. Two-thirds of that goes to churches and a good amount goes to community causes.”

– Erica Hunt, President, The Twenty-First Century Foundation

Discerning the Most Effective Donor Vehicles and Philanthropic Structures

to Meet Proposed Goals

Educate donors on the variety of donor giving options and philanthropic structures at their disposal and the benefits of each. For additional information, refer to the Coalition's website (www.nyrag.org/coalition) for charts on organizational structures and giving options. Also see the charts in this toolkit that show the benefits and challenges of each structure and option.

Giving Options

Charitable Gift An irrevocable transfer of personal property in which donors place no restrictions on the use of the gift. Best suited for nonprofits seeking unrestricted, general support.

Donor Advised Fund A fund managed by a public charity but whose donors can recommend grantees. Often donors make a single donation via an annual charitable deduction.

Donor Designated Fund A fund within a community foundation whose donors can specify those entities that receive its grants.

Field of Interest Fund A fund managed by a community foundation that addresses a specific cause or issue. It allows donors to address an issue or program area head on. Best suited for donors who seek to support efforts in specific areas of interest such as education, the arts, children and youth, the environment, health and human services, social justice, etc.

Giving Circle A hands-on fund managed by a group that pools its resources and seeks involvement in every aspect of their giving.

Pooled Income Fund This vehicle generally operates like a mutual fund based on gifts that donors pool and invest together. All contributions are viewed as being separate from donors' estates and therefore are not subject to either estate taxes or probate. Best suited for individuals who want to create a legacy plan.

Structures

Affiliate Funds Funds that affiliate with a local community foundation offer the benefits of a community/public foundation, without the overhead involved in creating and maintaining a separate foundation. Best suited for short-term charitable purposes. The Hispanic Federation has a great deal of experience through its Latino Fund work in working with affiliate funds.

Community Foundation A publicly supported, tax-exempt nonprofit established to support a specific geographic community. Best suited for donors and businesses investing to further specific community goals. The Hispanic Federation has built support for critical Latino issues by working with various community foundations.

Family Foundation Generally a foundation funded primarily by a single family. Best suited for high net worth families and individuals who can absorb staffing and management costs.

Giving Circle A fund managed by a group that shares common interests and pools its funds and resources for greater effectiveness, such as the Asian American Federation's AsiaNextGen Giving Circle. Best suited for donors who seek involvement in every aspect of their philanthropy e.g., fundraising, research, program development, etc.

Independent Foundation Private foundations that are generally non-operating entities established by an individual to support other resources e.g., the Ford Foundation, or to enter into a more public philanthropic engagement.

Private Foundation Tax-exempt nonprofits that manage their own grantmaking and whose funds are often derived from a single source. These structures offer substantial flexibility and control for donors who want to exercise significant control in the operations of the foundation.

Public Foundation Nonprofits that derive one-third or more of their income from the general public. These foundations offer maximum tax deductions without extensive restrictions on the use of gifts.

Define your operating process and adherence to donor rights issues. Be prepared with messaging to respond to what donors may ask of you, such as:

“What happens to my money if your organization closes its doors?”

“How do you cover your organization's operating costs?” or

“What makes you credible to lead on a particular subject?”



▲ 21CF co-sponsored “Black Men and Boys National Conversation,” a forum for cross-generation and cross-sector national leaders to discuss how core issues such as education, employment, disparities in criminal justice, fatherhood, public policy and health impact black men and boys.

Establishing Strong Relationships

with Professional Advisors and Donors

Establish a database of professional advisors and donors – Doing so will help your organization to build strong relationships with that base, especially since, according to Coalition findings, 50-75% of all major donors are first introduced to charities by a legal or financial advisor.

Offer professional advisors events in which you can share materials and learnings from the Coalitions' primer, and offer background on your organization and goals. Community foundations and ethnic funds should demonstrate how professional advisors stand to expand their client relationships by offering philanthropic financial plans.



▲ AAFNY worked with Merrill Lynch Asian employee affinity group volunteers who taught a fifth grade math class at the Shuang Wen School, the first dual language, Mandarin/English public school on the East Coast, located near Chinatown in lower Manhattan.

Challenges

Coalition partners have found that the number one challenge in engaging donors of color is that organizations must be culturally sensitive; they must do their homework if they are to understand donors' customs, terminology, giving and organizational history and interests to be effective.

“Because African American, Latino and Asian American communities have been marginalized and stereotyped as receivers, not givers, many mainstream foundations, community trusts and nonprofits still need to develop the kind of culturally-sensitive approaches that the Coalition has used for engaging ethnic donors,” says John Vogelsang, Associate Director at the Support Center for Nonprofit Management.

“We have to be careful to define communities in accordance with the way that they define themselves,” says Dr. Eugene Miller, Assistant Director of the Center on Philanthropy and Civil Society. “For instance, we tend to talk about the Asian American community, when in fact our research shows that their giving really is along religious lines of those who are Muslim, Hindu or Buddhist.”

Since racial and ethnic donors have tended to mistrust institutions that have marginalized them in the past, perhaps more than their mainstream counterparts, they want to know that an organization is accountable and they want to see the direct effect of their giving to their communities.

Donor Attitudes

Many donors of color are wary of community foundations that aren't familiar to them. They also feel that many mainstream foundations have not taken them seriously – Ethnic donors are often not asked to contribute and are not invited to the same functions as mainstream donors.

Donor Acquisition

The donor acquisition cycle is long, generally estimated to be between 18 and 36 months from initial meeting to getting the donor to write a check.

Donor acquisition costs are extremely high. Marketing, outreach and communications with potential donors often involves a great deal of expense. Building relationships with donors can require significant staff hours and detract from other work that your organization undertakes.

Engaging professional advisors requires sustaining relationships over a long period of time with little initial return. There is a great deal of labor and cost associated with cultivating relationships with professional advisors. Often, foundations and funds host expensive regular meetings to engage them. The lead time can often be a year or more before organizations receive a donor gift through an advisor's recommendation.

Infrastructure and Operational Issues

Cultivating donor relationships over years requires robust technology infrastructures to help you track gifts from year to year. Coalition members say that organizations can't afford to skimp on their computer systems and recommend that they be prepared to pay between \$15,000 and \$20,000 for a robust system like the industry standard, Raisers' Edge fundraising software by Blackbaud.

Developing a giving circle at a small fund can lead to substantial “cash burn” and financial loss. Many small funds and community foundations underestimate the administrative and staff costs associated with managing a giving circle. Donors look to such organizations to steward their funds as a means of avoiding the cost of establishing their own private foundations.

Maintaining a donor advised fund can be costly. Such funds require a great deal of infrastructure to operate and can be expensive over time.

Managing lots of small gifts – \$50, \$100, and \$125 – generally requires heavy marketing and robust technology. This can create a hardship for some small community funds.

Coalition Recommendations

In *Pathways for Change*, the Coalition provides numerous recommendations for attracting new donors, especially younger ones, and for compelling current donors to increase their giving.



In general, the Coalition found:

Community foundations, racial and ethnic funds and nonprofits should clearly present their missions, fund allocations and accomplishments to donors of color.

Younger and older donors respond best to and have greater respect for community and racial and ethnic organizations that present a good business model and demonstrate their effectiveness in providing services to community causes.

Many donors of color see education as having a residual effect on other issues such as health, housing and overall quality of life, and view education as the key to realizing their personal dreams and hope for society.

The Coalition recommends that organizations:

Ask everyone in the community to give.

Segment campaign appeals and events according to generational considerations.

For younger segments of the community, focus on involvement with your organization as a donor leadership opportunity, and stress how philanthropy builds effective ethnic-based networks.

For older donors, appeal to the years of experience that they may have in fund raising and community involvement.

Create opportunities for face-to-face presentations that demonstrate the effect of grantmaking.

Emphasize how donors' work in the community addresses a broader social agenda.

Motivate those who have benefited from your grantmaking ("service users") to become "alumni donors."

Develop volunteer programs and internships.

Consider using various communications channels and giving methods, such as email invitations to events, electronic newsletters, email appeals and web-based giving.

Develop donor education programs that can increase gifts from your current donor base, such as speakers bureaus that link to employee networks and educate professional advisors.

Clarify goals and plans for giving in order to further donors' willingness to give.

Educate and advise donors when they are beginning to organize, and help them develop realistic philanthropic goals.

Offer donors guidance that bridges the gap between their aspirations for giving and their lack of knowledge of certain philanthropic options.

Enable donors to improve their financial planning, target specific service areas or populations and design strategies to meet their philanthropic goals.

Organize collaborative giving programs and demonstrate how joint giving can effect greater outcomes than individual giving.



▲ A group of Korean social workers sought AAFNY counsel regarding successful models of philanthropy.

▲ Young female activists of Brotherhood/Sister-Sol celebrate the connection between strength, creativity and critical thinking and overall well-being.

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A multi-issue, pan-Asian organization, the Asian American Federation of New York (AAFNY) advances the civic voice and quality of life of Asian Americans. Its macro view of the community and its ability to foster networking and operate collaborative projects with community groups has made it attractive to donors. Since 1990, the Federation has raised and awarded nearly \$2 million to more than 100 community programs.

As a Coalition partner, the Federation has led public policy research and advocacy, capacity building for community nonprofits and philanthropy among Asian Americans. It offers resources on its website (www.aafny.org) that address community needs.

Leadership in the Issues

Perhaps the Federation's greatest impact was its response to the tragic events of September 11, 2001.

The terrorist attacks of that day and the devastation they brought to lower Manhattan became a defining moment for many Americans. For AAFNY, the virtual shutdown of life in Chinatown, which was adjacent to the World Trade Center area, became a catalyst for helping a neighborhood in critical need.

"Nearly 600 Asians or Asian Americans perished on September 11th," says Cao K. O, AAFNY's Executive Director. "We established our Relief, Recovery and Rebuilding

Initiative almost immediately with support from United Way's September 11th Fund and the McCormick-Tribune Foundation to address the physical, emotional and financial impact that the tragedy had on our community."

AAFNY revealed that 9/11 caused unprecedented job loss, staggering business hardships and fear of backlash and bias. AAFNY chronicled the needs of Chinatown in a documentary, *Tribute and Remembrance*. It also researched depression among Asian Americans after 9/11 and launched a joint program to improve mental health care.

In addition, AAFNY has undertaken a wide range of initiatives. It has:

- Conducted a study on the effects of the Southeast Asia tsunami on New York residents whose families were victims of the disaster;

- Cultivated the participation of Asian American accountants, lawyers and financial planners to advise their clients about the benefits of philanthropy;

- Spearheaded the development of the AsiaNextGen Giving Circle, a donor circle of young professionals who have pledged \$5,000 a year to the Federation. AsiaNextGen made its first grant of \$20,000 in 2007.

- Produced *New Heritage of Giving: Philanthropy in Asian America*, a brochure that profiles Asian American donors and also the branding for www.asianamericanphilanthropy.org, the nation's first Asian American philanthropy website to educate donors, volunteers and others.

"As many who seek to cultivate philanthropy in the Asian American community know, we struggle with the myth of being the 'model minority' in terms of educational levels achieved, socio-economic gains and earning capability," says Mr. O. "But in reality, 14 percent of Asian Americans live in poverty and face dire challenges in accessing social services that could help them."

Cultural Nuances

AAFNY's census analysis reveals community needs in New York City, which has the largest concentration of Asian American of all U.S. metropolitan areas.

The Federation recently received major gifts from two members of its board, Paul D.C. Huang, who gave \$100,000, and Jeff Chin, who donated \$50,000, to establish the organization's first endowed funds in support of social services.

The Future

The Federation's endowment supports ongoing work to increase philanthropic networking opportunities for Asian American donors, with a particular focus on events for high-end donors.

AAFNY will work to increase philanthropy education and networking opportunities for Asian American professional advisors. It also plans to develop field-of-interest funds and donor services.

"We struggle with the myth of being the 'model minority.'"
 – Cao K. O, Executive Director, AAFNY

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Established in 1990, the Hispanic Federation (HF) works with more than 90 health and human services organizations and serves two million Hispanics in the Northeast. As a Coalition partner, the Federation has experienced a significant jump in the level of gifts it receives, and realized a banner year in 2005, when it was able to award more than \$1 million in grants to 62 Latino agencies.

HF's stunning growth in gift levels and gift size continues. "In 2005, the Hispanic Federation received a top individual gift of \$10,000; in 2006 our largest individual gift was \$50,000 – a 500 percent increase," says Lillian Rodriguez-Lopez, President of the Hispanic Federation.

Even though the Federation has been successful in growing its individual gift amounts, Ms. Rodriguez-Lopez understands there is a lot more work that needs to be done. "There's a dire need to educate Hispanics about the importance of philanthropy and the importance of contributing to causes, specifically Hispanic causes," she adds.

Leadership in the Issues

The Hispanic Federation annually surveys the New York and New Jersey Hispanic communities – the largest and perhaps the most diverse Hispanic communities of any American city – and in doing so has been able to quantify and qualify the causes that Latinos consider to be priorities – jobs creation, education and discrimination.

Armed with data from its surveys, the Federation has led the charge on critical issues, channeled donations to those needs and continually enhanced its credibility with its donors.

Since immigration looms large in among Hispanics, HF has urged Congress to create legislative reforms that establish a path to legal residency for the 12 million illegal immigrants working in the United States, improve the guest-worker program, and halt the construction of a fence along the U.S.-Mexican border.

"America has benefited greatly from immigrants who have toiled hard in the U.S. to improve their lives and who have contributed significantly to the nation's economy," says Ms. Rodriguez-Lopez. "These hard-working people do not deserve to be marginalized or criminalized but rather should have an effective process for legalizing their status in the U.S."

HF has helped over 25,000 Latino immigrants via outreach activities, citizenship application assistance and legal assistance.

In addition to building a donor base around issues, the Federation has successfully engaged local employee groups.

"We've concentrated our donor development efforts around engaging public employees, and we've really seen that base grow, as well as our corporate employee donor base," says Ms. Rodriguez-Lopez. "Through our association with the Coalition, we have gained much stronger recognition."

Community foundations and ethnic funds can greatly benefit from educating corporate and public employee networks about philanthropy.

"What I think resonates in all Hispanic communities is that people would rather give to causes they know, like and trust," says Ms. Rodriguez-Lopez. "A bridge has to be created between Hispanic donors and the organizations they fund."

Cultural Nuances

In different regions of the nation, various groups define themselves as Hispanic or Latino but have unique points of view and, in many cases, cultures – Mexican-Americans in southern California and

Texas, Puerto Ricans and Dominicans in New York, Cubans and South Americans in Miami. According to Ms. Rodriguez-Lopez, there are many best practices and approaches to reaching these seemingly disparate communities.

Much of the Federation's work is therefore focused on further strengthening Latino funds across the nation as a key member of the National Latino Funds Alliance, a joint effort among six national Latino funds that work in partnership to raise money and enhance Latino involvement in philanthropy.

"Philanthropy is such a loaded word; it's such an elitist word. When you say 'he's a philanthropist,' what you're really talking about is someone who's a giver," says Ms. Rodriguez-Lopez.

Building Relationships in the Community

The Hispanic Federation has developed a number of useful tools for reaching potential donors. Direct mail is best when it targets people who have given to the organization in the past. Purchased lists are less effective. According to Ms. Rodriguez-Lopez, building relationships with donors and communicating with them through monthly newsletters, email blasts and direct mail often results in funding.

"We're trying to do more high-touch donor development through breakfast briefings and an advanced donor event, which is a networking event with a hard ask. We've learned that we can't really soft-peddle donors by doing general education on a subject when the end result that's desired is an actual donation. Organizations have to be prepared to proactively request dollars to address issues."

The Future

The Federation plans to continue providing regular networking and training that directly addresses specific capacity-building priorities as well as leadership development.

"It's critical for organizations to understand that attracting large gifts requires cultivating individual donors through many different types of strategies."

– Lillian Rodriguez-Lopez, President, Hispanic Federation

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“Black philanthropy is hardly a new phenomenon, but it has gotten increased attention lately,” says Erica Hunt, President of The Twenty-First Century Foundation.

“That means we think about more than Oprah and Bill Cosby when we think about philanthropy; we think about less celebrated folks like Oseola McCarty, a woman who did laundry all her life and donated \$150,000 to the University of Southern Mississippi. And we can also consider what community-based philanthropy looks like, too – we’re more aware of the impact that ordinary people giving together can have.”

This impact has been studied and promoted by the foundation Ms. Hunt leads. Founded in 1971, The Twenty-First Century Foundation (21CF) has uniquely positioned itself over the years to leverage African American philanthropy to effect social change. It has taken on national efforts and shared its experiences to help promote other community organizations. And along the way, it has grown exponentially.

Throughout its history, 21CF has provided over \$5 million in grants to more than 600 organizations in almost every region of the country. It also garnered a \$3 million commitment to its Katrina Fund from young multi-cultural donors. In 2006 alone, 21CF awarded \$1.5 million in grants to 70 organizations that impacted 250,000 people.

Black Donors Give \$11.2 Billion

In many ways, 21CF has tapped a cultural vein – the black legacy of giving.

According to the 21CF-commissioned Boston College study, *Wealth Transfer Estimates for African American Households*, African Americans donate \$11.2 billion to charity each year.

A 2003 *Chronicle of Philanthropy* study on giving patterns of racial groups stated that African American donors give, on average, 25% more of their discretionary income to charity than whites who have similar earning power.

The Coalition’s *Pathways of Change* study of the giving patterns of affluent New Yorkers of color found that African Americans gave more money annually than either Hispanic or Asian Americans.

Wealth Transfer Estimates for African American Households, which examines intergenerational wealth transfer among blacks, concludes that the transfer will be smaller than that within the mainstream.

“But what’s really exciting is that there’s going to be an awful lot of ‘giving while living’ among African Americans during the next 50 years,” says Ms. Hunt. “Part of that is because younger black people have better access to corporate sector jobs and therefore have more income than pre-Civil Rights era folks.”

Philanthropy Thrives on Relationships

Ms. Hunt reminds organizations to consider that donors are primarily seeking two things when they give: a relationship with the recipient of their gift and a chance to demonstrate leadership around a key issue that’s important to the donor.

“The giver, no matter what his or her status or class, wants a relationship with the person who receives the gift,” she says. “It’s good for organizations to remember that when they’re sitting in front of the Bill Gateses of the world. Those donors want a relationship with an organization that is credible and accountable, and that demonstrates real acumen when it comes to funding projects.”

Through sustained relationship building and cultivation, 21CF is partnering with the Jamie Foxx Foundation to invest in leadership development and the well being of black children and youth, particularly those who are currently adopted or ready for adoption, in or leaving foster care and those who are at-risk for dropping out of high school.

Leadership in the Issues

In addition to building strong donor relationships, it is critical for organizations to demonstrate leadership on an issue. “A fund is able to grow and do its most meaningful work because it pays attention to the times

and takes leadership on an issue that galvanizes people to act,” Ms. Hunt says. “That’s what the AAFNY did in the aftermath of 9/11 and that’s what The Twenty-First Century Foundation did following Hurricane Katrina.”

The 21CF’s leadership in efforts to rebuild New Orleans and the Gulf Coast have resulted in a paradigm shift of its donor base. The 21CF Katrina Fund focuses on supporting equitable recovery by strengthening the voices of black and low-income communities. The Fund has garnered support from grassroots fundraisers, house parties and pledges from the university to the church – as well as significant support across culture, race and faith. These donors raised more than \$1 million this year and have pledged to continue similar fundraising over several years.

“It’s shown us a model whereby we have a broad base of ally donors *and* we can make grants to the black community. We commit to donor education – constant communication and support for their interest, as well as site visits so they can see that the situation is urgent. That helps to motivate them to enlist their friends as well.

“On the grantmaking side, we find that in order to fund and empower African American communities, people have to be in coalition with Vietnamese, Latinos or other groups in order to make any headway in the rebuilding. We are still committed to strengthening the leadership and infrastructure of black community organizations that can advance black community agenda, but within a multiracial context,” says Ms. Hunt.

The Future

Continuing 21CF projects include growing its support of a network of black donors to assist their local giving and encourage participation in national initiatives.

The foundation will also increase grantmaking that supports advocacy, community organizing and leadership development organizations for its special initiatives in New York City, Chicago, Oakland and Los Angeles.

“There’s going to be an awful lot of ‘giving while living’ among African Americans during the next 50 years. Part of that is because younger black people have better access to corporate sector jobs and therefore have more income than pre-Civil Rights era folks.” – Erica Hunt, President, 21CF

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The Center on Philanthropy and Civil Society (CPCS) focuses on giving, voluntarism and the nonprofit entrepreneurship practices of individual donors, foundations and corporations, with a particular emphasis on multiculturalism. Through its Donor Research Project, it studies giving patterns and voluntarism by different religious, ethnic, racial, gender and economic groups.

The Center’s findings, published in *Pathways for Change: Philanthropy Among African American, Asian American, and Latino Donors in the New York Metropolitan Region*, have informed foundations, corporations and communities across the country on the giving patterns and motivations of these communities. *Pathways* also offers a roadmap for engaging racial and ethnic donors and enables nonprofits to be more effective in their outreach.

To gather research for *Pathways*, authors Dr. Eugene Miller, the Center’s Assistant Director, and Dr. Felinda Mottino, study co-director, interviewed over 150 donors of color in New York City about their philanthropic contributions.

The Center’s research methodology included a literature review, analyses of demographic and economic data, interviews with donors and professional intermediaries and focus groups with nonprofits.

Findings

Generosity *Pathways* interview subjects reported combined annual giving in excess of \$3,000,000; the median household giving was \$5,000. Donors were well educated, with incomes between \$100,000 and \$149,000, higher than the New York City average. They gave generously to community organizations and churches, but especially to educational programs and institutions.

As their communities increased in size and in assets, donors of color tended to exhibit relatively high levels of giving.

Generational Issues An unexpected finding was that giving priorities varied more along generational than ethnic lines.

“Organizations that approach donors of color need to understand that older and younger generations must be approached differently – because they understand philanthropy differently,” says Dr. Miller. “Younger generations tend to have an entrepreneurial focus, an individual focus that, though clearly shaped by race and ethnicity, is more embracing of other communities. Their definition of community is more fluid.”

Dr. Miller says that among younger donors of color, voluntarism is important, and there’s an emphasis on board service. “Philanthropy, career advancement and community leadership is seen as a win, win, win situation.” Economic models of change centered on career aspirations are viewed as more relevant and more powerful than political avenues of change. “Career achievement is seen as a means of accruing individual economic power and wealth, and they view that as a way to change society.”

Social Justice “Donors who are 40 or over tend to focus their giving on organizations that impact their respective ethnic communities, whereas younger donors tend to seek opportunities that benefit economically and socially disadvantaged individuals regardless of race,” says Dr. Miller.

“While *Pathways* focused on New York City, the issues are relevant nationally,” says Dr. Miller. “It used to be that New York looked very different from the rest of the country, given its history of absorbing immigrants and having many different racial groups. But that’s no longer the case. I think New York is one of five major cities in which communities of color are the majority population. Clearly, the rest of the country looks more and more like New York.”

“What’s particular is the structure of the nonprofit sector in each locality and the giving preferences of different communities. But the overriding theme of the engagement of philanthropy is to advance issues and social justice.”

The Future

Through its Donor Research Project, the Center created a literature review that focuses on more than 80 publications about diversity and philanthropy produced by nonprofits and scholars since 2003. Four major themes emerge: differences and similarities in racial/ethnic philanthropy; mapping the landscape of racial and ethnic funds and donor education strategies; wealth creation and philanthropy; and issues concerning foundations, grantmaking and diversity.

The Coalition’s Donor Research Project in cooperation with the Diversity Pipeline Alliance® is studying over 150 employee affinity groups within major corporations. It documents the presence of 65 Asian, African American and Latino employee affinity groups in more than 20 local financial firms. It finds that employee affinity groups are on the rise and that philanthropy is a significant objective of these networks. The study determined that:

- Affinity groups should be part of the development strategy of any organization seeking to attract donors of color.
- Diversity officers at corporations are likely to be more attentive to community foundations or ethnic funds whose programs align with corporate objectives.
- Since a number of the affinity groups see board or advisory service as a means of community engagement, community foundations and ethnic funds should position such service as a key aspect of donor leadership development.

In addition, the Center offers an Emerging Leaders International Fellows Program that features an educational track on philanthropy in communities of color and community-based philanthropy.

The Center continues to make presentations and publish articles about its research and enjoys higher visibility nationally due to its Coalition work.

“Clearly, the rest of the country looks more and more like New York.”
 – Dr. Eugene Miller, Assistant Director, CPCS

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The New York Regional Association of Grantmakers, whose members award \$3.5 billion in grants annually and are some of the world's most renowned foundations and corporate giving departments, has taken on the mantle of promoting diversity in the board rooms of leading foundations and creating literature that encourages professional advisors to counsel donors of color about philanthropy as an effective way to preserve wealth.

With names such as Rockefeller, Ford, CitiCorp and Pfizer, as well as family, community and independent foundations among its members, NYRAG has taken on a leadership role in communicating news about the Coalition and in creating key tools on diversity.

Among the tools are *Building Client Relationships Through Philanthropy*, a guide that Coalition partners use to counsel accountants, lawyers, insurance agents, stockbrokers, private bankers and financial planners on philanthropy as an effective offering for clients. The guide cautions that professional advisors who are not discussing philanthropy with their clients may be missing an opportunity to build fuller, more fruitful client relationships.

Leadership in the Issues

A second tool that NYRAG offers is *Building on a Better Foundation: A Toolkit for Creating an Inclusive Grantmaking Organization*, which encourages openness and inclusiveness in how foundations structure their boards.

"NYRAG works with members and partners to change institutions such that they embrace diversity, foster new leadership, and include and engage diverse communities across the country and around the world. We aim to undertake this challenge with the spirit of learning, innovation and creativity," says Tamara Kreinin, Interim Executive Director of NYRAG.

Additional diversity work that NYRAG has spearheaded as a Coalition partner includes:

Electronically hosting the Coalition for New Philanthropy website on NYRAG's site, www.nyrag.org.

Conducting an environmental scan and market analysis of the professional advisors industry in the New York metropolitan region. Graduate students from the Columbia University Business School developed a 56-page report, entitled "Developing a Professional Advisors Targeting Strategy," for NYRAG.

Providing philanthropic educational and/or support services related to Coalition initiatives.

Generating local and national press coverage on *Pathways for Change* at the Coalition's 2004 daylong regional conference on philanthropy in communities of color.

Including AAFNY Tsunami Local Response Initiative findings on New York Asian Americans who may have been affected by the Indian Ocean tsunami in the NYRAG brochure *Rebuilding Lives: The Philanthropic Response to the Indian Ocean Tsunami of 2004*.

Continuing its support of a professional advisors peer network and offering professional advisors events.

Producing a pamphlet on the Coalition that partners use when consulting on ethnic philanthropy with practitioners around the country.

Distributing the NYRAG Memo newsletter, which includes articles on the importance of diversity in philanthropy.

Participating in media interviews about the giving patterns of donors of color.

"NYRAG works with members and partners to change institutions such that they embrace diversity, foster new leadership, and include and engage diverse communities across the country and around the world. We aim to undertake this challenge with the spirit of learning, innovation and creativity."

– Tamara Kreinin, Interim Executive Director, NYRAG

Coalition for New Philanthropy

[Engaging Donors in Racial, Ethnic and Tribal Communities: Resource Packet for March 2005 Knowledge Lab](#)

This resource packet was developed for a knowledge lab sponsored by the Coalition for New Philanthropy and New Ventures in Philanthropy and attended by philanthropy practitioners and advisors. It is based on Coalition research of resources and programs for donor engagement in racial, ethnic and tribal communities, and includes interviews of key practitioners in the field. The resource packet offers key points for understanding best practices and tools of engagement.

[Philanthropic Organization Structures Chart](#)

This chart highlights what members have learned first-hand about the challenges of creating organizations and infrastructures to support sustained giving among donors of color.

[Philanthropic Giving Options](#) This chart assesses the benefits and pitfalls of various giving options.

Asian American Federation of New York

[Philanthropy: A New Heritage of Giving Executive Summary](#)

This summary highlights giving in the Asian American community by profiling Asian American donors who share the defining moments in their lives that motivated their giving.

[How to Develop a Giving Circle](#) This roadmap touches on issues that organizations should consider if they are to be successful in establishing effective giving circles. It points out that organizations should think about the structure, size, commitment level, staffing and grantmaking issues that need to be addressed before creating a circle.

[AsiaNextGen Giving Circle FAQs](#) This fact sheet frames the scope, mission and goals that motivated the development of this AAFNY-sponsored giving circle.

Hispanic Federation

[Leadership Development through Latino Philanthropy and Volunteerism](#) This is a guide for helping members of the community to better understand the opportunities for serving on the board of the Hispanic Federation or one of its member organizations.

[Abriendo Caminos: Strengthening Latino Communities Through Giving and Volunteering](#) This profiles eight Latino and Latina philanthropists.

[Latinos and Giving](#) This documents the giving rates and recipients of Latino philanthropy.

[Leadership Check List](#) This check list outlines the logistics and preparation that should be done in advance of engaging donors of color to come to an event to discuss philanthropy leadership and volunteerism issues.

[Responsibilities and Operating Principles for Boards of Directors of Nonprofit Organizations — an Overview](#) This document outlines the responsibilities of a nonprofit’s board of directors and addresses legal accountability, fiscal oversight, supervision of the executive director, and tips on establishing the direction of the organization.

[Types of Nonprofit Boards](#) This document outlines the three major categories of community-based nonprofit boards – programmatic, policy-focused and fundraising.

The Twenty-First Century Foundation

[Time, Talent & Treasure, Executive Summary](#)

This is a study of the giving trends of 100-plus African American foundations and associations, with a particular focus on those providing gifts of over \$25,000. The Black Foundation Initiative research project, as 21CF originally called the 2004 study, examined small black foundations as well as civic, professional, fraternity, sorority and social groups – 324 in all – and quantified and qualified their giving. The executive summary and complete online report enable funders to set benchmarks, analyze imbalances, discover funding opportunities and serve as a basis for furthering the dialogue regarding improving the condition of black Americans.

[Boston College — Wealth Transfer Estimates for African American Households](#) This publication offers recent trends and patterns in household financial resources and philanthropy among African Americans. Primarily it focuses on estimates of wealth transfer among 462 middle and upper income African American households and presents findings that are useful for organizations that need to understand the real wealth of that demographic.

[21CF Comparison of Options for Giving Chart](#) The different forms of philanthropic gifts can be extremely confusing and sometimes a barrier for first-time donors. This chart offers a side-by-side comparison of gifts to an established public charity; private fund; donor advised fund at a private/public foundation, e.g. 21CF; company giving or company foundation; and supporting organization.

[Strategic Giving v. Charity: Community-Based Philanthropy for Social Change](#) This is a Participant Workbook that 21CF uses to help people create personal giving plans (based on Tracy Gary’s *Inspired Philanthropy* book). Donors who tend to develop and execute sustained giving plans are often those who have clear visions of the kind of outcomes that they want to see. This tool advises that strategic giving is designed to effect a social

change or social justice whereas a direct charitable gift is used to enhance social services programs.

[Building Community Capital: Creating a Personal Giving Plan Summary](#) This is an excerpt of a larger online presentation that examines how African Americans have traditionally given charitable gifts and what their motivations have been. It's a useful outline to help donors create a more defined understanding of what compels their giving.

Center on Philanthropy and Civil Society, The Graduate Center, The City University of New York

[Pathways for Change, Executive Summary](#) This offers a synopsis of the Coalition's Donor Research Project and its breakthrough findings on ethnic philanthropy.

[Summary of Literature Review and Research on Wealth Creation and Philanthropy in Communities of Color](#) This is a recent review of over 80 publications on diversity and philanthropy produced by nonprofit organizations and scholars since 2003. Four major themes emerge in the literature: issues surrounding differences and similarities in racial/ethnic philanthropy; mapping the evolving landscape of racial and ethnic funds and donor education strategies; wealth creation and philanthropy; and issues concerning foundations, grantmaking and diversity.

[Donor Research Project Findings on Community of Color Professional Membership Organizations and Employee Affinity Groups](#) This document offers a summary of two research projects by the Coalition's Donor Research Project in cooperation with Diversity Pipeline Alliance. Philanthropy and Community of Color Professional Membership Organizations reviews the philanthropic values, goals and approaches of professional membership organizations among communities of color such as MBA, accountants, attorney groups, etc. Employee Affinity Groups in Financial Firms chronicles the philanthropic aspirations of Asian, African and Latino employee affinity groups in over 20 financial firms operating in New York City.

New York Regional Association of Grantmakers

[Building Client Relationships Through Philanthropy](#) This professional advisor's guide is designed to enable accountants, lawyers, insurance agents, stockbrokers, private bankers and financial planners to advise their clients about philanthropy as an effective tool to benefit society. It offers tips on how advisors can be a resource for clients and help them to create effective giving plans. It also highlights philanthropy as an opportunity for extending their business – some 86% of Americans give to charity. For organizations that are attempting to reach donors of color, the advisor's guide provides a means for discussing the art of giving with professional advisors, who often can help organizations cultivate a larger donor base.

[Building on a Better Foundation: A Toolkit for Creating an Inclusive Grantmaking Organization](#) This toolkit offers practical tips as well as the rationale for why grantmakers can ultimately be more effective in the communities that they serve by being more inclusive and diverse in their organizations. According to the Council on Foundations, as of 1999, only 10.1% of grantmaking boards of trustees were comprised of people of color and only 33% of board members were women. *Building on a Better Foundation* addresses how foundation boards can become more balanced through diversity practices. Ultimately, more diverse staff and boards ensure that funding programs make the best use of grants for maximum benefit to society. This toolkit can help organizations begin to advise donors and potential donors to consider joining local boards to effect change.

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