



Toledo
Community
Foundation

Inspiring and Connecting Thoughtful Giving

Toledo Community Foundation

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About Your Foundation

Since 1973, **Toledo Community Foundation** has provided individuals, families and businesses interested in the well-being of our community with an *efficient, effective, low-cost, professionally managed* mechanism to achieve their charitable goals.

For philanthropists wishing to maximize the impact and life of their charitable gifts, the Foundation provides *resources for thoughtful giving*. Using its expertise and personalized services, **Toledo Community Foundation** helps donors transform their philanthropic impulse to measurable community impact. Beyond the gifting of assets, the Foundation helps donors identify issues of importance to them and *inspires engagement* with community organizations addressing these issues, thereby maximizing the impact of charitable gifts and creating a greater sense of fulfillment.

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DIY Philanthropy

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Financial Planning

Betsy Dickey was shocked when she realized the depth of the need for new books and libraries in which to put them for children of Rwanda whose parents survived one of the most horrific mass slaughters of the 20th century. She was nearly just as startled and dismayed to realize how much she had to learn about what is involved in becoming a hands-on philanthropist rather than just a checkbook donor.

"I was nearly 50, I am well educated, I didn't have many illusions about the process-or so I thought. But I was literally overwhelmed by the sheer magnitude of the need, the intense deprivation-and the confusion on the ground among all kinds of other well-intentioned people," says Dickey, who in 2005 began volunteer work in Rwanda that led her to form Ready for Reading, a nonprofit organization dedicated to creating and supporting a community library and learning center in Rwinkwavu, Rwanda.

DIY PHILANTHROPY

Like a growing number of affluent Americans who choose a do-it-yourself (DIY) approach to philanthropic activity, Dickey wasn't able to count on the family's financial advisor for assistance. Nor, although her husband worked for decades on Wall Street, was she wealthy enough that private banks and their teams of philanthropic consultants were standing by to assist her every step of the way. "A lot of it turned out to be luck, and trial and error," she recalls ruefully.

For instance, at a friend's home, she met Paul Farmer, chairman of the Harvard Medical School's global health department, one of the founders of Partners in Health (PIH), a nonprofit devoted to improving health and instilling social justice in countries like Rwanda. "Until then, I'd been aware that it was possible for me to waste a lot of money and effort when there are already grassroots efforts set up that I might not be aware of that I could partner with," Dickey says. "I just didn't know until then who might be able to help me identify them so I could collaborate with their work rather than end up duplicating it."

In this case, Farmer, whose work was profiled in *Mountains Beyond Mountains* by Tracy Kidder, introduced Dickey to Rwinkwavu District Hospital, where Partners in Health was already setting up new programs. Immediately Dickey realized that there was an ability to piggy-back on PIH's presence and knowledge, and she decided to build the new library facilities adjacent to the hospital, serving as an educational and cultural hub for the community in the same way that the refurbished hospital would cater to health needs.

Learning lessons like that the hard way is what too many affluent individuals committed to making a difference in the world end up doing, say philanthropic experts. And a financial advisor able to go the extra mile in helping them sort through some of the problems and challenges that will follow their decision to move beyond writing checks to local cultural groups, their regional hospital and their alma

mater is likely to stand a much better chance of winning the kind of die-hard loyalty from their client that is getting tougher to find in a post-financial crisis environment of skepticism and distrust.

"There is a generation of people who have created their wealth by being very entrepreneurial, results-oriented and hands on, and they want to approach their philanthropic activities in the same way," says Wistar Morris, principal of Signature, a Charlottesville, Va.-based wealth management firm. Of course, the majority of the clients who turn to Morris for philanthropic advice as well as the more prosaic tasks associated with managing their money do still follow the traditional model, writing checks to umbrella organizations or perhaps setting up a family foundation.

But philanthropic consultants say that nationwide, a growing array of donors want to shift from just making grants to making a difference. Without the support of their financial advisors, they risk making errors that could blunt the impact they have on their chosen cause and cause them to spend more than they can afford in trying to correct those missteps.

"It's not as simple as hiring some great people and targeting a worthwhile cause," says Ellen Remmer, of this DIY philanthropy. Remmer, president and chief executive of The Philanthropic Initiative, a Boston-based consulting firm that advises corporations and wealthy families on their philanthropic activities, notes that the challenges include setting up the right kind of board, finding sustainable kinds of funding, undertaking fund-raising (in an environment in which even venerable nonprofits are struggling to keep their doors open and electricity bills paid) and turning the fledgling organization from a personal passion into a self-sustaining and independent group.

That hasn't stopped wealthy or merely affluent individuals from rising to the challenge. Think your client will never eagerly suggest to you that he or she create a new venture to help the homeless or address literacy? You may well be wrong, says Lisa Philp, who oversees philanthropic consulting activities for the clients of JP Morgan Private Bank.

The number of registered nonprofit organizations in the United States has climbed by a third in the past decade to hit about 1.5 million, she points out. "The impulse to go beyond being a checkbook giver is still the exception-but it's growing," she adds.

WHO ELSE IS OUT THERE?

Morris knows this firsthand. One of his early tasks on joining Signature was to help one of the firm's clients, Bebe Heiner, set up a counseling group for needy women.

"She had identified a gap in the local community, and believed that she could fill it," he says. With a background that included working as the executive director of a nonprofit organization at the University of Virginia, Morris was on firmer footing than many of his peers in helping his client transform her vision into the reality that became The Women's Initiative. The group now serves thousands of women and recently won a \$40,000 grant from a local philanthropic giving circle, Women United in Philanthropy.

The first step is to be sure that your client plans to fill a need that really is unmet. "It may be that the wonderful thing he or she wants to do already exists," Philp says. "For instance, there may be scores of afterschool programs in your community." If that's the case, the advisor can help his client by doing some of the research, identifying an umbrella organization (if one exists) that can provide more information on the existing groups and their missions, and seeing whether the client might have a greater impact by simply affiliating themselves with one of those groups.

Even if the need isn't being served by one of the existing groups, it may still make more sense for the eager newbie to approach some of these nonprofits to investigate collaboration. Why pay extra to duplicate the operating expenses of a nonprofit organization that already exists and may have some office space available to share?

"There are a number of foundations or associations that specialize in incubating start-up nonprofits," Remmer points out. There is even one, the Lodestar Foundation, which offers an annual \$25,000 prize to the most effective example of collaboration between nonprofits; data generated by the prize's applicants

each year now forms a research database at the Foundation Center that is available for newbies to consult.

Dickey saw her own plans change in response to the realities she discovered in Rwanda. At first, she thought simply of acquiring and donating some used textbooks, or perhaps running a writing workshop. Then the headmistress of the local school pointed out that the community would need a house for the textbooks and a place for any workshops to take place, and the idea of the Rwinkwavu Community Library and Learning Center was born. The other saving grace, she says, is that she wasn't trying to do too much. "I wasn't deluding myself that I'd be able to save all of Africa, or even all of Rwanda," she says.

COMMONSENSE ADVICE

Even if the cause that the new philanthropist dreams about committing his or her resources to is one that isn't addressed by other groups-and is a reasonable one-that's just the first step. To help a client's new philanthropic venture get off the ground, an advisor needs to be prepared to be the voice of wisdom, prudence and plain-old common sense.

For instance, how will the new nonprofit be run? The world of philanthropy is full of cases of idealists who paid too little heed to pragmatic considerations when setting up their board of directors and ended up with a group of people who couldn't work together, didn't share the founder's vision, blocked initiatives or couldn't help the new organization raise needed funding. "There is a tendency for people to get started out of passion and excitement and not worry about best practices because they want to be a social entrepreneur," Remmer says.

The solution, Philp says, is to tap into the nonprofit network for guidance. "In every community, there are wise individuals who have been around for a while and know a lot about broad topics like nonprofit governance," she says. A good advisor can help identify the best-known organizations committed to a given cause-such as literacy-and then help connect their client to those groups or individuals. "People are usually happy to talk to potential donors, especially if there is a chance of money coming," Philp says.

OUTSIDE DONORS

The biggest challenge of all confronting the fledgling philanthropist and his or her advisors is to coax the new organization along the path to independence. "No one should set up a new nonprofit thinking that they will be the only funder indefinitely," Remmer says, adamantly.

For starters, few individuals or families have the resources of Bill and Melinda Gates, so failing to find some outside source of funding will force the philanthropist to make hard choices between other financial objectives and their passion for making a difference. Moreover, Remmer points out, most have big dreams for even the smallest of nonprofits. "They don't want to have to keep going back to the same friends and family members for money, they want others to acknowledge this is an important cause by donating money. And having a greater impact usually requires having more money."

One key step in making the new entity self-sustaining is to ensure that it ends up being defined by the IRS as a public charity rather than a private foundation, Morris says. Being a public charity means that others can donate and get a tax deduction-crucial if the group is to become truly independent of its creator and pay no tax on earnings from any endowment or investments it contains.

That determination is made within the first five years of a group's life, and Morris says The Women's Initiative seems well positioned to pass muster. "The main factor is how broad the support for the organization is, that it's not just being underwritten by one or two big donors," he says. "At times like this, when support for philanthropy is down across the board, that is tougher to achieve." So it's important to get started on building up a network of outside donors as rapidly as possible.

Advisors may be accustomed to asking potential clients to entrust them with their money, but not for philanthropic ventures. Morris says that isn't a problem-an advisor can help by advising the client on how to network or even facilitate networking opportunities. He has even introduced clients with common philanthropic interests and goals to each other.

"We know our clients' interests and balance sheets," he says. "I think it's appropriate to put good causes that we know to be well run together with potential funders that we know well. Most of those donors have big defenses in place because they are always being asked for money." But, he adds, they are willing to listen to a trusted advisor, at least when it comes to introducing them to someone with common interests and goals.

PULLING IT TOGETHER

Dickey admits that had someone advised her on how to enlist the right people-board members and donors-along the way, the road she traveled would have been simpler. "The trick is to enlist people who have connections of their own, and someone who can help me do that would be worth their weight in gold," she says.

She has managed to raise \$280,000 in the last two and a half years, and has been lucky to have a former banker on her board to cast an eye over financial details like the operating budget. Still, she says, having a financial advisor at her side who could have added value to the process would have made life smoother and prevented her from making mistakes-some of which she may not even be aware of yet.

"I wouldn't have chosen any other path, looking back, but it's one where any bit of guidance you can get is irreplaceable," Dickey says. In Rwanda, she has a trusted local team on site to advise her on the details of the programs she hopes to fund-but finding the same kind of support on an ad hoc basis without the access to the resources that an ultrawealthy family can command, has been harder.

Philp points out that it's getting easier for financial advisors to play that role for their clients. The Foundation Center is a one-stop shop for anyone-philanthropist or financial advisor-to turn to for guidance, and there are webinars and even special educational programs, some offering certificates, available to anyone who is interested.

"Passion isn't enough," she says, and a wise advisor knows how to ensure that their clients approach their philanthropic projects not only with zeal, but also with the same kind of planning and thought that they would have if they were proposing to open a new business. "Helping a client through this is all about ensuring that they look before they leap," she says.

Suzanne McGee is a New York-based freelance writer and the author of *Chasing Goldman Sachs*.

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