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# BUILDING COMMUNITY FOUNDATIONS

## GRANTMAKING CONSULTING PROGRAM

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This issue of **Building Community Foundations** is focused on one community foundation, the Humboldt Area Foundation. It is exemplary in that it grew slowly for 20 years and then with a dynamic executive director, it took off. It has undertaken operational techniques worthy of note by other foundations. These include hiring an attorney to be the development officer and give legal advice to donors and their attorneys, creating a funding resource library with satellite locations, developing technical assistance programs for nonprofits, partnering with private foundations, and keeping the Board size to eight persons.

## HUMBOLDT AREA FOUNDATION

On California's foggy northern coast, the Humboldt Area Foundation is a study in how a dynamic staff and board can turn a somewhat sleepy grantmaker into a service-oriented force for change in a rural and isolated community.

The Humboldt Area Foundation (HAF) was founded in 1972 with a \$2.4 million bequest from a donor whose house on 14 redwood covered acres overlooking Humboldt Bay serves as home to the Foundation. By 1992, HAF's assets had grown to \$13 million. "We were a very tight and efficient organization," recalls board member Esther Holmes, "but small and local."

It was time, says Ed Nilsen, first HAF president, "to take a good look at where we were and where we were heading in the next five years." Board members held a retreat to review the mission statement and expectations of a new executive director.

Board members sensed that there were some clear strategic opportunities for the Foundation. The North Coast's geographical isolation - roughly 170,000 souls spread over an area the size of Connecticut - meant that local nonprofits were sorely in need of assistance in ways that went beyond simple grantgiving. The Foundation was a logical place for them to look for help. The board also wanted to play a more activist role, searching out projects for funding that would have maximum impact on a community hard-hit by the decline in fishing and timber.

Enter Peter Pennekamp, then serving as Vice President for Cultural Programming and Program Services at National Public Radio in Washington DC. In 1970, Pennekamp had moved to the North Coast and became founder and director of CenterArts, a joint town and gown project which became a major regional performing arts presenter. He had been away from Humboldt County for six years when he was hired as the new executive director.

At a retreat held right after his arrival in 1992, Pennekamp and the board began to move forward in terms of repositioning the Foundation. Asking the question, "What are we uniquely positioned and suited to do for the community? What would this lead to in terms of comprehensive programs and services?" Foremost among the Foundation's long-range goals were increasing philanthropy in northwestern California, engaging in effective grantmaking and using the trust and reputation that HAF had earned in the community to become a convener. Out of these basic goals have grown a rich variety of community programs and services: a planned giving program available at no charge to potential HAF donors as well as the entire nonprofit community, a comprehensive program of technical assistance for local nonprofits which includes a resource library and several satellite extensions, and an active role in nurturing projects and convening community groups.

Critical to sustaining this new activism was changing the way board members were appointed - away from a trust arrangement where individuals were appointed by various community institutions to a corporation with a self-selected board whose primary loyalty is to HAF and its mission. Nilsen credits this change, board involvement in the rethinking of the mission, and the hiring of a new director with forging a more activist board. "They bought in," he says. "They got motivated."

Working with the Board - to keep them informed, to utilize each member's particular talents, and to represent the North Coast's diversity as fully as possible - has been an ongoing commitment for Pennekamp. Policies were clarified and codified so they would cease to emerge as obstacles. "There's not an issue that comes up that you can't flip through the administrative manual and find out how to deal with it," he notes, stressing the importance of "good policies and good agreement about them."

HAF's eight board members are actively involved and expected: to attend a yearly retreat, to serve on at least one committee, to accompany staff on visits to local nonprofits requesting HAF funding and to meet with community members in a variety of settings to assess community needs and fashion collaborative solutions.

Over the last few years, the creation of new partnerships with private foundations has been one of HAF's most impressive achievements. The first began with a Foundation-commissioned five year study of children and families in Humboldt County followed by a blue-ribbon panel also supported by the Foundation. It produced a long-needed Teen Center in Eureka, underwritten by a three-year funding commitment from the James Irvine and Humboldt Area Foundations.

Concern about building capacity within charitable organizations on the North Coast spurred the second major partnership initiative in 1994/1995. With David and Lucile Packard Foundation funding, HAF surveyed over 600 nonprofit organizations in four counties regarding their management assistance needs and launched an ongoing program of workshops and technical assistance in areas such as fund-raising and board-building. It also extended its grant and resource library to satellite locations. (HAF's Resource Center, an extensive collection of information on grant sources and other facets of nonprofit management, was used by over 3,000 groups and individuals last year.)

In concert with the Irvine Foundation, HAF recently embarked on a five-year initiative to buttress not simply the economy of the North Coast but its fraying sense of community. The Foundation took the lead in establishing the Institute of the North Coast to bring together the region's disparate geographic, ethnic and economic sectors in order to develop and carry out a plan for economic and community renewal.

The most recent partnership is with the Lila Wallace-Reader's Digest Fund to formulate a plan for increasing support for and participation in the arts and culture on the North Coast. "With their capacity to build understanding among people of different backgrounds and cultures, the arts have a vital role to play in forging a new vision of community on the North Coast," says Pennekamp. "They could also help revitalize the region's economy."

A common thread runs through these community initiatives - the commitment to partnership. "We would really be dead if certain foundations hadn't seen what we were doing and felt that it matched their goals for local communities," reflects Peter. "It's been an extraordinary partnership."

But Ed Nilsen says Pennekamp deserves a share of the credit. "He has a tremendous knowledge of what's going on in the community and outside world."

In the area of planned giving, HAF has broken new ground for community foundations. An appraiser who understood the potential for planned giving in a region where much of the wealth is tied up in land, Ed Nilsen convinced the board to hire a full-time attorney whose assistance and advice on planned giving are available at no charge to anyone wishing to make a planned gift to a local nonprofit or to any financial professional needing assistance. "We don't care where the money's going," says Nilsen, "as long as it stays in the community." In the last three years HAF has been contacted on over \$100 million in potential gifts to nonprofits, including HAF - a considerable achievement, given the area's sparse population and above average poverty and lack of a tradition of planned giving.

HAF's policy is to avoid active fund-raising for itself. "Our role is to be a service organization," says Pennekamp. "We have a great ability to do damage by diverting the flow of private funds from local nonprofits." Donors who call the Foundation about making a gift are invited to come in to talk about where they would like the money to go, says Peter. "If they want to fund a scholarship at Humboldt State, we suggest they give directly to the University." Nevertheless, HAF's assets have almost doubled over the last four years, proving "that good service will stand us in good stead."

HAF's transformation - from an organization devoted solely to grantsmaking in 1992 to one in which 60% of staff time is spent on other community services - has been rapid. "You don't have to do just one little piece at a time and wait to see how it turns out," notes Pennekamp. "You can put multiple strategies in place, as long as you have clear goals and strategies and good systems of evaluation. If it's working, don't be afraid to keep moving."

The Foundation took a risk, he admits. It was a gamble that has paid off handsomely - building capacity within local nonprofits, forging ground-breaking community collaborations and ensuring that more people are reached with vital services on the North Coast.

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## COMMENTS ON ~ PROGRAM OFFICER STAFF TRAINING

“Overall, excellent - fresh outlook from daily routine and process.”

“Good. Lots of questions generated for future discussion back at the foundation.”

“Compelling - helped me think of the giving process as never before - involving donors so they may enjoy what they are doing through giving.”

“I enjoyed it greatly. It was most interesting hearing about how much more practical we can be in the field of philanthropy, rather than waiting for proposals to come in the door. As we begin to “grow up” we need to remember that we need to keep being innovative and to keep challenging ourselves to produce significant results for the people.”

“Well worth the two days investment. The time zipped by for me.”

### **Program Officer Staff Training Sessions**

The Grantmaking Consulting Program offers special training for program officers. If 5 to 10 program officers in a given geographic area express interest, a two day training program will be conducted in that area. A 300 page syllabus has been developed for this training. The cost is \$100 registration fee.

**For further information call (510) 645-1890**

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