

# Learn. Lead. Grow.

Building A Philanthropic Movement in Vermont



For more than 20 years the VCF  
has been helping build healthy and  
vital Vermont communities.

We now invite you to join us in  
changing the very idea of what  
philanthropy can do for Vermont.

## A Note From the President & CEO

I'm a dreamer, a doer, and an optimist, and I believe that's true of most of us who participate in philanthropy. Human experience is rich in stories where a small spark of the philanthropic spirit has created great philanthropic movements that have gone on to change the course of history. In them are stories of both well-known and barely-known philanthropic leaders in communities all over the world who had the courage to conceive never-before attempted solutions to some of humanity's greatest problems. Among those philanthropic leaders are people like all of us — some who have a lot to give and others who have just a little, but all who envision something better for our communities.

So imagine for a moment a Vermont where human suffering no longer exists, where our natural resources are protected, our energy is renewable, our children excel, our communities flourish economically. Imagine a philanthropic spirit that takes hold of every Vermonter, not only now but in every future generation. Imagine a philanthropic movement like nowhere else in the nation that promotes our strong human values, our commitment to place, and our collective hopes.

During the past year, as we went out and asked scores of Vermont-focused donors and nonprofit leaders to help us think about how

the VCF could inspire philanthropy, we caught a glimpse of that future. Your thoughts inspired us to change the VCF in ways that help you, Vermont's philanthropists and nonprofit leaders, "be the change you seek in the world," as Gandhi famously said.

This document is a report back to the community on the new services and activities that the VCF will soon offer as a result of that feedback. You will also read about the revised revenue model that will support this work. We are ready to take Vermont's philanthropic movement onward and upward – to spark the philanthropic spirit in everyone and make the benefits of philanthropy available to all. *Learn, Lead and Grow*, the strategy described in this brochure, is but a means to an end: a Vermont where all people's basic human needs are met, where our communities are successful and where that success is sustained now and forever.

I invite you to keep imagining with us. Together we will change the very idea of what philanthropy can do for Vermont.

*Brian T. Byrnes  
President & CEO  
October, 2006*

# Philanthropic Leadership

## OUR PASSION

*Philanthropy must do everything in its power to end the need for charity.* This is the bold vision of philanthropic leadership. To realize it requires knowledge, courage, creative partnerships, and resources. In the coming months the VCF will introduce a range of new programs, publications, and activities aimed specifically at building philanthropic leadership throughout Vermont. Many of these activities are the result of feedback from donors and nonprofit leaders, and they are designed to help the philanthropist in all of us *Learn, Lead, and Grow.*

**Learn** *Understanding Vermont* is the cornerstone of our new philanthropic leadership effort. This report collates and summarizes information and community perceptions about regional need, opportunity, and successful strategies in an accessible and engaging format. It will help us inform regional forums, workshops, giving circles, and networks for donors interested in increasing the impact of their giving. We will produce other knowledge-building tools, too, such as a study of charitable giving in Vermont, and an up-to-date online catalogue of nonprofits doing important work all over Vermont.

**Lead** Leadership is more than just a lofty concept. It involves a set of concrete tasks and activities, such as knowing how to choose the best grantees, how to improve nonprofit performance, and how to attract other donors to leverage giving. Together, these activities move us incrementally toward profound change. To instill leadership skills, we will expand our already successful program of sharing staff-evaluated grant proposals with interested donors for “co-funding opportunities.” We will also encourage (with seed money for grants) new local giving circles for donors with similar regional interests in the hope of fulfilling a desire, as one donor told us, “to be part of something biggish.” In addition, we will improve nonprofit performance by investing in capacity building for the nonprofit sector and by offering grantees opportunities to grow as leaders. We will expand the VCF’s strategic grants program to help nonprofits tackle complex issues. And our donors will be offered chances to leverage their giving through opportunities for networking with like-minded peers.

**Grow** Our aim is to increase the impact of your giving and to inspire philanthropy in Vermont. We believe that by helping individuals learn and lead, philanthropy in Vermont will grow in size, service, and impact. Our friendly, personal service and new technology will make giving and granting simpler, more convenient, and enjoyable for everyone. We’ll work toward building a “philanthropy-friendly” environment by promoting legislation and regulatory work that supports the growth of charitable giving. Along the way, we will celebrate what your philanthropy—and that of others—has accomplished in Vermont. Your success will become one model for others to follow in achieving meaningful change.

“Be the change  
you seek  
in the world.”

— *Mahatma Gandhi*

# Fueling A Philanthropic Movement

## BUILDING PHILANTHROPIC LEADERSHIP TOGETHER

### The Philanthropic Leadership Fund

Of course, we cannot build philanthropic leadership alone. It takes the contributions and the participation of many generous and committed individuals, nonprofits, and businesses.

#### Contributions

To underwrite the *Learn, Lead, and Grow* activities that go beyond our baseline philanthropic and administrative services, we have created the Philanthropic Leadership Fund. Voluntary contributions from fundholders will fuel this new fund, which, unlike an endowment, will be fully spent on innovative programs, publications, online services, donor education, and events aimed at building philanthropic leadership among the VCF's donors and on strengthening the nonprofit sector.

We're delighted to announce that a small group of close VCF supporters, the VCF Board of Directors, and other foundations have already contributed over \$450,000 towards the goal of \$500,000 in seed funding for the initial development of *Learn, Lead, and Grow* activities. We are currently working to quietly raise the remaining \$50,000.

#### How the Philanthropic Leadership Fund Works

We will be asking other members of the VCF family to sustain the Philanthropic Leadership Fund as well, and we will make it easy to do so. Starting now, as a VCF

fundholder you can support our new philanthropic leadership activities by electing to annually contribute a percentage of your VCF fund to the Philanthropic Leadership Fund. To sign up to be a Philanthropic Leadership Fund supporter, simply complete and return the enclosed reply card.

Donors can choose to begin or end these contributions at any time, and new *Learn, Lead, and Grow* activities will be developed only when the fund accumulates enough money to underwrite them. In this way we ensure that donor interest and commitment are the primary drivers for our new work. Regardless of whether they contribute, all of the VCF's donors will be able to take advantage of the new services and products that come from this fund. By giving fundholders a choice to support this work, we will ensure that the VCF keeps these programs fresh, compelling, and relevant. We like this level of accountability.

#### Participation in Philanthropic Leadership

Apart from monetary contributions, a big part of what it takes to build a philanthropic movement is participation. One of our hopes for the Philanthropic Leadership Fund is that in addition to supporting our new work, it will encourage active and engaged participation in other forms: attending learning forums, joining others in grantmaking, volunteering, learning and sharing with one another ideas about how to make a difference in our communities – in short, Philanthropic Leadership.

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## The Philanthropic Leadership Fund supports activities that help donors and nonprofits *Learn, Lead and Grow*:

### **Learn**

- ◆ Tools to help you understand the needs and opportunities, as well as the strategies that work in your community
- ◆ Publications to provide facts, trends, and projections on charitable giving in Vermont
- ◆ Peer learning opportunities, topical forums, and site visits to inform your grantmaking and connect you with other philanthropists

### **Lead**

- ◆ Forums and meetings with VCF staff, other donors, and nonprofit experts to identify solutions
- ◆ Opportunities to co-fund grant applications with the VCF to multiply the power of philanthropy
- ◆ Opportunities to fund grant applications that match and expand your interests
- ◆ Online catalogue of nonprofits to help you identify and assess the best grantees
- ◆ Regional giving circles to maximize the local impact of your grants
- ◆ Programs to strengthen the leadership and the performance of grantees, so you can give confidently

### **Grow**

- ◆ Promotion and celebration of Vermont-focused philanthropy
- ◆ Legislative and regulatory work to encourage giving and spark the philanthropic spirit
- ◆ Initiatives that inspire you to give more and to give often, whether through the VCF or directly to other organizations
- ◆ Awareness campaigns that inspire you and others to grow the pool of charitable capital available to Vermont communities now and for future generations

# Continuing to Spark the Philanthropic Spirit

## ESTABLISHED SERVICES YOU CAN COUNT ON

For the past 20 years, VCF fundholders have enjoyed a full range of established baseline services: grantmaking and gift administration; investment and asset management; donor education and planned giving. Every donor who establishes a fund receives these baseline services, and every donor plays a role in making these services available for Vermont. The supporting fee paid by each fund provides all VCF fundholders with administrative freedom, investment confidence, and staff accessibility.

### Supporting Fees

Beginning in 2007, the VCF's operating costs will be completely paid for by the supporting fee paid by VCF funds. In the past, fees covered only 77% of baseline operating expenses, with the remainder coming from an annual appeal and discretionary VCF resources.

During our interviews with donors and nonprofits, we heard loud and clear your suggestions about how to improve our fee structure: have funds "pay their own way," keep the fee structure simple, and make clear what the fee pays for. Our new simplified fee schedule was set by what it costs the VCF to administer its collective funds, and was determined after thorough professional analysis of the Foundation's costs and revenue.

Our new fee schedule eliminates the need to use the VCF's discretionary resources to pay for baseline operating costs and frees those resources to be used

for additional grantmaking and programs that benefit nonprofits and fundholders.

Because we view Agency Endowment funds as a valuable service that helps ensure the financial sustainability of nonprofits, the VCF will continue to subsidize and offer them at a discounted fee. In this way, the supporting fee also serves as a tool with which we align our business model and social mission.

In addition, the VCF will offer larger funds enhanced services that allow greater flexibility in meeting their charitable needs.

### New Supporting Fee Schedule

Effective 1/1/2007

| Fund Type     | VCF Annual Supporting Fee                        | Minimum Annual Fee |
|---------------|--|--------------------|
| Discretionary | 2.00% on first \$3M<br>1.50% on assets \$3M - 5M | \$500              |
| Advised*      | 0.50% on assets over \$5M                        |                    |
| Designated    | 0.80% on first \$3M<br>0.50% on assets \$3M - 5M | \$200              |
| Agency        | 0.30% on assets over \$5M                        |                    |

\* Advised funds that are not actively invested are considered passthrough funds and are assessed a supporting fee of 2.00% of gifts rather than an annual supporting fee.

*Individual funds are charged an investment management fee based on the investment option.*

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## The supporting fee allows the VCF to provide a full range of established philanthropic services:

### Grantmaking and Gift Administration

- ◆ gifts and grants processing
- ◆ due diligence on grant recommendations
- ◆ acknowledgement of gifts
- ◆ online fund and grants management (coming soon)
- ◆ research on donor grantmaking interests\*
- ◆ personalized competitive grant rounds\*

### Investment and Asset Management

- ◆ accounting, auditing, and IRS reporting
- ◆ investment in a professionally managed VCF pooled fund
- ◆ quarterly fund statements
- ◆ auto calculation of annual spending to preserve fund value
- ◆ investment performance monitoring
- ◆ choice of investment portfolio, including option to invest in SRI pooled investments
- ◆ opportunity to recommend a fund manager\*

### Donor Education

- ◆ fund advisor forums to match donor giving with VCF community grantmaking proposals
- ◆ newsletter
- ◆ annual report
- ◆ personalized site visits\*
- ◆ individualized staff guidance\*

### Legacy and Planned Giving

- ◆ personal assistance with planning and administration of life income gifts (gift annuities and trusts)
- ◆ estate planning with our on-staff Certified Financial Planner
- ◆ permanent recognition of your fund in our component funds list

*\* available to larger funds*

## Help the VCF Fuel A Philanthropic Movement

We invite you to join us in fueling a new philanthropic movement. Please complete and return the enclosed reply card to begin your annual Philanthropic Leadership Fund contribution. If you have questions or would like to learn more about how you can support the VCF's efforts to build philanthropic leadership in Vermont, contact our Donor Services department at 802-388-3355 or email V.P. for Donor Services Scott McArdle at [smcardle@vermontcf.org](mailto:smcardle@vermontcf.org).

## Thank You

We would like to recognize the many individuals who generously participated in interviews, focus groups, and a wide variety of conversations as part of our planning work this past year. While it's not surprising to us that just about everyone who was asked to participate did, the extraordinarily high engagement rate was noted by our consultant partners as a distinctive quality of the VCF family. Also in true Vermont fashion, the good quality of the thinking and suggestions from donors and nonprofit and community leaders was invaluable to us and it enriched our learning process tremendously.

We would also like to thank the individuals, foundations, and VCF funds that provided financial support for our planning work and those who stepped up early to contribute seed funding for the new Philanthropic Leadership Fund. Their foresight, faith, and commitment are true hallmarks of philanthropic leadership.

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|---------------------------|---------------------------|
| Autumn Harp Fund          | Landmann Family Fund      |
| Avada Fund                | Elizabeth Page McRae Fund |
| Jessie B. Cox Trust       | Lois McClure              |
| Charles Gamper Fund       | Snelling Family Fund      |
| High Meadows Fund         | Russ Testa                |
| Johnson Family Foundation | VCF First Years Fund      |

“We are not measured  
by what we have,  
but what we give  
to one another.”

— *Julie Salamon*

Rambam's Ladder: A Meditation on Generosity  
and Why It Is Necessary to Give



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