

**Jefferson County Community Foundation**  
**Business Plan and Financial Forecast**  
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**Introduction**

More and more, Jefferson County residents find there is increasing competition for resources. Citizens are faced with more choices about how to shape the future and positively contribute in the community. A local community foundation is a perfect vehicle for promoting the long-term health and well being of County residents.

The first community foundation in the United States was founded in Cleveland in 1914. The idea was conceived by an attorney who wanted to create an organization that would be of permanent benefit to the community and would be governed by local citizens with direct knowledge of local charitable needs. The community foundation provides a vehicle for people of both great and modest means to contribute to the betterment of their community.

The common mission of every community foundation is to enhance the quality of life in a local area. This broad mission is carried out by building a permanent endowment fund and using the annual income to support a variety of local nonprofit organizations through grants and special projects. An endowment is a type of fund set up to produce income for charitable purposes. Its principal will never be distributed. The endowment is likely to remain permanent as long as the principal is never spent and the distribution rate reflects the long-term growth patterns of investments.

Nationally, there are nearly 700 community foundations holding approximately \$35 billion in assets. In 2003, community foundations gave more than \$2.5 billion to a variety of agencies and received an estimated \$3.8 billion in gifts. Every state has at least one community foundation servicing its donors and communities. The oldest community foundation in Washington is the Seattle Foundation, it was established in 1946. Currently, there are 19 community foundations in Washington State, granting 4.21% annually of the total gifting in the state, approximately \$64 million dollars. Their combined assets are over \$450 million.

**What is the Jefferson County Community Foundation?**

A community foundation is a tax-exempt nonprofit organization and can be described as a pool of community capital built through the contributions of many. The foundation identifies, builds, and manages long-term assets including cash securities, real estate, closely held stocks, other items of value such as those made by life or remainder trusts. They make it possible for a wide range of donors to create charitable funds to support their favorite nonprofit causes.

Jefferson County Community Foundation can be a catalyst to action, study areas of unmet need and use the power of their endorsement to meet community goals. It can also be a neutral community convener to tackle community challenges and difficult public policy issues.

Community foundations are unique among nonprofit organizations because they are donor oriented and they do not engage in annual fundraising to compete with agencies like UGN or

other nonprofits. A community foundation becomes self-sustaining over the years as its endowment grows.

The JCCF will be governed by a board of directors comprised of community leaders and is likely to be administered, in time, by professional staff. Operating expenses are paid from management fees, through grants and partnerships with local foundations and from gifts designated by donors to cover operating expenses.

**Mission Statement:** The Jefferson County Community Foundation promotes philanthropy throughout the county to improve the quality of life now and in the future.

**Target Audience:** The Jefferson County Community Foundation is open to any resident of the County, anyone who wants to make a difference, large and small. Contributors and benefactors may include: individual donors at whatever amount, foundations, non-profit organizations, corporations, businesses and advisors such as financial advisors, lawyers, accountants, stock brokers and insurance professionals.

**Business Philosophy:** The Jefferson County Community Foundation is built on a foundation of sound business beliefs and practices. The following statements ground the Foundation's work in the belief that the Jefferson County Community Foundation's purpose is to support efforts in the County to increase the health and well-being of all its citizens. It is not intended to replace the short-term safety net of community partners but rather to be the savings account for longer-term investment in the county. JCCF believes in:

- **Local reinvestment** built on the key principle that those close to home know home best. JCCF will focus on local needs where every corner, every organization and every neighborhood is known. This strong sense of place will assure investments match identified need.
- The **stewardship** of all community resources and particularly the resources managed by the Foundation's investment managers.
- Building the community foundation endowment **in perpetuity**.
- **Local decision making and control** which will bring philanthropy within the reach of all people. A community foundation enables everyone to be engaged philanthropists.

**Operating Values:** The Jefferson County Community Foundation will operate with the intention of keeping the common good at the forefront of all decision making and communication with constituents. Jefferson County Community Foundation will embody the following values:

- **Caring-** JCCF treats all donors and recipients in an open, compassionate and ethical manner.
- **Dedication** - JCCF is committed to the stewardship of resources to meet short and long-term community needs.
- **Inclusive and non-partisan** - JCCF will bring diverse and divergent members of the community together.

- **Transparency** - JCCF transactions be will open and accessible to donors, recipients and the community.

**Products and Services JCCF will offer:** The Jefferson County Community Foundation will have an array of services. They will be priced competitively with other like-entities. Initially, the JCCF will offer scholarship management funds, donor advised fund management and will simultaneously build its unrestricted community endowment. Funds that will be added as the need arises are: are of interest funds, memorial funds, non-profit agency endowment funds and designated funds. It is also probable that the JCCF will be able to leverage funds from corporations, foundations and the federal government for community projects.

Basic fund types utilized by community foundations include:

- **Unrestricted Funds** which allow the JCCF board of directors to support the broad needs of local communities. These funds support the core mission and expand the community grants program as well as provide general operating funds.
- **Area of Interest Funds** help expand community grant giving in specific areas of need. Donors give to an existing fund or create and name a new fund targeting a specific geographic area or area of interest such as the arts or health and human services.
- **Designated Funds** allow interested donors to support a specific community need, provide endowment support to one or more local nonprofits or create a new program to support a local cause.
- **Donor Advised Funds** enable donors to get and stay involved in local philanthropy in an easy and cost effective way. The JCCF keeps donors informed of local giving opportunities while allowing the donor to make gifting recommendations.
- **Scholarship Funds** can be custom designed to match specific donor goals.

**Long-Term Goals:** The Jefferson County Community Foundation has established long and short term goals to provide a framework for a yearly work plan. The Foundation will provide an umbrella to encourage all types of philanthropy and will effectively integrate rural grantmaking and fund development. Its board and staff will have the expertise and vision to enhance the well-being of the entire county and will serve as a convener for a wide variety of stakeholders to integrate the needs of business, non-profits and the community at-large. The initial long-term goals are to:

- 1) Capture 5% of the local transfer of wealth to the Community Foundation in the next five to eight years to actualize a \$1M+ dollar endowment. An intergenerational transfer of wealth is forecast to occur over the next ten years. In 2004, approximately 22.8% of the population in Jefferson County is 65+ years old.
- 2) Leverage funds from national foundations, corporations and other sources outside the community.
- 3) Effectively introduce an expanded repertoire of estate planning and giving options in the community.

**Short Term Objectives (1 to 3 years):** The following objectives will guide the work plan and give direction to day-to-day operations. The Jefferson County Community Foundation will:

- Raise operational funds for 3 years; an inaugural staffing model will be developed by the founding board of directors.

- Introduce donor-advised funds to our local investment community by the end of 2007.
  - Build a portfolio of donor advised funds of \$2 million by 2012
- Build an endowment of \$2 million by 2012
- Leverage start-up funds from sources outside of the community such as national foundations or corporations by end of 2006
- Increase overall awareness of giving/volunteering in the community by launching a community awareness campaign by end of 2005

**Organizational Capacity:** As a start-up organization, JCCF will need to build its capacity and credibility to carry out its mission to service the county’s diverse communities. Jefferson County Community Foundation is well poised to be successful. The communities of Jefferson County have high intellectual capital and retirement wealth coupled with a strong local identification and sense of place all of which contribute to positive social values and participation in building the future of the County.

**Work Plan Start-up Activities – May through December 2005, include:**

- JCCF will become an independent 501© 3 public charity registered with the State of Washington
- Raise start-up funds
- Board selection and development
- Website refinement
- Community awareness campaign
- Print materials
- Donor recruitment

**Metrics for Success**

<b>Activity</b>	<b>Date</b>
Build a skilled and geographically diverse founding board of directors	By 5/05
Secure seed money for first six months	By 6/05
Secure non-profit status and solicitation permissions from the state of WA	By 6/05
Begin community education campaign	By 9/05
Secure operations funds for year one (2006)	By 12/05
Begin to build the JCCF endowment	By 12/05
Develop Scholarship Fund	By 3/06
Hire staff by mid-year 2006	By 4/06
Secure three donor advised funds	By 6/07

**Barriers:** All new organizations face some challenges. The JCCF founding board should be aware of these challenges and plan for managing them. None of the barriers listed below are insurmountable but they will require some strategic thinking and targeted attention. The JCCF organizing committee has identified the following challenges:

- Just getting under way – new organizations can be subject to skepticism and need to act prudently to build credibility and capacity.
- Possible pre-judgments – careful board selection and good communication strategies can help to diffuse misconceptions.
- Community Foundations are youthful in rural areas which mean fewer resources and fewer experienced staff available to rural start-ups which require the organizing committee and founding board to create an attractive situation and effectively utilize the resources available through networking and philanthropic organizations such as the Council of Foundations and Philanthropy Northwest.
- Initial start-up costs may be challenging to secure because it is an investment not a tax-deductible donation.
- Fear of the unknown and potential competitive responses from partners who work on the community safety net which can be diffused through good communication and active participation.
- Lack of community education and awareness of benefits which can be addressed through a community awareness campaign once sufficient funds are raised.
- Steep curve to change the culture to gifting, volunteerism and investment (collective responsibility) vs. waiting for problems to be solved by others.
- In the County there is a disparity in needs, resources and awareness which requires the Foundation to be very sensitive to the ‘big picture’ and not becoming town-centric.