DISMANTLING CAPITAL CAMPAIGNS:
IMAGINING A NEW WAY FORWARD
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Agenda

- Why Us?
- The Problem
- The "Traditional" Capital Campaign Formula
- A New Approach
- Dismantling the Status Quo

Expectations

- Lean into possibilities
- Come with questions and with answers
- Center equity
- We can't solve systemic issues overnight
THE ISSUES

- Disparity in assets of BIPOC-led organizations
- Experiences in facilities available to BIPOC communities
- Why we came together
"When so many organizations led by communities of color, LGBTQIA, disabled people, and rural communities depend on foundations as one of their primary sources of funding, foundations need to understand the critical role they play and stop tossing the funding hot potato to individual donors."

- Vu Le
Most nonprofits in our sector are less than 500K in budget size.

Third Space Studio’s research of orgs under 2M in budget: individual giving only 36% of revenues

Nonprofit economic impact report by CalNonprofits: government dollars nearly 50% CA nonprofits revenues

Removing large institutions: individual donations 16% of revenues (maybe even 13%)

Myth: 70-80% of Nonprofit Revenue is from Individual Gifts
Reality: Aggregate Hides a lot of Information

Sources site 1 site 2 site 3
"I remember being on a board of a community-of-color-led nonprofit once, and a fundraising consultant was hired. 'OK,' he said, 'so what we’re going to do is have each of you board members think of five people you know who can each give $10,000. Only five people to start. Can everyone do that?' None of us knew anyone who could give anywhere near that much."

- Vu Le
Myth:
BIPOC and other historically excluded communities have equal access to wealth and resources

Reality:
- "It parallels the 'why don’t poor people just pull themselves up by the bootstraps' argument"
- Ignores vast resources needed to develop individual giving systems and often long time to convert donors
- "Makes it easier for foundations to dismiss the important role they play in supporting these communities. "Who is going to support the organization during those years while it builds fundraising capacity and relationships?"
THE IMPORTANCE OF ASSET DEVELOPMENT

*Historic disinvestment and the disintegration of community spaces*

Race-based discrimination...is further reinforced by place-based resource distribution, creating trajectories of neighborhood investment and disinvestment that have continued.

Krieger, Van Wye, et al., 2020
THE IMPORTANCE OF ASSET DEVELOPMENT

The Challenge

91% Disparity in Unrestricted net assets between black- and white-led organizations

- Echoing Green and the Bridgespan Group
TEMPERATURE CHECK

What’s the state of your facilities?

Do you own it? If not, who owns it?
**BREAKOUTS**

**NONPROFITS:**
Have you done a capital campaign? Yes/no? Why/Why not? Outcomes?

Already own building: How do you fund improvements?

**FUNDERS:**
Why are funders apprehensive about funding capital campaigns? What are some reasons you've heard?

Do you fund capital campaigns? Yes/no? Why/why not?
Capital Funding Formula

- Begins with expensive feasibility studies and marketing consultants
- Uses funding triangle
- Requires networked board that can engage individuals with capacity and corporations
- Transactional
- Upholds racist/capitalist system – values “angel” donors over contributions of everyday people
DISRUPTING THE STATUS QUO

Why capital campaigns?

Traditional Donor Triangle
- Rooted in white dominant culture
- Requires a well-networked board
- Puts wealthy donors on top
- Requires consultants and expensive marketing campaigns
- Puts decisions in the hands of few
- Risks are minimized in communications
- Transactional
OUR VISION - CHANGING UP THE SECTOR

Reimagining philanthropy

Two-thirds of BIPOC fundraisers think current fundraising philosophies and practices are harmful to nonprofits’ work addressing system injustice.
THE BALANCE OF POWER

How nonprofits and philanthropy uphold white dominant culture
Example:

3-story, 16,050 sq. ft. expansion to its Immigrant Opportunity Center to create new wealth-building services on a vacant .84-acre parcel of land owned by CAPI at 5950 Brooklyn Boulevard in Brooklyn Center.

Project seeks to build wealth in BIPOC communities residing in Northwest Hennepin County.

Expansion is expected will cost $7.5 million to develop

Financed by bonding, contributions, and CAPI reserves.

CAPI will provide wealth-building services to 5,000+ residents, creating 75+ new jobs, supporting 20+ small businesses, and realizing a significant economic impact in the Brooklyn Center area.
## Immigrant Opportunity Center Expansion – Capital Budget

CAPI requests $5,250,000 in state bonding to support 70% of the $7,500,000 total project cost. CAPI will leverage $2,250,000 in capital campaign contributions to pay for the remaining 30% of the project.

### Capital Budget

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<thead>
<tr>
<th>Category</th>
<th>Cost</th>
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<tr>
<td>Construction</td>
<td>$5,216,250</td>
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<tr>
<td>Contingency</td>
<td>$561,750</td>
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<tr>
<td>Fixtures, Furnishings &amp; Equipment (FFE)</td>
<td>$298,500</td>
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<td>Architecture/ Design</td>
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<td>Environmental including soil borings</td>
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<td>Survey</td>
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<td>SAC/ WAC Fees</td>
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<td>Project Management &amp; Consulting Fees</td>
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<td>Insurance and Legal Fees</td>
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<td>Soft Cost Contingency</td>
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<tr>
<td>Construction Loan Fees &amp; Interest</td>
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<td>Site Costs (greenhouse, fencing, terrace, landscaping)</td>
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<td>Entitlement Costs</td>
<td>$40,000</td>
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<td><strong>Total Development Costs</strong></td>
<td><strong>$7,500,000</strong></td>
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Minneapolis-based nonprofit Artspace identified two internally connected buildings in need of preservation, and is now devising plans to restore the property and adapt it into affordable housing for artists.
Headquartered outside of the community, Artspace wanted to create local partnerships to ensure long-term success.

Primary partner is the City of Hamilton who worked to ensure the project plans were consistent with the city’s vision. (Councilman Timothy Naab, former mayor Don Ryan, and current mayor Pat Moeller, were instrumental to the success of the project, and offered the key political and financial assistance needed to realize the project.)

“Having local liaisons in the arts community in Hamilton has kept our project foremost in the minds of the community. The events we have participated in have brought increased visibility to the arts community, our project, and how our project will serve that community.”

Funded by:
Community Development Block Grants
HOME Federal Funds
Federal Historic Tax Credits
State of Ohio Historic Tax Credits
The Hamilton Community Foundation (raised funds from local individuals)
For Stone Mountain, an Atlanta bedroom community with a history of racial tensions, Main Street had become a faded memory of busier times. ART Station, a local nonprofit, set out to reimagine a pedestrian corridor as an arts district. This new vision would support an active homegrown arts community, while stimulating economic development along Main Street.
ART Station partnered closely with the City of Stone Mountain and the DeKalb County Department of Community Development.

The City Manager, an enthusiastic supporter, helped to facilitate the leases with property owners and the billing for insurance and utilities (responsibilities later shifted to ART Station.)

Funded By:

United States Department of Housing and Urban Development
DeKalb County
City of Stone Mountain
Georgia Council for the Arts

Sources: [site1] [site2]
A new loan product created by IFF to be more responsive to the capital needs of BIPOC-led nonprofits on the south and west sides of Chicago.

- Provide flex loans for BIPOC-led nonprofits.
- Loans up to $50,000.
- Can be used in a variety of ways, including as working capital for new organizations, to bridge grant funding, to facilitate minor repairs to leased facilities, purchase vehicles or equipment needed for programming, and to refinance high-interest debt.

Funded by the Weinberg Foundation.
Learning Spaces

- Third year of programming.
- Funded by The Kresge Foundation, the first year provided grants totaling $150,000 to facilities serving a total of 631 children.
- IFF and Kresge then scaled the program in the second year, providing $800,000 in grants for 16 facilities serving over 700 children.
- Now entering into its third year, the program is supported by three major foundations – Kresge, the W.K. Kellogg Foundation, and the Ralph C. Wilson Jr. Foundation – and will expand outside of the City of Detroit to also serve Out-Wayne, Macomb, and Oakland counties.

Improving facilities enhances provider capacity, children’s access to care and education, and parents’ ability to work and provide for their families. Furthermore, it helps ensure that the design and quality of early childhood education facilities reflect the dignity all children and their families deserve. A facilities-forward perspective can promote innovation in land usage, facility collaborations and building renovations. It could also set the standard of what learning environments for children should be reflective of regardless of their neighborhood or economic status and how academic success and pride in community can be cultivated.
The Union County Performing Arts Center (UCPAC), a key Rahway-based arts organization, was set to open a new venue—the Hamilton Stage. Building on the energy for this new space for art, the organization developed an 18-month series of creative performances and community engagement activities—RAHWAY ARTsPART—with the goal of bringing art programming out into the city, and energizing the community for the newly coming Hamilton Stage.

FUNDED BY

- Rahway Redevelopment Agency (the owner and caretaker of Hamilton Stage)
- Assigned in the implementation of community projects for and around the Hamilton Stage for the 18-month series Lined to downtown Arts District and the Rahway Arts Riverwalk, which is currently also being developed by the Agency.
• Cost $9 million

• The agency then offered a 30-year lease to UCPAC with a rent of only $100 per year,

Funded by

RSI Bank
E.J. Grassmann Trust
Ralph Cestone Foundation
Ben Snow Memorial Trust
Hyde & Watson Foundation
Covanta Energy
New Jersey State Council on the Arts
A New Approach

- Example from The Institute of Music for Children
- Remaking relationships and upending the power dynamic in philanthropy
IMC Model

- Challenging the status quo
- Funder Gatherings
- Utilizing elected officials
- Elevating the voice of the community
PLACE VS SPACE

Our Story
PLACE VS SPACE

Our Approach
OUR VISION - CHANGING UP THE SECTOR

Redefining anchor institutions
OUR VISION - CHANGING UP THE SECTOR

Trust-based philanthropy
THE BALANCE OF POWER

Rightsizing
DISRUPTING THE STATUS QUO

A New Way Forward – Why we must succeed

A New Way Forward
• Rooted in equity
• Requires true engagement with all stakeholders
• Values each stakeholder group equally
• Encourages all stakeholders be champions and invest time, dollars and access to peer networks
• Encourages shared power, collaboration and the elimination of barriers
• Transparent
• Intentional
Dismantling the Status Quo

- System: Where foundation wealth comes from
- Culpability in deepening the wealth gap by funding direct services rather than systems change

"Understanding how philanthropy works is vital when advocating for change and more diversified power over how money flows to our communities."
- Jessamyn Shams-Lau
Starting in 2010, a bunch of billionaires signed a pledge to give away half their wealth. Since then, their combined wealth has actually doubled. From $376 billion in 2010 to $734 billion as of July 18, 2020.

Over the first four months of the pandemic, when everyone has been struggling, the 100 living Pledgers who were billionaires in March actually INCREASED their wealth by $213.6 billion, or 28%, from 758B in March to 972B in July.

Small individual giving has been in decline over the past two decades. Between 2000 and 2016, the percentage of households giving to charity has dropped from 66 percent to 53 percent.

Large gifts, however, have been increasing. Households making over $1M claimed 33% of all charitable deductions in 2017, up from 12% in 1995.

The number of foundations in existence increased by 68% between 2005 and 2019, from 71,097 to 119,791. During this period, their assets more than doubled, from $551 billion to $1.2 trillion.

Gilded Giving report by the Institute for Policy Studies examines the trends in giving in our sector and what it means. Here are several points we should pay attention to:
"We can have democracy in this country, or we can have great wealth concentrated in the hands of a few, but we can’t have both.”

- Supreme Court Justice Louis Brandeis quoted by Vu Le
“Much of the wealth in this country was built on a legacy of inequities: slavery, stolen Indigenous land, worker exploitation, environmental degradation, and tax avoidance”
- Vu Le

Wealthy individuals...
- are allowed to warehouse money during a time of urgency
- use philanthropy to increase their power and privilege and worsen inequity
- are able to control what problems society tackles and how
THE PROMISE –
THE PROGRESS –
WHAT WE’VE LEARNED

• Current trends in philanthropy
  ○ Trust based, community centric, participatory philanthropy
  ○ Capital in GOS and tough choices
• Wealth gaps need to be addressed equitably
  ○ PWI vs. BIPOC-led orgs
  ○ Gaps in general US population
• Asset development and sustainability
  ○ Community-centric
Dismantling the Status Quo

- Apprehension around conversation and being able to name the issue
- We are individuals and we are our organizations
- Takes individual action/power
PHILANTHROPY: WAYS YOU CAN SUPPORT CAPITAL PROJECTS:

- Make an early financial commitment
- Start the conversation at your foundation
- Host other funders for a presentation
- If you are prohibited from supporting capital projects, consider a multi-year operating or capacity-building grant to support our growth
- Schedule meetings (preferably) or direct introductions to other funders who may be interested in our work
- Invite the organization to present with you at conferences of interest
- Invite organization to join you for strong networking opportunities
- Provide a testimonial or Letter of Support about financial stability, impact, your excitement about the project, etc. from a funder's point of view
- If you haven't been, arrange a site visit
NONPROFITS:
WAYS YOU CAN SUPPORT CAPITAL PROJECTS:

- Adopt abundance over scarcity mindset
- Join in the conversation
- Partner to raise capital together
- Host funders for a presentation
- Schedule meetings (preferably) or direct introductions to funders who may be interested in our work
- Invite the organization to present with you at conferences of interest
- Invite organization to join you for strong networking opportunities
- Provide a testimonial or Letter of Support about financial stability, impact, your excitement about the project, etc. from a community organization point of view
TAKEAWAYS

How can you disrupt the status quo as nonprofit leaders and funders?

As individuals?