



Funded by Lilly Endowment Inc.

# GIFTV

A Major Philanthropic Program  
for Communities in Indiana



Allen County Courthouse restoration, Fort Wayne (GIFT IV)

In reflecting on the first decade of the Giving Indiana Funds for Tomorrow (GIFT) initiative, Lilly Endowment takes great pride in being associated with the hundreds of people throughout Indiana's 92 counties who have in some way contributed to the successful launching and development of Indiana's community foundations. Today, a community foundation or affiliate fund (hereafter the word "foundation" is defined to include eligible affiliate funds) serves every Indiana county, and their combined assets are approximately \$1 billion, up from an aggregate value of \$100 million in 1990 when GIFT began.

Perhaps as important as the financial development of the foundations during the '90s was the emergence of community foundations as civic conveners and forces for the improvement of the quality of life in Indiana communities. The community foundation model clearly has been shown to be an effective vehicle for enhancing the prospects for brighter futures for Indiana communities.



Building the Breeden YMCA, Angola, Steuben County (GIFT IV)

As the Endowment ponders the future of Indiana's community foundations and the nature and extent of its future support of them, it is grateful for the conscientious efforts Indiana community foundations exerted in the "Taking Stock" program and the consideration of input from many different sources on their strengths, deficiencies, potential and accessibility. The "Taking Stock" reports that the foundations provided to the Endowment were thoughtful and instructive. The responses in many ways affirm one of the basic purposes of the GIFT initiative: to build the capacity of Indiana communities to be self-reliant, to be more able to shape their own destinies by having local control over the use of their community foundations' resources.

The Endowment now is pleased to offer another phase of the GIFT initiative. The responses from "Taking Stock" and the comments Endowment staff members have received from many conversations and visits with community foundation leaders have been incorporated into the design of this new phase.

## Goal Is Sustainability

One of the key ways the Endowment can help a community become more self-reliant is by helping its community foundation reach a basic level of sustainability, given the context of the community it serves. For a community foundation to reach this level, the Endowment believes it must have an adequate amount of unrestricted endowment assets. The Endowment also believes it is unlikely that a foundation can be truly successful unless it has at least the following: 1) one staff person who devotes full time to the county served and 2) a functioning office in that county that can be seen by the public. To be fully effective, the foundation must be visible, accessible, regularly involved in community affairs and discussions, and able to conduct competently a development program.

The "Taking Stock" responses suggest that in virtually every county a minimum of \$10 million in unrestricted endowment is believed to be required for sustainability. The investment earnings from such an amount would in many counties finance the necessary operating and facility needs of the foundation, with a respectable amount remaining for grantmaking. Several of Indiana's community foundations, especially those in counties with larger populations, already have unrestricted endowment assets totaling \$10 million or more. Investment income from those endowments can support a basic office and staff in those counties. However, in many it would fall far short of addressing their communities' challenges and needs. These community foundations require additional unrestricted endowment assets to enable them to have greater impact in their communities.



Brown County Humane Society, Nashville (GIFT IV)



Moving the Gosport History Museum, Owen County (GIFT III)

Although the Endowment believes the provision of additional operating support is warranted at this juncture in GIFT's history, Indiana community foundations and their boards that have not done so already should now begin to plan for the provision of their basic operating support through endowment earnings and other sources.

### **Striking A Balance**

It is likely that only in compelling circumstances would the Endowment provide operating support grants after this phase in a similar amount or form. Community foundations, therefore, should strive to develop future sources of operational funding and to achieve a proper balance between administrative costs and grantmaking. While inefficiency should be avoided, a community foundation should appreciate that to realize its full potential as a shaper of its community's destiny, it must have a sufficient level and quality of administration.

Imbalance in either way can be detrimental to the community foundation and the community it serves.

With the goals of building self-reliance and sustainability for the foundations in the formative stage and increasing the impact of more mature foundations, the Endowment accordingly offers in Phase V two forms of grant support: 1) matching funds to build unrestricted endowments and 2) matching funds for general operating support.

We recognize that due to significant matching requirements, every county may not be able to take advantage of all monies available under this program. Accordingly, any community foundation that does not receive the full amount awarded under GIFT Phase V will not be viewed by the Endowment and should not be viewed by itself as less than successful.

## Gift Phase V Program Guidelines

- 1 Each viable Indiana community foundation may apply for a total of \$2.1 million for each county served as described below. If more than one foundation serves a county, the Endowment requests submission of a joint application. Only one application will be accepted per county. Multicounty foundations may submit one application for each county served. Whether a county is served by one or more foundations, the Endowment requires that all areas of the county be eligible for service by the applicant or co-applicants. Applications for affiliate funds should be submitted by the community foundation with which they are affiliated.
- 2 By October 1, 2001, each eligible community foundation that wishes to participate in GIFT Phase V must apply for participation in this program.
- 3 The Endowment reserves the right to decline requests that in its sole judgment do not accomplish the intended purposes of the GIFT initiative.

### UNRESTRICTED ENDOWMENT FUNDS AWARD

Each Indiana community foundation may apply for \$2 million for its unrestricted endowment. This amount will be subject to a \$1(grantor)-for-\$1(grantee) matching requirement that must be completed by December 31, 2002; the matching period begins August 1, 2001. For this part of the program, no less than one-half of the matching monies raised by the participating foundation must be added to the foundation's unrestricted endowment funds; i.e., at least half of the total of all matching monies raised by the foundation must be for unrestricted endowment. Additionally, all matching monies paid by the Endowment must be added to the foundation's unrestricted endowment funds.

### OPERATING FUNDS AWARD

Each community foundation may apply for \$100,000 to be used only for general operations. This amount will be subject to a \$2(grantor)-for-\$1(grantee) matching requirement that must be completed by December 31, 2002; the matching period begins August 1, 2001. No part of Lilly Endowment's operating funds award may be used as endowment; any matching amounts raised by the participating foundation must be used for operations or placed in an endowment for operating needs. Lilly Endowment anticipates that operating funds not placed in an operating endowment will be spent within five years of the date of the award.

These operating-support grants may be used for a variety of purposes. For some, this support may fund the employment of their first full-time staff person or pay occupancy costs for their first office. Others may use the funds to expand their program or development staff, enhance their technological capacity, or supplement their public relations and marketing programs. Several community foundations in the "Taking Stock" reports expressed appreciation for the technical assistance provided by the Indiana Grantmakers Alliance (IGA), but also indicated a desire for funding to engage additional technical-assistance providers and attend other training sessions. These operating funds may be used for this purpose. The Endowment presently contemplates also continuing the technical-assistance support provided through the IGA.

Little Theater of Bedford,  
Lawrence County (Gift III)





Building the PlayScape in Danville, Hendricks County (GIFT III)



Children's Learning Center, Mount Vernon, Posey County (GIFT IV)

## Additional Requirements

Each community foundation applying for grants in GIFT Phase V must meet the following criteria:

- ▶ It must have satisfactorily participated in GIFT Phase IV. Lilly Endowment reserves the right to determine whether a foundation's participation in Phase IV was satisfactory.
- ▶ It must be legally established as a community foundation in the state of Indiana and with the Internal Revenue Service. (An affiliate fund must apply through the community foundation with which it is affiliated.)
- ▶ It must have a board of directors or grants committee that broadly represents the county it serves.
- ▶ It must be able to demonstrate that financial controls and procedures are in place to safeguard and account for the community foundation's assets.
- ▶ It must complete the public support calculation form included with the Endowment's Community Foundation Bulletin No.14 on public charity status that accompanies these guidelines.

- ▶ It must be capable of implementing a viable asset-development program.
- ▶ A community foundation must have in place at least one, half-time, paid staff person with executive responsibilities and must have an office. An affiliate fund does not have to satisfy these staff and location requirements to be eligible, although the Endowment hopes that each affiliate will satisfy them in the near future.

## Qualifying Matching Gifts

Payment of grant funds by the Endowment is conditioned on raising the qualifying matching funds. The Endowment desires to encourage new, additional contributions from many community donors for the benefit of the residents of counties served by Indiana community foundations. Accordingly, no existing charitable endowments, trusts, private foundations, governmental funds, educational funds or other kinds of accounts already dedicated to charitable and/or public purposes that are transferred to a community foundation will qualify for matching support for GIFT Phase V. In addition, pass-through gifts do not qualify for matching.

Qualifying matching funds must consist of irrevocable contributions of cash or property (e.g. marketable securities, cash equivalents and real property), including the present value of irrevocable deferred gifts (such as charitable remainder trusts). Qualifying matching funds also include payments received during the GIFT Phase V challenge grant matching period on multiyear pledges (but not on irrevocable deferred gifts previously matched) executed on dates preceding the commencement of GIFT Phase V. A payment on a multiyear pledge executed during GIFT Phase V will be matched only if the payment is received during the GIFT Phase V matching period.

Contributions will be matched on the basis of their gift value as determined by applicable United States Department of Treasury regulations. No more than one-half of the qualifying matching funds raised may come from one source. The Endowment reserves the right to disqualify the inclusion of any matching gifts reported that do not comply or live up to the spirit of the GIFT initiative.

## Application Procedures

Eligible applicants must notify the Endowment of their intention to participate in GIFT Phase V by submitting the official application form to the Endowment no later than October 1, 2001. Completed applications, with the public support calculation form and any other attachments as required below, should be signed by both the executive director and board chairperson and addressed to Sallee Roach at Lilly Endowment, 2801 North Meridian Street, P.O. Box 88068, Indianapolis, Indiana 46208-0068. Any questions relating to the GIFT Phase V program should be directed to Jenny Kloer at IGA, 317/630-5200.

Note: If IGA does not have the GIFT financial survey reports (including number of donors, grants and so forth) and annual reports, if published, for the previous three years (or the years of existence if fewer than three years), a current list of names and addresses of foundation board members, and the most current year-end financial statements for a foundation, then these documents will need to be submitted to Lilly Endowment as attachments to the foundation's application. An incomplete application will not be processed.

## Technical Assistance

As with Phases I, II, III and IV and the "Taking Stock" program of the GIFT initiative, technical assistance will be available through the IGA, which will provide an annual calendar of programs and on-site visits for community foundations. Technical-assistance training will be available to all participants, including board members, staff and volunteers.





(On the cover)  
Jackson Township Volunteer Fire Dept.,  
Brown County (GIFT IV); Paramount  
Theatre Center, Anderson, Madison  
County (GIFT IV)