



# CAUSE CONNECTION

Connecting people who care to causes that matter

## What does it mean to be a good grantmaker?

Over the past several years, the Community Foundation has been focused on how we are using our discretionary grant funding to make an impact on increasing the quality of life for residents of the Lehigh Valley. In order to be informed on how we can best utilize this funding, we've entered into a three-year transitional phase in which we have employed multiple approaches to gathering data.



We have done research on the best-practices and trends in grantmaking on the national, regional, and local level, both within the community foundation industry and outside the industry. We've had and will continue to have a series of conversations with nonprofit partners and local stakeholders to understand needs and gaps within our local ecosystem.

Additionally, we looked internally to examine our place as a grantmaker within the Lehigh Valley and our own capacity for grantmaking and leadership. Through this internal and external scan, we have learned a lot – and we plan on learning more as we roll out several pilots and evaluate our progress over the next two years. As we move forward, we plan to share our insights with donors, nonprofits, and partners.



**“As a central vision, we do not want to simply react to the issues that impact our community, rather we aim to take a problem-solving approach for the root causes of these issues.”**

- Megan Briggs, Director of Community Investments

In order to do that effectively, we know that we must not work in isolation but that we must cultivate collaboration, empower partners, and enable the agency of a network to bring about systems change. To begin, we would like to share the main values that will guide our grantmaking efforts in the sections that follow.



## IN THE NEWS

### Community Foundation Honored by Bar Association of Lehigh County

The Bar Association of Lehigh County (BALC) honored the Lehigh Valley Community Foundation (LVCF) with its 2019 “Liberty Bell Award” at the Law Day Luncheon. “The Community Foundation was selected because it works hard every day to meet its mission,” said Ray Bridgeman, executive director, BALC. “LVCF promotes philanthropy in order to improve the quality of life in our region, to encourage collaboration among area philanthropists, and to serve as a source of information and expertise regarding charitable giving.” [More...](#)

### Community Foundation Invests \$100,000 to Increase Nonprofits' Effectiveness

LVCF is partnering with ten nonprofit organizations who have been selected to each receive a \$10,000 grant as part of the Nonprofit Effectiveness Pilot program, an investment in the future of the nonprofit sector. See which organizations are partners on the Community Foundation's website. [More...](#)

### Anne Reid Named to LVCF Board

Anne M. Reid, CPA, was recently named to LVCF's Board of Governors. Reid is associate vice president for finance at Moravian College in Bethlehem, Pa. She will serve on the Community Foundation's Finance and Audit Committees. [More...](#)



## Focus on funding through general operating support and multi-year grants.

As the recent study [The Financial Health of Philadelphia-Area Nonprofits](#) so perfectly stated, “In the nonprofit world, a dollar isn’t a dollar—it’s usually a dollar with lots of strings, costs and restrictions attached.” Restricted funding to program or project expenses imposes huge administrative burden and leaves organizations scraping to pay for critical functions like IT, finance and management, which are critical to the health of the institution.

Funders sometimes believe that they can have more “control” over their money if they restrict it to a specific program or project, but that, in reality just limits your conversations with nonprofit organizations to one very small piece of the organization’s overall work. It’s like talking about one wonderful day out of a very challenging

year. This does not give funders and nonprofits opportunities to develop genuine relationships. Some funders feel like they can’t “trust” nonprofits to use the dollars wisely so therefore restrict them, but this is worrisome. Funding general operating makes foundations be a better grantmaker, because you must truly know and trust the whole nonprofit that you are funding, not just the outcomes of one program, but that is what it means to be a responsible funder.

Of course, there are instances when program-focused funding makes the most sense based on a particular goal. In these cases, it’s important for us to thoughtfully understand why we are restricting the funding and make sure our restrictions are not impeding the work through dialogue with our grantees.

**“Overall, we prefer general operating and multi-year grants that allows us to more effectively partner with the organization to assist in achieving their mission. It’s the way to truly accomplish results in an industry that is tackling some of the hardest issues with very limited resources.” - Megan Briggs**

## We will build capacity through nonprofit effectiveness grants.

We realized that there were no dedicated funding streams available for nonprofit capacity building in the Lehigh Valley. We asked ourselves, how can we expect organizations to do quality work when they have literally no funding for internal infrastructure and strengthening?

On a national level, [funding for infrastructure accounted for less than 1% of total giving](#). Examples of how the lack of funding has negatively affected nonprofit organizations include the [state of nonprofit finances](#) and low [per-person spending on](#)

[professional development](#) in comparison to the for-profit sector. Because of this gap in funding and the negative impacts linked to it, we launched the nonprofit effectiveness pilot. This pilot currently is in its first grant cycle during 2019.

We are funding ten organizations for a variety of capacity building projects from implementing operational needs to developing earned income revenue streams. It has been exciting to see the innovative approaches and great progress that the grantees have already accomplished.

## We will invest in collective infrastructure.

Complex issues require complex solutions with multiple partners working together to better an entire system. Funders, nonprofits, and donors all agree that collaboration is needed in the sector, but yet, there is a lack of funding for tangible costs related to healthy collaboration. LVCF therefore is committed to funding infrastructure for collaborative initiatives.

Through our nonprofit effectiveness pilot, we have funded the Lehigh Valley Regional Homeless Advisory Board, a collaborative initiative that is working on strengthening a system of housing and homeless services. We plan to fund more collaborative projects in the future, too, because it’s not enough to strengthen individual organizations if we aren’t strengthening the links between

organizations. We also fund long-term partnerships through the [Synergy Fund](#), a jointly managed fund with the UWGLV. Through funding collective infrastructure, we are contributing to the sector making the needed shift towards systems-thinking, which will result in better outcomes for our community.

## What has this approach produced?

Instead of having conversations with grantees about how they can make their next proposal the most compelling, we are able to have conversations that allow us to truly learn the challenges that nonprofits are facing and be a part of the solution. An example of this in action is the work that we are doing through our Community of Practice for organizations that we have funded for a nonprofit effectiveness grant.

We are convening this group quarterly, focusing on the common challenges that organizations face and sharing solutions among one another to implement strategies that work in reality. We are becoming a part of the work and a part of the solution by using our strengths and perspective as a foundation, rather than being a passive observer.

This work is important to us, because our success as a funder is dependent upon the nonprofit sector, therefore we must choose to invest and be a part of the system in a way that will be most impactful for Lehigh Valley organizations. So far, we have received positive feedback from our grantees and we’ve seen real results already. We will look forward to sharing some of the data and key findings from the pilots we’ve launched over the upcoming months, and keeping you up-to-date about how we are moving toward our vision to be a good grantmaker.

### Ask Megan | Questions on LVCF Grantmaking



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