

2008 YAC Orientation



Branch County
community foundation
For **good.** For **ever.**

Estimated Time: 2 hours

The orientation introduces the concepts of philanthropy, endowment, non-profits and community foundations, grants, and provides an opportunity to demonstrate youth leadership.

Parents will be invited to attend. Waivers will be available for completion for parents that attend, and mailed to parents that do not attend.

Agenda

Welcome

Ice Breaker

What is Philanthropy?

What is a Nonprofit? What is a Community Foundation?

What is Leadership?

Nonprofit Board Roles & Responsibilities

What is the Youth Advisory Council?

What is an Endowment? Spending from an Endowment
Activity One

What is Grantmaking?
Activity Two

What is Fund Development?

Welcome

YAC president welcomes everyone to the first meeting of the year!

Ice Breaker / Introduction

Members participate in an ice breaker and/or introduce themselves to each other in some fashion.

What is Philanthropy?

Use Learning to Give: <http://www.learningtogive.org/lessons/unit323/> (9th-12th grades)
[“What is Philanthropy” video.]

What is a Nonprofit? What is a Community Foundation?

- Nonprofit Basics

The term ‘nonprofit’ does NOT mean the need to break even or lose money.

Registered corporation, or business, that operate like any other sort of business. They have bank accounts; own productive assets of all kinds; receive income from sales and other forms of activity, including donations and grants if they are successful at finding that sort of support; make and hold passive investments; employ staff; enter into contracts of all sorts; etc.

States regulate the forming of all businesses, including nonprofit corporations

“Nonprofit” is a generic term that refers to all organizations that are exempt from paying income taxes. The Internal Revenue Service (IRS) gets involved because corporations are, in general, required to pay federal corporate income taxes on their net earnings (surplus of revenue over expenses). Section 501 of the Internal Revenue Code lists several circumstances under which corporations are. Section 501(c)(3) describes what people usually refer to as “charities” that exist for the purpose of (1) serving charitable, religious, scientific or educational purposes, and where (2) no part of the income of which “inures to the benefit of” anyone---i.e. net revenue, or “profit” can’t benefit individual members of the organization (in the way stockholders get paid from income in a for-profit business).

- Community Foundation Basics [Hand out BCCF brochure]
 - Simplest terms: we help people give away money, and give away money to help people
 - Donors or the CF create funds that have different purposes
 - For Good. For Ever. Show how endowment grow [hand out sample spreadsheet]

What is Leadership?

What is Leadership? What are the characteristics of someone who you consider a leader?

[wait for responses]

The word leadership can refer to:

1. Those entities that perform one or more acts of leading.

2. The ability to affect human behavior so as to accomplish a mission.
3. Influencing a group of people to move towards its goal setting or goal achievement.

[Optional: leadership quiz]

Nonprofit Board Roles & Responsibilities

- Time, Talent, and Treasure
- Board Basics
 - Duty of Care / Loyalty / Obedience
 - Role of the Board and Individual Members
 - Role of the President
 - Purpose of Agendas
 - Motions: Making, Supporting, Voting
- YAC By-Laws/Operating Guidelines (Attendance)
- How to Run an Effective Meeting **[Handout]**

What is the Youth Advisory Council?

- Use BCCF brochure (YAC featured, inside middle section)
- History of MCFYP

How It All Began - History of MCFYP

In 1988, the Council of Michigan Foundations (CMF) and community foundation members developed a proposal to the W.K. Kellogg Foundation for the Michigan Community Foundations' Youth Project. Their efforts meant to do the following:

1. expand the areas served by community foundations in Michigan so that every citizen would have access to a philanthropic vehicle,
2. strengthen existing community foundations, and
3. involve youth in community foundations through the creation of Youth Advisory Committees.

To spearhead the effort, CMF received the help of the W.K. Kellogg Foundation and the Charles Stewart Mott Foundation—formidable advocates for community self-reliance and community foundations, and champions of youth. The Kellogg Foundation agreed to help seed the development of community foundations and, in the process, create a philanthropic training ground for youth.

A challenge was made: For every two dollars raised locally and placed in permanent endowment within a community foundation, the Kellogg Foundation pledged one dollar to build a youth fund—up to one million dollars for every participating community foundation. The Mott Foundation also issued a companion grant to provide startup support and technical assistance to emerging community foundations. As part of the challenge, each community foundation was required to form a Youth Advisory Committee (YAC)—made up of young people and adult mentors—to address local youth needs, assist in fund development activities and direct grantmaking toward youth programs.

In just a few short years, scores of Michigan communities responded to the challenge. Community foundations blanketed the state and *over 2,000 teens* got involved—the Michigan Community Foundations' Youth Project is a great success!

- Review Best Practices
- Summer Leadership Conference: June 17-21 (University of Michigan)

Endowment, Investment, and Spending (Grantmaking)

Activity One

Grantmaking

- Activity Two
- Two “grant cycles” each year (grant cycle = process of announcement, application, review, & award)
- Applications Due October 15 and February 15
- Hand out application packet
- November 9 Meeting we review the applications submitted in October.
 - Applications will be available on our website.
 - Review before meeting
 - Does anyone NOT have access to a computer and internet? (We will mail paper copies in that case.) Just no access to the internet? (We will mail a CD rom.)

What is Fund Development?

If you want to raise money, what are some things you can do?

[wait for responses]

If you want to add \$50,000 in three years, will any of those things work?

What else could you do to raise the \$50,000?

Fund raising – short-term; consists of lots of activities; raises community awareness; creates opportunities for involvement; superficial involvement from “donors”, seeks to access INCOME

Fund development – long-term; takes time; involves building close, personal relationships through creating mutual trust and understanding donor motivations; deep involvement from donors; seeks to access ASSETS

[During the year we will have a guest speaker to teach the basics of fund development.]

Activity One: Endowment, Investment, & Spending Policy

Materials Needed

Large, clear glass bowl

Large bag of various colored candy: yellow, blue, green

Instructions

Start with 20 - 30 yellow candies in a bowl to represent the WKKF/CMF Match

The donor comes and puts 10 blue candies next to the endowment.

“Broker” comes and puts 12 blue candies next to the endowment.

The investment manager *takes 1 of the BLUE* candies.

The BCCF rep *takes 2 of the BLUE* candies.

The BCCF rep takes 5 of the remaining blue candies and places them in the bowl.

The BCCF rep takes the other 4 blue candies and *exchanges* them for 4 green candies, placing the green candy on the table.

Participants Needed

- 1 Stock market rep (12 blue candy)
- 1 Donor (10 blue candy)
- 1 Investment Manger (to take blue candy)
- 1 BCCF Rep (4 green)

What to Say

Explain that the bowl is our *endowment*. It was started with a grant from the WK Kellogg Foundation. For every \$2 that we raised for the Community Foundation, Kellogg Foundation gave us \$1 to put in our Youth endowment.

Donors can add to our endowment. We are responsible for making sure people know about our fund so they can give to it.

The endowment is invested in the stock market. And the income from those investments goes into our endowment.

We pay investment managers for helping us invest the endowment, and we pay the Community Foundation to keep track of the accounting, pay for an audit, write checks to our grantees, get the grant evaluations from grantees, and help us run our meetings. Each year we keep a portion of the investment earning, so that the endowment grows.

We make grants from the rest of our earnings. When we look at grants we need to make sure that we are spending wisely.

We don't have to spend all of our money each year.

Activity Two: Grantmaking

Additional Materials Needed

Copy of a grant summary sheet with three grants listed for each YAC member.

Instructions

- Seat the review team in one area & the “Board” in another.
- Hand the green candies to the grant simulation team.
- Hand out the grant summary sheets to everyone.
- YAC “grant committee” reads through and discusses each grant, decides how many green candies each proposal receives.
- “Grant committee” goes to the Board and presents recommendations

Participants Needed

- 5 YAC members who’ve been through at least two grant cycles
- 5 members to serve as the BCCF Board

What to Say

YAC review applications in November and March.

We receive copies of each application and a grant summary sheet like this one.

After YAC decides on their recommendations, they present them to the Board for final approval.

After the requests are approved, the grantee is notified and can collect their money.