

The Art of Partnerships

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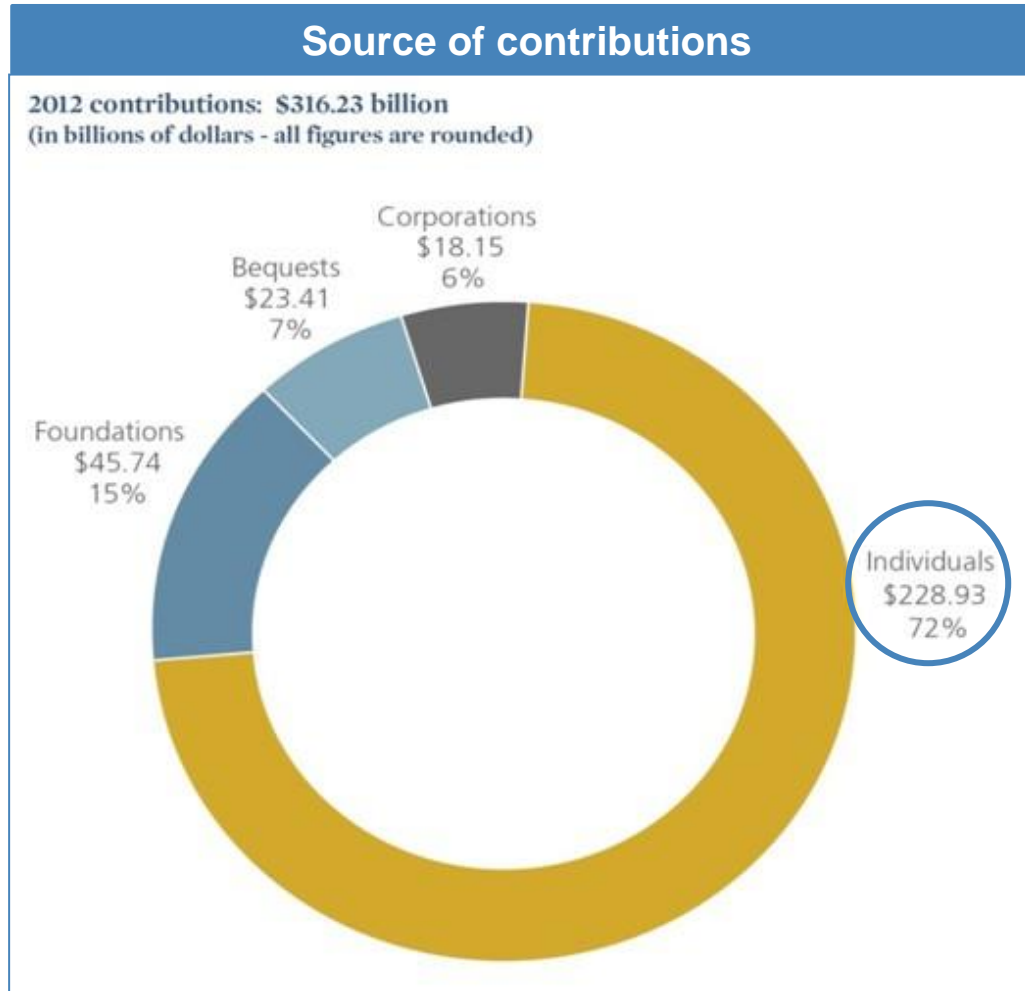
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Origins of resource mobilization for Latin American & the Caribbean



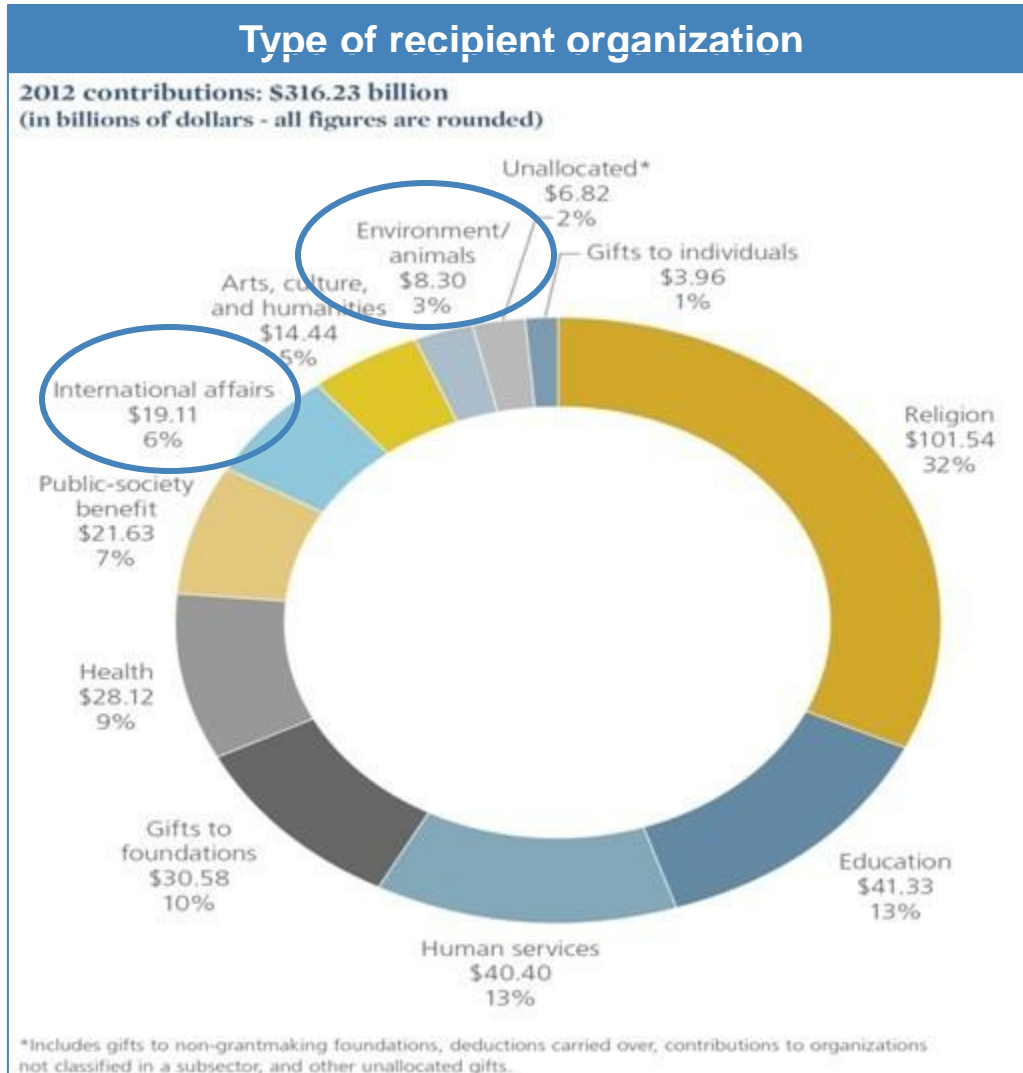
- The United States is the main mobilizing resource towards Latin America and the Caribbean
- Spain is the largest contributor from Europe (13%)
- Brazil's contribution accounts for 9% of total amount
- Private donors represent 11% of the total, behind cooperation agencies and non-profit organizations
- In 2010, the majority of resources were sent to Haiti

The majority of giving in the United States is by individuals



- Private contributions account for nearly 90% of all giving
- Foundations received approximately \$30B from individuals
- Family foundations represent 46.2% of total giving by all foundations

Religion and education continue to receive the most support in the US

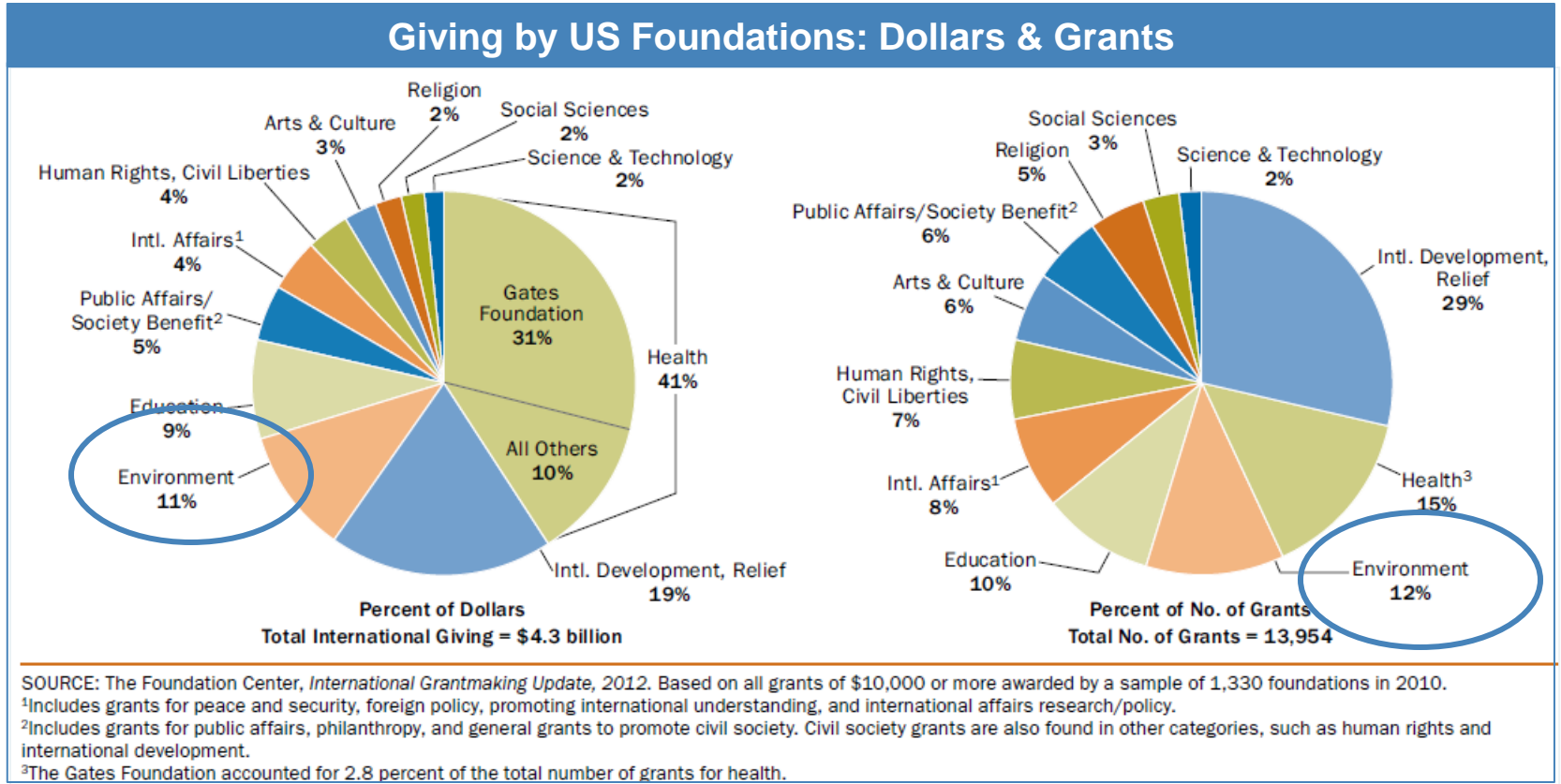


- People give to what they know:
 - Place of worship
 - Alma mater
 - Local community
- Charitable giving to the environment and animal organizations increased 6.8% from 2011 and 2012
- Giving to international affairs grew 12.1% between 2010 and 2012

Top 15 US foundations by international giving, 2010

Rank	Foundation	Amount to Int'l Grants	No. of Int'l Grants
1	Bill & Melina Gates Foundation	\$1,646,624,977	553
2	Ford Foundation	\$198,452,178	821
3	Walton Family Foundation	\$129,977,488	19
4	William and Flora Hewlett Foundation, Inc.	\$106,189,687	155
5	Susan Thompson Buffett Foundation	\$97,161,526	45
6	David and Lucile Packard Foundation	\$94,265,821	174
7	John D. and Catherine T. MacArthur Foundation	\$77,952,559	231
8	Rockefeller Foundation	\$75,096,381	213
9	Bloomberg Family Foundation	\$74,451,041	8
10	Howard G. Buffett Foundation	\$62,832,857	69
11	Gordon and Betty Moore Foundation	\$46,225,737	91
12	Andrew W. Mellon Foundation	\$41,519,186	129
13	McKnight Foundation	\$40,993,000	100
14	Carnegie Corporation of New York	\$39,958,100	93
15	Silicon Valley Community Foundation	\$33,245,421	406

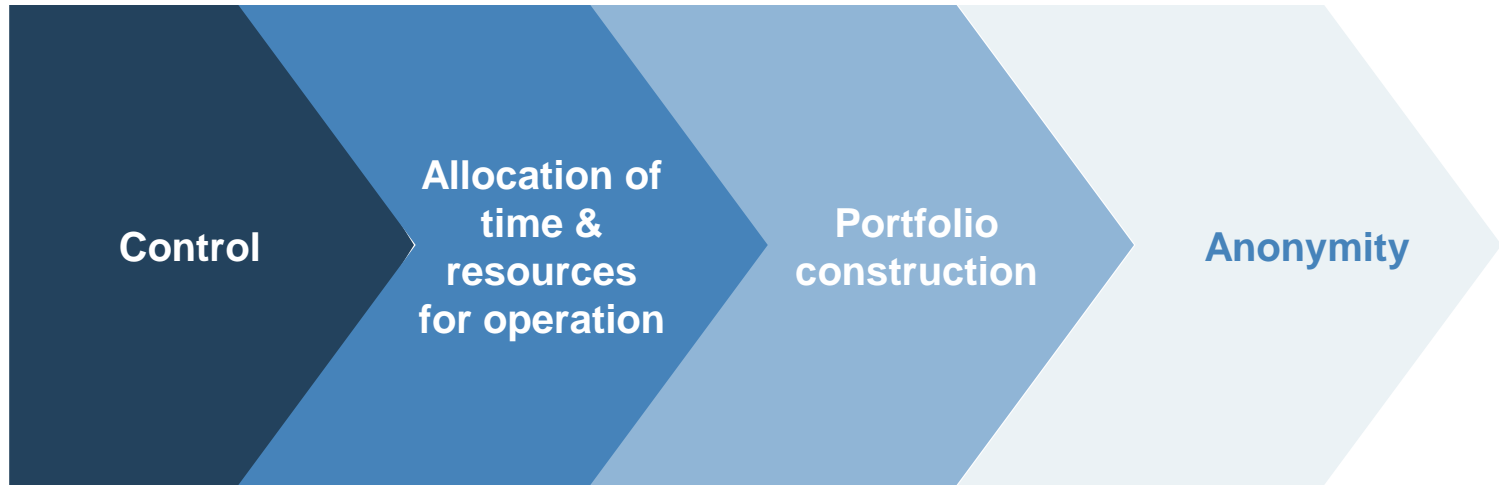
International giving by U.S. Foundations, 2010



Top U.S. foundations awarding grants for the environment, 2011

Foundation	Total dollars awarded	Number of grants
1. Gordon and Betty Moore Foundation	\$111,038,725	197
2. The David and Lucile Packard Foundation	\$102,714,336	148
3. Walton Family Foundation, Inc.	\$65,704,627	81
4. The William and Flora Hewlett Foundation	\$44,554,469	98
5. Sea Change Foundation	\$40,149,911	41
6. The Rockefeller Foundation	\$34,194,821	79
7. Richard King Mellon Foundation	\$28,290,000	36
8. Robertson Foundation	\$26,142,000	14
9. Ford Foundation	\$21,746,771	99
10. The John D. and Catherine T. MacArthur Foundation	\$21,169,500	56
11. The Marisla Foundation	\$20,855,000	163
12. The Kresge Foundation	\$20,796,000	62
13. Silicon Valley Community Foundation	\$20,627,323	179
14. The Kendeda Fund	\$19,988,000	79
15. The Oak Foundation U.S.A.	\$19,935,664	35

Issues we often tackle with clients



1. Control

Considerations

- Definition of “family” (spouses, step-children, etc.)
- Board level of control
- “Worst case scenario” plan
- Defining priorities for giving

2. Allocation of time and resources

Considerations

- Fundraising vs. endowment
- Link to family business
- Rules for family member participation
- Balancing expectations among family members with different levels of availability
- Hiring family members or seasoned professionals
- Staff-driven process versus family-driven process

Private foundations may include one of the following core positions

Executive Director / CEO

- Manage overall relationship with Board
- Responsible for development of giving strategy in coordination with Board
- Oversee administrative and investment management functions
- Serve as senior public face of foundation
- Generally an experienced nonprofit or foundation executive with background in management and program development

Program Directors / Senior Program Officers

- Manage day-to-day implementation of giving strategy
- Build knowledge, network and expertise in foundation's areas of interest
- Conduct all due diligence and negotiates terms of projects
- Craft grant recommendations for Board approval
- Coordinate communication and interface with grantees and other external parties to ensure that the foundation's funding priorities and purpose is clearly understood
- Generally 3-10 year background in the nonprofit sector and graduate degree in relevant field

Fundraising organization vs. endowment organization

Fundraising

- Staff requirements for solicitations
- Fundraising in the US may require a US-based entity, such as a public charity
 - Start-up and ongoing costs (time, legal, filing, taxes, etc)
 - Local presence
 - Cultivation of US donors
 - Donor advised fund option
- Time commitment can be high for principals

Endowment

- Offshore options may be explored
- Create a lasting family legacy
- Build brand recognition for the cause
- More defined long-term planning
- Investment for long-term growth and impact
- Can make it a time limited plan

3. Portfolio construction

Considerations

- Balancing risk & return
- Going beyond traditional investments (e.g. impact investing)

Negative Screening

- Values based / faith based investing
- Avoid investing in companies whose products and business practices are harmful to individuals, communities, or the environment
- Exclusionary screens of sector, industries, or products (i.e. the “sin” sectors – e.g. alcohol, tobacco, armaments, pornography, or gambling)

ESG Factor Research

- The incorporation of environmental, social, and governance factors into investment analysis and portfolio construction
- Proactive investment discipline; comparative evaluation / ranking
- Ongoing due diligence of commitment to ESG
- Materiality of social factors can lead to enhanced returns

Impact Investing

- Direct capital to underserved communities which provides financial services to low-income individuals, small businesses and vital community services
- Investments in funds that have specific mission investing
- Venture investments like renewable energy or health initiatives

4. Anonymity

Considerations

- Security
- Public exposure for children
- Shifting dynamics with friends and charities
- Receiving unsolicited proposals

Steps that may be taken

- Consider the name of the foundation before it is established
- Create a buffer system
 - The address of record matters
 - Leverage advisors
- Provide rules of engagement early among family members
- Use donor advised funds strategically

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