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**CHANGE, NOT CHARITY:  
THE STORY OF  
THE FUNDING EXCHANGE**

A Pioneer in Social  
Justice Philanthropy

By Theodora Lurie  
Foreword by Richard Burns



Photo Courtesy of Liberty Hill Foundation.

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Photo Courtesy of McKenzie River Gathering Foundation.

## FOREWORD

When the Funding Exchange (FEX) decided to cease operations at the end of 2012, the board agreed that one key task would be to document the history of this pioneering organization that spanned more than three decades. They knew there would be useful lessons to glean from an honest exploration of FEX's rich and complex story.

Founded in 1979, FEX was a national membership organization of local and regional social justice foundations. It began as a partnership of donors and activists who wanted to create a financial platform for social change by organizing people with wealth to give money for grantmaking that would be determined by community activists. This was something new, even radical, at the time. Through the years, FEX provided critical early support to emerging grassroots organizations and progressive movements considered too untested and risky by most foundations.

The Funding Exchange's influence and impact far surpassed the amount of resources it brought to its work. This is all the more remarkable considering that the young, idealistic founders had little previous experience with organized philanthropy. They just knew they wanted to do things differently.

In fact, FEX played a leading role in promoting and practicing an alternative approach to philanthropy, perhaps best represented by the model it created of involving community activists in grantmaking decisions. As a movement that set ambitious social change goals—and sought to work across race, gender, and class—FEX achieved some notable successes. It also grappled with its share of problems, particularly internal tensions and a failure to engage new donors, which in later years made it difficult to sustain the network.

This story examines FEX's unique contributions and impact, as well as the internal struggles the network experienced—all of which yielded



*FEX's unique contributions and impact—as well as the internal struggles the network experienced—yielded lessons that have practical relevance for today's social activists, philanthropists, and foundations.*

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The national office had wound down most of its programming by the time work on this history began. The information, recollections, reflections, and observations presented here are drawn from the author's review of FEX background materials and numerous files, external research and—above all—the 28 in-depth interviews she conducted. The people interviewed include direct participants in the story—founders, former staff and grantees, donors, current and former board members, and executive directors of FEX member funds—as well as outside activists and observers who interacted in one way or another with the Funding Exchange.

There are those who think that the end of FEX represents a natural evolution in philanthropy and activism. Times have changed, technology has encouraged new kinds of connections and networks, and the increase in social justice

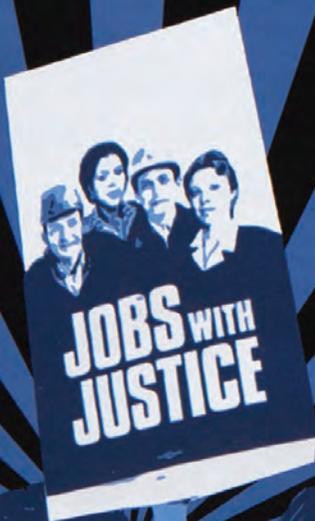
giving at other foundations, as well as the growth of huge donor-advised fund programs at investment banks, made FEX less relevant. Others contend that internal power struggles and distrust, exacerbated by declining revenues, led to the network's demise when it still had an opportunity to play a constructive role in advancing progressive movements.

Both conclusions may be accurate. This history acknowledges the courage and commitment of the people who were part of the Funding Exchange, while also sharing the most instructive aspects of this trailblazing experiment. The 16 regional foundations around the country that governed the Funding Exchange will continue their critical work independently. Their profiles, featured at the end of this history, illustrate the innovative ways in which they are making a difference in their communities and beyond.

— RICHARD BURNS, FUNDING EXCHANGE  
EXECUTIVE CONSULTANT

# BUILDING WORKING CLASS POWER

IT'S OUR  
MOVEMENT



# CHANGE, NOT CHARITY: THE STORY OF THE FUNDING EXCHANGE

## INTRODUCTION

**This is not the history of a single foundation. It is the story of a movement to reshape philanthropy and to build a community of foundations that shared this mission.**

The Funding Exchange (FEX) had a somewhat complex organizational structure. It was a national network of autonomous local public foundations, with an umbrella office in New York City that became a grantmaking entity in its own right. When it began in 1979, FEX represented a new approach to philanthropy that reflected the political ideals of its founders: wealthy young activists who had a “change, not charity” vision of how they felt their money could make a difference. That vision inspired a generation of progressive philanthropists and led to the creation of alternative local foundations across the United States that sought to redefine the power dynamics of giving. FEX expanded the number of these foundations and loosely linked them around its national office. This network provided critical seed support to grassroots groups and social movements that other philanthropies considered too new, risky, or controversial, many of which went on to achieve significant impact.

But as much as FEX accomplished as a pioneering funder and effective early advocate of what has come to be known as social justice philanthropy, its own story shifted through the years. It became a story about the value of creating a national network, the challenges of sustaining it, and the multiple problems that gradually frayed relationships and led to the network’s eventual dissolution.

With a history as long and complicated as that of the Funding Exchange, it is not surprising that a number of key players have different opinions about what worked well and what worked less well. The range of views included in this story reflects that reality. “There is no single master narrative about the Funding Exchange,” says Casey Cook, executive director of Bread & Roses Community Fund and chair of the FEX board. “There were differences within the network from the start, and they grew more divisive through the years. But we were all committed to building something new that would expand support for social justice work.”

While this chronicle spans the more than three decades of the Funding Exchange’s existence, it is not intended to be a comprehensive documentation of the many projects FEX supported or the innumerable people whose paths crossed with the network in meaningful ways. The purpose of this enterprise is to share key aspects of FEX’s history that might be useful to social activists, individual philanthropists, foundation professionals, and philanthropy scholars.

The Funding Exchange is widely credited with helping to promote a new philanthropic model — one that is more inclusive, democratic, and focused on systemic social change. Several people interviewed described it as a “beautiful experiment.” FEX did and was all those things. Perhaps, however, the Funding Exchange is best understood as an ambitious effort to forge new paths that was both successful and flawed. Looking back on the experience, former FEX board member Lillian Jimenez offered this apt reflection: “It could be frustrating as hell, vexing as hell. But, damn, did we really struggle hard to create new models.”

*The trajectory of the original donors from privileged upbringing to social change activists to activist-philanthropists is the core of FEX's founding story.*



## BEGINNINGS

The story of the Funding Exchange really begins with the political activism of the 1960's, which shaped the ideals of a generation of young people who participated in the major struggles of the time: the civil rights movement, the movement against the Vietnam War, the women's movement, and the early anti-poverty organizing efforts in urban and rural communities.

For the donors with inherited wealth who started the first alternative funds that later joined together in a national network, it was their involvement in these movements that set them on a new path. Their trajectory from privileged upbringing to social change activists to activist-philanthropists is the core of FEX's founding story.

One of the founders most influential in promoting a new approach to philanthropy was George Pillsbury. His pioneering role built on a long family tradition of civic engagement, which his parents—moderate Republicans—

had continued and expanded. Pillsbury's father, George Sturgis Pillsbury—the great-grandson of a former mayor of Minneapolis and grandson of the founder of the Pillsbury Company—was a socially concerned businessman and a Minnesota state senator. His mother, Sally Whitney Pillsbury, an influential political fundraiser, was involved in a range of community affairs. Both were major forces in Minnesota's Republican Party.

Pillsbury's parents contributed generously to local cultural institutions and charities. As a youth, he often accompanied his mother on her door-to-door political canvassing. But his first 18 years were lived mainly in "an environment of private schools and debutante parties," which shielded him from the profound disparities in this country. His first real exposure to that reality came when he attended Yale University and had direct contact with New Haven's inner-city poverty. As he once told an interviewer: "Seeing a housing project was a radicalizing experience."



Photo Courtesy of Headwaters Foundation for Justice.

“It was such a contrast to the life I had known,” he now says. “I didn’t want to live in a world with such extreme inequality, and I decided to be part of the effort to bring change.”

At Yale, Pillsbury sought a way to support, anonymously, the organizing efforts in New Haven’s inner city, particularly the community work of the Black Panther Party. Since there was no organization through which he could make an anonymous contribution, he left a brown paper bag with \$200 in cash outside the door of their headquarters. Eventually, he went there in person and became a volunteer, helping to set up a free health clinic and lending a car for use in their prison busing program. While at Yale, he also became involved in the anti-Vietnam War and women’s movements on campus.

Pillsbury’s activism continued when he moved to Cambridge, Mass., in the early 1970s. He took a job as a tax preparer at H&R Block, in part to learn how to manage his own money.

But in casting about for social activist activity, he discovered that he could use his tax-preparation skills to provide much-needed free services to low-income people. He connected with a community organizing group in Boston called Mass Fair Share, which was looking for volunteers for its tax clinic. This hands-on experience convinced Pillsbury of the power of direct organizing to help improve people’s lives. But he still kept a low public profile about his wealth.

### The Circle Widens

It was at this time that he learned about Obie Benz, a former campus activist and recent graduate of Middlebury College, who had used his inheritance from his family’s Sunbeam Bread fortune to start the Vanguard Foundation in San Francisco. Pillsbury’s mother met Benz at a philanthropic conference in Minneapolis. The 22-year old with a ponytail and sneakers stood out, and Sally Pillsbury was curious to

## BEGINNINGS

know more about him. Benz explained that he and some friends had created a new kind of community-based foundation dedicated to promoting social change through support of grassroots activism. Recalling years later the genesis of Vanguard in 1971, Benz notes: “We were all in our early 20’s and had just inherited money and felt a moral obligation to use it for the common good. Since it wasn’t a huge amount of money and we didn’t want to be personally involved in giving it away, we created a mechanism that would allow us to collectivize this responsibility.”

Pillsbury was already exploring the idea of an alternative approach to philanthropy, and here was someone with a similar background who had taken the next step and developed a new model. “I thought, wow, this is really interesting. I hadn’t yet connected with my peers around money and giving.” Pillsbury flew to San

Francisco, met Benz and Anne Hess, another young activist with inherited wealth (her great-grandfather was Julius Rosenwald, an early partner of Sears, Roebuck and Company), who was working with Vanguard at the time. He also connected with David Hunter, a leading proponent of social change philanthropy, who was executive director of the Stern Fund (founded by Anne Hess’s grandparents).

Hunter would become a guiding mentor to the young activist-philanthropists who created the first alternative community foundations. He helped organize a meeting with Pillsbury, the Vanguard Foundation founders, and some young wealthy individuals who had been major donors to the 1972 McGovern campaign and were now exploring what else they could do. “It was the first time we were able to talk about the personal issues related to being political activists with inherited money, and how public or anonymous we wanted to be in giving our money away,” says Pillsbury. “Back then, no one felt comfortable being that public. We were activists and wanted to be seen that way, rather than being known for having money. And most people were getting a lot of conservative advice from their families and tax attorneys.”

In effect, this first meeting of young progressive activists with inherited wealth inspired the subsequent conferences organized by Pillsbury, Benz, and colleagues that would bring together other wealthy young people grappling with the same issues. These gatherings, which helped guide participants towards social change philanthropy, led to a blossoming of alternative funds. Thus, the seeds for the Funding Exchange were planted. ●

Injustice anywhere is a threat to justice everywhere.

*Martin Luther King, Jr.*

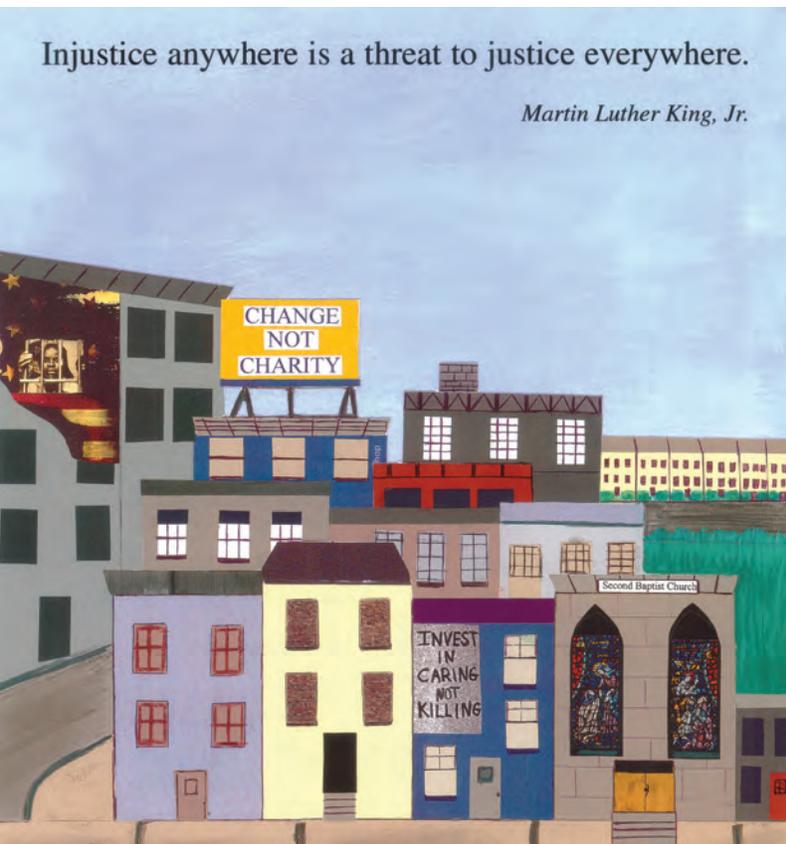


Photo Courtesy of Bread & Roses Community Fund.



Photo Courtesy of Liberty Hill Foundation.

## SHIFTING THE POWER DYNAMICS OF GIVING: THE FIRST ALTERNATIVE FUNDS

In 1974, inspired by the Vanguard Foundation, George Pillsbury and a group of his friends pooled their money to start the Haymarket People's Fund in Boston. Pillsbury and another founding donor, David Crocker, worked at the organization for its first few years. In 1976, Pillsbury's sister Sarah helped establish Liberty Hill Foundation, a community-based fund in Los Angeles.

These early founders wanted to create an alternative to the prevailing model of philanthropy, which they felt was not addressing the issues they cared about and was structured in a way that excluded the voices of communities most in need of support. They saw their mission as the redistribution of wealth, and the method they chose was as radical at the time as the goals they wanted to achieve. They were committed not only to giving away money but also to relinquishing or sharing control over the grantmaking it would support. They set out to shift the power dynamics that had characterized traditional charitable giving.

"We couldn't move forward with social change philanthropy and have the donors make all the decisions," Pillsbury says. "We felt that if you're going to be involved in social change, then part of that is building power and leadership, so it was important to involve community activists in the process itself."

There was also a practical rationale for this approach. Local grassroots leaders usually are best positioned to identify where and how foundation support can most effectively advance community-based work. And the participatory funding model was not totally new. Pillsbury had been familiar with two examples that helped inform Haymarket's structure: the community-based funding practiced by certain progressive church groups and the work of Bread & Roses Community Fund (known at the time as The People's Fund), a Philadelphia-based foundation created in 1971 and led by social activists.

## SHIFTING THE POWER DYNAMICS OF GIVING: THE FIRST ALTERNATIVE FUNDS



Photo Courtesy of North Star Fund.

However, the deliberate decision by Pillsbury and other early donors from this group to have little or no say in where their contributions were directed took this model a step further. Community activist-advised grantmaking would become the distinguishing characteristic of the Funding Exchange. [See *Activist-Advised Grantmaking: Reflections* pg. 54]

The young donors were unique not only in how they envisioned their grantmaking role, but also in their commitment to expand support for social change philanthropy. They were activists who saw fundraising and engaging their wealthy friends and family in this endeavor as an important part of their political work. “That’s what really built the Funding Exchange,” says June Makela, who joined FEX as its first executive director in 1980. “They built this movement.”

As Pillsbury recalls: “We were funding community organizing, but we were doing organizing ourselves. My first vision of Haymarket was movement-building, going from city to city to organize people like myself who had access to inherited wealth and the same kinds of political goals and wanted to do something good with their money.”

*The founders saw their mission as the redistribution of wealth, and the method they chose was as radical at the time as the goals they wanted to achieve.*

In reaching out to their peers, Pillsbury, Benz and others conveyed a simple message: rather than reject their wealth, they had a responsibility to use it as a tool to support social change. In effect, these donor-activists were funding organizations that challenged the very notion that this kind of wealth and inequality should exist—a commitment that many other philanthropists would have seen as acting against their own self-interest.

“At the time that was kind of revolutionary,” notes Mary Tiseo, executive director of South Africa Partners and a former FEX board member. “And this is probably the Funding Exchange’s greatest legacy: It offered the opportunity for individuals with wealth to become part of the solution, rather than being part of the problem.” ●

HAYMARKET PEOPLE'S FUND

DECADE OF SOCIAL CHANGE  
1974-1984



25 WEST STREET 5th FLOOR BOSTON MASSACHUSETTS 02111

Poster Courtesy of Haymarket People's Fund.

# INTERNATIONAL Herald Tribune

Published with The New York Times and The Washington Post

PARIS, WEDNESDAY, APRIL 14, 1976

## Young and Rich Americans Set Giving Pattern

By Susan Heller Anderson

PARIS, April 13 (AP)—Philanthropy has changed since John D. Rockefeller doled out dimes to kids on the streets of New York.

BY DICK DAHL



Born of Sixties ideals and inherited wealth, the Headwaters Fund provides venture capital to the politically underprivileged.

## Philanthropy's New Breed

AMERICA IS SUCH A STRANGE, strange land. That's what Cher Yang felt when he returned to the United States to refuge

the co-op has received financial assist-

## Changing Styles in the World of Philanthropy

THE NEW YORK TIMES, SUNDAY, JULY 23, 1978

Continued from Page 3  
among its social projects, it has financed an urban gardening program for unemployed workers in Detroit, a

their contemporaries are looking for a job.  
One solution, devised by young people in Boston, southern California and

of more than \$60 million. The \$8 million foundation makes gifts only to New York City, largely because Brooke



## REBELS WITH A CASH FLOW

Sudden riches have created a problem of conscience for America's young "brand name" heirs. A Pillsbury scion now teaches them how to give away dough.

The New York Times

FRIDAY, MARCH 4, 1977

## Reluctantly Wealthy, They Fund Radical Groups

Cambridge, Mass.—David Crocker had to spend a good deal of time in court to win a suit for the "malingering state," and he didn't particularly want to be.

For his money makes you different from your friends. You don't have to have a job, you have to explain why you have a job. It makes you feel guilty.

Other New England states, which are made up of local community activists. The local boards have the final say as to which groups get funds.

For his money's donors, who include the heirs of fortunes from Sears, Roebuck, DeWitt and T.B.V. the fund has

## The Washington Post

© 1978 The Washington Post Co.

MONDAY, MAY 15, 1978

## Advice for Young Heirs: 'Robin Hood Was Right'

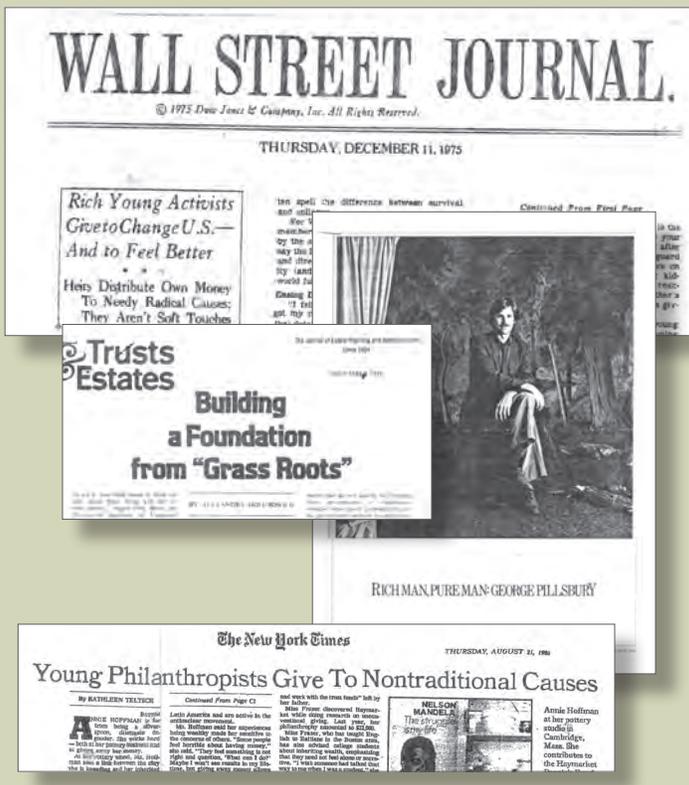
## THE PHILANTHROPIC ENVIRONMENT

To fully grasp the degree to which this approach represented a radical departure from traditional philanthropy, it is helpful to look at the charitable landscape at the time. In the early 1970s, there were only a few small private foundations—and two public foundations—that supported grassroots social justice movements, the best known of which were the Stern Fund, New World Foundation, Field Foundation, Norman Foundation, Taconic Foundation, the John Hay Whitney Foundation, Bread & Roses Community Fund, and RESIST, a Boston-based public foundation created in 1967. Community foundations at the time tended to be more staid institutions. Many were started by local wealthy people and provided mostly "establishment" funding, such as support for local symphonies and hospitals.

In the late 1960s and early 70s, the Ford Foundation funded the creation of several civil rights organizations as well as public interest law groups that focused on litigation, such as the Mexican American Legal Defense and Education Fund. But most of the large private foundations were not supporting the kind of community-

based groups that received their first grants from the new alternative funds. And grantmaking was still firmly in the hands of foundation insiders. The language of social justice philanthropy did not figure in the mainstream philanthropic discourse. Those foundations that sought to promote change defined it mostly in terms of "inside Beltway" policy change, not grassroots organizing. Today, social justice is a much more acceptable—and, in fact, widely used—frame for grantmaking, but the field began to adopt it more broadly only in the late 1990s. By that time, several new foundations had emerged that focused on women's or LGBT issues, and a growing number of progressive grantmakers around the country were supporting social and economic justice projects.

The early efforts of the young activist donors to share their vision with the broader philanthropic community did not immediately get traction. Obie Benz began attending the national conferences of the Council on Foundations (COF) in 1971, the year he created Vanguard. "I felt it was important to make our voices



*“It was important to make our voices heard, because our goal was to spread the word broadly. It was our responsibility to try to influence the larger, wealthier foundations.” — OBIE BENZ*

heard, because our goal was to spread the word broadly,” he says. “We were giving away much less money than everyone else there, but since we had some status we were in a position to speak at a parallel level. It was our responsibility to try to influence the larger, wealthier foundations.”

Benz recalls the other conference participants in the early 1970s as mostly men in suits. There was very little of the diversity that began to transform COF conferences a decade later. However, the Association of Black Foundation Executives, a small working group created in 1971, was already challenging the COF to include black philanthropy professionals on its board, to promote greater diversity within the field, and to increase attention to grantmaking that would provide opportunities in low-income black communities. Benz and his team from Vanguard added their voices to the push for change. They urged fellow funders to consider the value of supporting grassroots advocacy groups that were addressing systemic problems. “We were tolerated in the beginning,” he says. “We spoke up at all the meetings. Every time we raised our hands, people would take a deep

breath, because we would say things like: ‘We’re not sure how a grant to an academic in Native American studies will really help American Indians. Why don’t you just give a grant to them directly so they can help themselves?’”

Benz encouraged Pillsbury and other young progressive donors to start attending the Council on Foundations conferences. Some were wary of interacting with people they felt did not share their politics or their grassroots approach to grantmaking. But a group did gather at the 1975 conference in Chicago. “It was an opportunity for all of us to get together in one place,” says Benz. “We realized that there was an important cross-pollination that occurred when we saw each other, which broke the isolation of working in our separate communities.”

They also connected at that time with representatives from Bread & Roses Community Fund. Unlike the Haymarket People’s Fund and Vanguard Foundation, this community fund was not founded by wealthy activists. As a public charity that raised money from multiple sources, it was seen as belonging to a different category than the more mainstream grantmaking foundations that were members of the COF.

While heirs like Benz and Pillsbury were welcome to participate, representatives from Bread & Roses Community Fund were not allowed to register for the conference. Michael Seltzer, who was co-director of Bread & Roses at the time, recalls: “We organized our allies in those foundations that were Council members to lobby for our admission, and it became a kind of cause célèbre at the conference. The COF president relented—we still could not register, but we were allowed to attend as guests. That was one of the early occasions where we came together in common cause.”

In a plenary address that sparked some controversy, David Hunter from the Stern Fund urged the field to be bolder in analyzing and addressing societal problems: “Not enough foundations are close enough to critical and fundamental issues of our society, or active enough on them,” he said. “They are too distant from the controversies that pervade our public discourse: not political enough, if you will.” He encouraged his colleagues to ask fundamental questions about “how power is distributed in our society, how it is achieved and maintained, and for whose benefit it is used.” He appealed to foundations to “be more yeasty, to make more ferment, produce more action for social change.”

By 1976, there were small signs of growing interest. Obie Benz was invited to join the Council on Foundations board—at age 27, the youngest board member by more than a decade—and within a few years membership was opened to grantmaking public foundations like Bread & Roses Community Fund. A conversation had begun. While it was still too early to see its impact on philanthropy more generally, people were taking note of what were being called the “alternative community foundations” and their experiment with involving community activists in grantmaking decisions.

In 1977 the Vanguard Foundation published *Robin Hood Was Right: A Guide to Giving Your Money for Social Change*, which sold 20,000 copies, mostly by word of mouth (A revised and expanded version was re-issued by the Funding Exchange in 2000). To promote the new publication, George Pillsbury and other donors who previously had kept a low profile went public. A flurry of media attention, including articles in major national outlets and an appearance on the Phil Donahue Show, began to make small ripples in the philanthropic community. “Suddenly we had more credibility,” Pillsbury recalls. “Family foundations began to help us recruit the younger generation of donors so they could learn about progressive philanthropy.” At the 1978 Council on Foundations conference, a group of alternative funds held a “New Faces in Philanthropy” breakfast to share their process, projects, and progress. More than 100 foundation representatives attended. Janet Axelrod, of the Haymarket People’s Fund, noted at the time: “We are finally being taken seriously.”

By 1979, six alternative community foundations were operating in different parts of the country: In addition to Haymarket People’s Fund, Liberty Hill, and Vanguard—by then known as the Vanguard Public Foundation—there were two more: North Star Fund in New York, co-founded by Toby D’Oench, who spent a year interning at Vanguard, and McKenzie River Gathering Foundation in Portland, Ore., whose founding



Photo Courtesy of McKenzie River Gathering Foundation.



The Phil Donahue Show, 1980. (l-r) Patricia Silver, Leslie Brockelbank, Annie Hoffman, George Pillsbury. Photo Courtesy of George Pillsbury.

donors were Leslie Brockelbank and Charles Gray. Affiliated with this group was the already-established Bread & Roses Community Fund in Philadelphia, which relied on contributions from a broad base of individual donors with diverse income levels.

In 1979, the National Committee on Responsive Philanthropy (NCRP) put out a report that was covered in *The New York Times* and discussed in foundation sector publications. Among the findings: most of the more than \$35 billion in annual giving from foundations and charities over the preceding two years had gone to “tried and true organizations, such as the Boy Scouts, major hospitals, universities and museums.” Three other reports released around the same time, which looked at the grants of foundations in Chicago, San Francisco, and Washington, reaffirmed this trend. The vast majority of grants went to large institutions, with a very small percentage directed to “nontraditional” organizations such as community-based groups that addressed social issues.

Robert Bothwell, NCRP’s executive director at the time, noted: “If you look back at the four or five major social action and public interest movements in this country during the last decade—the civil rights movement, the women’s movement, the environment, older Americans, and other ethnic activist movements—you’ll find [charitable] funding of such organizations by and large negligible.... There are 26,000 philanthropic organizations in this country... but what we’ve seen is that philanthropy today still continues to fund traditional organizations far beyond their useful life. Parts of what the Ford Foundation, the Rockefeller Foundation, the Carnegie Foundation have done are really terrific, but even these devoted a very small percentage to nontraditional organizations.”

The NCRP report suggested that foundations could become a source of support for groups addressing critical social issues, for alternative approaches to problems still too new or untested to receive government funding, and for supporting community organizations that had active citizen involvement. ●



Gathering of Progressive Donors, 1975. Photo Courtesy of Obie Benz.

## EXPANDING THE MOVEMENT: DONOR ENGAGEMENT AND EDUCATION

*"In many American families, money is more taboo than sex. Yet, if we wish, we can learn to see our money as a useful tool, and put it to work to produce the world we'd like to live in. One of our major stumbling blocks is the awkward silence surrounding money. Breaking that silence is what we want to address."*

— FROM THE INTRODUCTION TO THE ORIGINAL VERSION OF *ROBIN HOOD WAS RIGHT*

While the publication of *Robin Hood Was Right* and subsequent media coverage helped put the new alternative funds on the philanthropic map, the direct outreach to other wealthy individuals proved particularly critical in expanding this movement. Pillsbury and others worked with David Hunter to organize gatherings that brought together progressive young people with inherited wealth to explore how they could use their money effectively to promote the social causes they cared about.

"The timing was right," says Pillsbury. "There were other people out there who were part of grassroots social movements and who also had money, but were under the radar."

For many participants whose families had taught them never to discuss their privileged status, and who in some cases had kept their wealth hidden while engaging in social activism, the opportunity to talk openly about these issues in a supportive environment was a transformative experience. It broke the isolation many had felt and helped point them towards a way of aligning their money with their political ideals.

The gatherings, which in the northeast were known as the Haymarket Wealth Conferences, continued through the 1990s and were replicated across the country by the local foundations that became part of the Funding Exchange network. "A lot of donors got their start with really dealing with their money and their privilege

by going to Haymarket's Wealth Conferences. It was a huge part of moving individuals into more of a community, to lessen their isolation around their money, and for many of them to stop running from it," says Hez Norton, former executive director of Resource Generation, an organization that provides resources and guidance to today's young progressive philanthropists.

## Women with Wealth Conferences

Some of the retreats included men and women and some were just for women. The Women with Wealth conferences had a particularly profound impact, in part because women often experienced more barriers to taking control of their finances and, in some cases, greater personal conflicts related to their privileged position. Cathy Raphael, former board chair of the Ms. Foundation for Women, a FEX board member and longtime donor to the Three Rivers Community Fund, attended a number of gatherings organized by Haymarket and other member funds.

*The wealth conferences were transformative. They broke the isolation participants had felt and helped point them towards a way of aligning their money with their political ideals.*

"My first experience of going to a Women with Wealth conference really changed my life," says Raphael, whose grandfather started the businesses that grew into industrial giant and defense contractor Rockwell International. "I had been kind of lost by myself in Pittsburgh. I hardly knew anybody who was a progressive, much less a philanthropist. So it was so huge for me just to have a conversation about feeling trapped by the structure that I had inherited—not just money, but advisors—and coming home and thinking 'I can change all this.' I realized after that conference that my belief system and my

values were different from [the family financial advisors], and that they were in control unless I made some changes. But the conversations were also about how to be strategic with what you want to do with your money—how you can really have impact, without needing to be in control of the philanthropy. The model of the Funding Exchange foundations absolutely made sense to me. I could trust that someone who was dealing, for example, with issues of poverty on a daily basis had a better frame of reference than I did."

The later conferences had an equally powerful effect on the next generation of wealthy young progressives. Tracy Hewat describes her first Women with Wealth retreat in 1990 in very similar terms.

"A lot of us were blown away by this experience," she says. "I met women there who were doing things with their money that I had not understood were possible. They were talking about socially responsible investing, about different ways of giving away money, about giving away their principal—in fact, about giving away all their money. There was a whole different world with all this information about what you can do. It was a life-changing event for me."

The conference inspired Hewat to become involved with Haymarket People's Fund and to seek ways to engage more young people in their retreats. Nearly a decade later she helped create Resource Generation (RG), which was informed by the Funding Exchange's principles but geared to a younger demographic. RG began organizing its own donor conferences. Says Hewat: "People came in droves to have the kind of conversations that Haymarket had identified as being important. What is the difference between giving to charity and giving to social change? What does it mean to be a good donor? How do you decide whether to be anonymous or not? How can you use the power associated with your money to open doors for organizations? What are the best ways to support the groups that we need to thrive in order to make the kind of world we want a reality?" ●



Photo Courtesy of Appalachian Community Fund.

## CREATING THE FUNDING EXCHANGE NETWORK

The outreach and peer-to-peer networking of the founding donors, and the media coverage of this radical new generation of philanthropists, raised the profile of the six local funds and attracted the attention of other like-minded young people with inherited wealth who wanted to explore how they might set up similar foundations in their communities. It soon became clear that the task of responding to this surge of interest required more time and coordination than the handful of founders spread across the country could provide on their own.

The moment seemed right to create a national office that would serve as a point of contact for potential donors seeking information and guidance. Thus the concept of the Funding Exchange as an umbrella organization for a network of local funds began to take shape. The national office opened in New York City in 1979 with a dual mission: to expand the number of alternative community-based foundations modeled on the original six funds, and to strengthen this network by attracting more

donors. Another purpose, suggested by David Hunter, was to provide a place where individual progressive donors who were based in areas that did not have a local fund, or who wanted to support social movements in other parts of the country, could manage their national giving through donor-advised funds.

FEX quickly became a critical resource for creating new alternative foundations that embraced its defining motto of “Change, not Charity,” which was trademarked as a unifying theme. The national staff provided guidance on how to structure a local public foundation, how to involve community activists in the grantmaking process, and other relevant information. If people wanted to consult directly with a founding donor, the office would arrange for one of the donors to travel to that location.

Another benefit of establishing a national presence was the opportunity it provided to have a larger megaphone to challenge traditional philanthropy. “The founders recognized that



*“The founders recognized that spreading this new model of community funds represented a kind of movement, and this movement had something radical to say about power and money and privilege and how philanthropy should be done to promote systemic change.” — JUNE MAKELA*

spreading this new model of community funds represented a kind of movement,” says June Makela, FEX’s first executive director. “And this movement had something radical to say about power and money and privilege and how philanthropy should be done and what it should support to promote systemic change. So they accepted that part of their work was to influence the foundation world in general, and this effort would be more effective if led by a national network rather than by individual local funds.” The New York office was therefore charged with producing publications, obtaining media coverage, and finding other ways to communicate the value of social change philanthropy.

### **Donor-Advised Funds**

In the beginning, the member foundations were not required to help support the national entity. They faced a big enough challenge raising sufficient funds for their local and regional grantmaking. Everyone agreed, therefore, that

managing national donor-advised funds would be a good income-generating strategy. The fees charged to donors would help support the national office and the range of services it provided to the network. Although this structure was approved by the members, the decision remained controversial. Donor-advised funds did not adhere to the model of community activist-advised grantmaking that was a core principle and the distinguishing characteristic of the Funding Exchange.

The rationale for this decision, however, went beyond the need to cover costs. A number of donors who contributed to the local foundations were also giving to other progressive groups around the country. They had interests beyond their communities and made it clear they would support a national fund if it existed. The assumption was that FEX could attract more donors if it provided a way to also give on a national scale.

The understanding at the time was that donor-advised funds would make grants in areas where

## CREATING THE FUNDING EXCHANGE NETWORK

the member foundations did not operate, thus expanding the reach of social justice grantmaking without raising turf issues. “In the good years, this structure worked well,” according to Makela. “While there was a healthy tension around having funds that did not represent community grantmaking, most accepted that it was an effective way to raise more money for progressive causes that otherwise would not have been accessible.”

### Developing a National Grantmaking Program

After a few years of managing the donor-advised funds, the national office created two new grantmaking programs that mirrored the structure and principles of the member foundations. The Saguaro Fund, begun in 1983, supported grassroots social justice organizations that served low-income communities of color and were led by members of these communities. The Paul Robeson Fund for Independent Media, launched in 1987, provided critically important funding to social issue documentaries and radio productions

at a time when there were very few other sources of support. Both programs relied on contributions from individual donors. The Robeson Fund also received an annual grant from the New York State Council on the Arts. In 1990, a major gift from David Pillsbury Becker, a gay activist-philanthropist and professional art curator, and a second cousin of George Pillsbury, launched the OUT Fund for Lesbian and Gay Liberation. The OUT Fund supported progressive LGBT organizing efforts.

All three national programs had activist-advised grantmaking panels. The programs complemented the work of the local FEX foundations and, in some cases, addressed needs not being met by other funders. The national grantmaking helped raise the Funding Exchange’s profile and opened the door to a collaborative relationship with other foundations.

By 1991, the number of local member funds in different parts of the country had grown from the original six to 14, with the addition of Crossroads Fund in Chicago; The Atlanta-based Fund for Southern Communities, serving Georgia, North and South Carolina; Wisconsin Community Fund;



Event Honoring the OUT Fund for Lesbian & Gay Liberation, 2000.



Photo Courtesy of Hawaii People's Fund.

Chinook Fund in Colorado; Appalachian Community Fund; Headwaters Foundation for Justice in Minneapolis; The Hawaii People's Fund; and the Three Rivers Community Fund, serving southwestern Pennsylvania. Within another 10 years, three more community-based foundations had joined the network: The Fund for Santa Barbara, the San Diego Foundation For Change, and the Fund for Idaho.

Anne Hess, who was an early and longtime donor to several FEX local foundations and to its national programs, and served as a board member, captured the genesis and guiding spirit of the Funding Exchange in this description:

*It was a social experiment begun by people in their 20s who, through chance of birth, had disposable income. We were politically progressive, trying to figure out how to have an impact philanthropically. Because nothing was meeting our needs, we learned how to build something new. We wanted to create a different model of philanthropy in which people committed to social change would make a financial contribution to a community-based foundation, and the people actually doing the work on the ground would decide where the monies would go....*

*So we created this philanthropy on our own. We did it by talking to each other, by talking to people on the ground doing the work, and by trying to figure out how to meet the needs of donors who wanted to have a political impact through philanthropy, while at the same time strengthening the political movements we were funding. •*

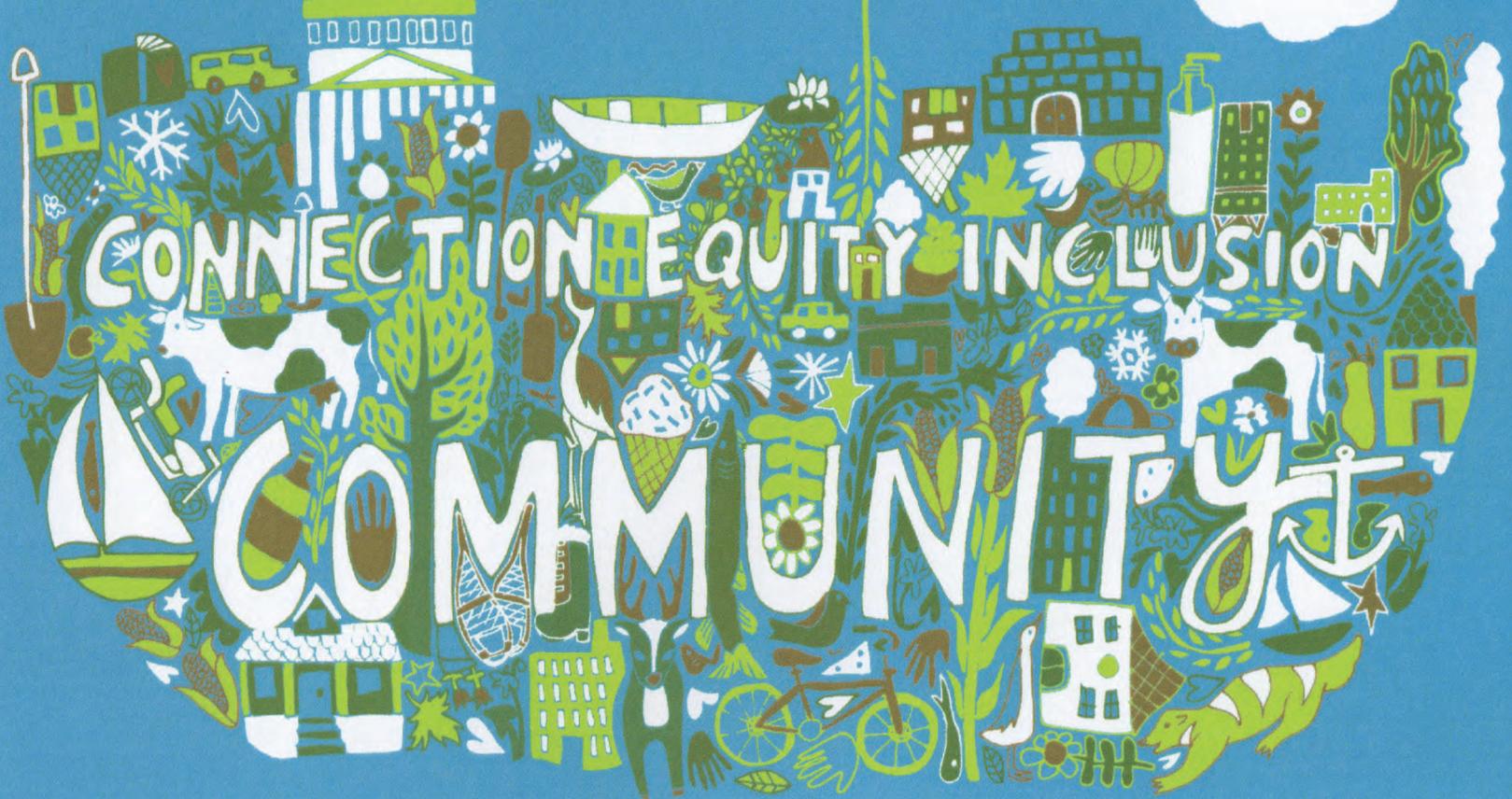


Photo Courtesy of Wisconsin Community Fund of Forward Community Investments.

## MAKING A DIFFERENCE WITH SOCIAL JUSTICE PHILANTHROPY

*"It was clear to us that small, progressive groups would almost never have direct access to wealthy donors and these donors would rarely know about such groups. Thus, the Funding Exchange's role was to 'organize' progressive philanthropy—to connect wealthy individuals with progressive values to the important, but often invisible, work going on in their own communities and around the country."*

— JUNE MAKELA, EXECUTIVE DIRECTOR 1980-91, FROM THE FEX 20TH ANNIVERSARY REPORT.

### Identifying and Seeding Important Work

As a national network of community-based funds that were directly connected to grassroots activism in their regions, the Funding Exchange was ahead of the curve in identifying and raising the visibility of emerging social issues and groups that might not be on the radar of other foundations. As a result, in the early years FEX member funds were often the first to provide support to organizations and movements addressing critical issues. Notes Hez Norton: "FEX was a pioneer in social justice funding. It took a risk on grassroots groups that other foundations

wouldn't touch, and helped move the needle around what is acceptable to fund."

FEX foundations demonstrated that an initial small grant of a few thousand dollars, particularly when coupled with ongoing support, can make a big difference. It allowed the recipient organizations to grow, to show that they can be successful, and eventually to attract more mainstream funders. At a 1978 Council on Foundations conference, representatives from the alternative funds responded to claims that small grants could have little impact by asserting: "When you support organizing efforts,

the effect of a small amount of money multiplies rapidly within a community.” [See *Fighting the Right: How a Small First Grant Made a Big Difference* pg 28]

The local foundations were among the earliest supporters of community groups working to advance racial, economic, and social justice, and to fight environmental hazards. They funded efforts to combat violence against women—providing grants, for example, to some of the country’s first rape crisis hotlines and shelters for battered women. FEX foundations supported early activism to promote gay and lesbian rights, the disarmament movement, and coalitions seeking to fight the rise of right-wing extremists. They helped launch the environmental justice movement, funding activists who were fighting toxic dumping and pollution in low-income neighborhoods, at a time when no other foundations were supporting this work. Organizations like the Teamsters for a Democratic Union and 9 to 5 received funds to help revitalize the labor movement through living wage and workers’ rights campaigns. Grants also supported the first efforts in New Hampshire, California, and Washington State to stop the proliferation of nuclear power.

The Funding Exchange’s national grantmaking programs built on and expanded the pioneering work of the local foundations. In the early years, FEX support for social movements and grassroots activists was particularly critical because many of the recipients were not incorporated as 501(c)(3) nonprofits, and were considered too risky by mainstream funders.

“These were community groups that if they were lucky had a storefront office. Sometimes they were a collective of women meeting around a kitchen table,” recalls June Makela. “There was some aspect of their work that had a broader significance, like organizing a ‘take back the night’ movement or creating a community forum to address issues affecting recent immigrants. But the groups did not meet the criteria for

funding from traditional foundations, and no other grantmaking entities would support them.”

In the early 1980s, FEX was alerted to the rise of right-wing extremism by member funds that reported troubling activity in their regions. Of particular concern was the resurgence of the Ku Klux Klan. One of the national office’s first grants was in response to a phone call from progressive activists who wanted to convene a meeting in Greensboro, N.C., right after the Klan had shot and killed several participants in an anti-Klan march. FEX funded the meeting, which ultimately led to the formation of the National Anti-Klan Network. The organization later changed its name to the Center for Democratic Renewal and became one of the leaders in the national “fight the right” movement.

*“FEX took a risk on grassroots groups that other foundations wouldn’t touch, and helped move the needle around what is acceptable to fund.”*

— HEZ NORTON

“The Funding Exchange brought together some extraordinary people—the local funds, grantees, and donors—where you could really see the passion, the commitment,” says Lillian Jimenez, former FEX board member and program director of the Paul Robeson Fund for Independent Media. “The site visits around the country were truly inspirational. Courageous people struggling in these environments that were dangerous and hostile, doing some beautiful work.”

Jerome Scott, a former FEX board member and founding director of Project South, which got its first grant from FEX, credits the Funding Exchange with playing a critical role in seeding and sustaining grassroots activism. “When you think how the economy developed from the mid-1970s to the 1990s, all of those good jobs

began to disappear. And people were struggling and had less disposable income, so we had to seek other ways to fund our work. And the Funding Exchange filled that gap. It was really critical in terms of keeping a movement sentiment alive, particularly in low-income communities, in very thin years politically.”

FEX continued to support social movements into the 21st century. In addition to the work of its three national programs, it created several network-wide grantmaking initiatives that strengthened collaboration among progressive activists on a range of issues. The national office also gave funds to Occupy Wall Street in New York, and several member foundations supported related groups in their cities, sparking a public conversation about income inequality and the gap in the United States between the wealthiest 1 percent and the rest of the population.

### **International Solidarity**

The Funding Exchange assumed a leadership role in expanding philanthropic support for the Central America solidarity movement. In the 1980s, FEX organized donor trips to Central America that provided many participants with their first exposure to the region. This led to the creation in 1982 of the Caribbean Basin Working Group, comprised of individual donors and institutional funders committed to promoting peace and progressive social change in Central America. The group helped raise the level of philanthropic funding for these efforts to millions of dollars.

“Our local funds and the national office were funding the groups here that were working in solidarity with the progressive movements in Central America. And we were also educating the greater foundation world, because this was seen as way too radical for most foundations to support,” Makela says. “We now take for granted that there are funders concerned with global



Photo Courtesy of The Funding Exchange.



Photo Courtesy of McKenzie River Gathering Foundation.

issues. But back in the early to mid-1980's, there were not a lot of foundations funding progressive international struggles."

*"The Funding Exchange was really critical in terms of keeping a movement sentiment alive, particularly in low-income communities, in very thin years politically." — JEROME SCOTT*

FEX also made grants to U.S.-based anti-apartheid groups, and it organized funder tours to southern Africa in the 1980s that helped increase support for this work. In 1998, several years after South Africa's first democratic election, the Funding Exchange and the National Network of Grantmakers [See National

Network of Grantmakers: Forging a Community of Progressive Funders pg 31] cosponsored an educational tour for funders from across the United States. Among the results was the creation of a pooled grantmaking fund, administered by FEX's national office, which provided support to organizations in South Africa that were addressing critical post-apartheid needs. "Politically, it was important to have a national office," says Charlie Fernandez, an early FEX program officer who helped develop the OUT Fund. "It allowed us to jump on these opportunities that otherwise would not have been possible." In later years, the Funding Exchange supported movements to oppose the U.S.-led war in Afghanistan and Iraq as well as efforts to promote peace and respect for human rights in the Middle East. ●

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## Fighting the Right: How a Small First Grant Made a Big Difference

In the mid-1980s, Scot Nakagawa was an organizer with the Coalition for Human Dignity (CHD), a volunteer group based in Portland, Ore., that was created in response to the murder by neo-Nazi “skinheads” of an Ethiopian student at Portland State University. CHD began a campaign to track and expose the proliferation of white supremacist groups in the state and to organize efforts to combat the related rise in hate crimes. This work was complicated by the lack of support from local law enforcement, which claimed there were no active neo-Nazi groups in Portland, and by the reluctance of city officials concerned with tourism revenues to call attention to the problem.

Since Portland’s alternative music scene was a major recruiting ground for neo-Nazis, CHD organized young activists to patrol the rock clubs and concerts in order to enlist a base of opposition to the hate groups. They specifically reached out to disaffected and homeless teenagers who were tired of being intimidated and assaulted by skinheads.

“Our tactics were considered very controversial because they were intentionally polarizing,” Nakagawa explains. “We would hand out stickers, t-shirts, and posters in opposition to neo-Nazi racism at clubs where Nazi bands played. And we sprayed over their graffiti. To attract new recruits, they were saturating the music scene with their symbols, so that they were becoming normalized. These actions made our members targets and it was a dangerous situation.”

CHD succeeded in attracting a broad base of allies among progressive religious, civil rights, and social justice groups in Portland. “We never lacked community support. What we lacked was money,” Nakagawa says. “Foundations wouldn’t touch us.”

Then CHD heard about McKenzie River Gathering Foundation (MRG), an alternative fund in Portland that was part of the Funding Exchange network. “We had no experience writing a grant proposal and it showed very clearly in our application,” says Nakagawa. “MRG’s grant director called and said let’s sit down and talk about how we can make this better. We met in a restaurant under her office, and she taught me how to write a grant proposal for a social justice funder, how to figure out language that was unfamiliar to me. So MRG’s first grant came with really valuable one-on-one technical assistance.”

*“We never lacked community support. What we lacked was money. Foundations wouldn’t touch us.”*

The \$2,000 grant from McKenzie River Gathering helped support some of CHD’s street tactics to fight the influence of white supremacist groups. “What was so unusual about MRG is that they were fine with the idea that what we wanted to do was just paint out the Nazi graffiti. We had to make an argument for why we thought this was important—that their symbols all over the city were attracting recruits among some young people while also creating a climate of fear.”

That first grant opened the door to funding from other sources—RESIST and the Social Justice Fund Northwest—as well as additional

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support from MRG and the FEX national office. CHD expanded its work. The group established a research operation that began with a local focus, documenting the existence of at least a dozen active neo-Nazi groups in Portland; it eventually became statewide and then regional in scope, collecting information on the activities of a range of white supremacist organizations in the Northwest. They started a radio program on the local Pacifica station, called “Boneheads and Bigots: Confronting the Politics of Fear,” and built support within neighborhood associations to push for more responsive police policies to prevent hate crimes. McKenzie River Gathering invited Nakagawa to join its activist grantmaking panel, and he was featured in local and national FEX donor briefings.

“The Funding Exchange understood that our office and organizers were being physically assaulted by the neo-Nazi groups. So they made our work more visible nationally and brought us to the attention of other funders, which expanded our base of support. They raised our profile so that we became part of the national anti-right network. We went from being a small local effort to a five-state regional organization with contacts all over the Northwest.”

*“The Funding Exchange understood that our office and organizers were being physically assaulted by the neo-Nazi groups. So they made our work more visible nationally and brought us to the attention of other funders.”*

CHD finally won the support of the City of Portland for their cause. The public outrage over neo-Nazi violence forced the police to take action. Thousands of supporters joined a March for Dignity and Diversity, timed to coincide with the start of the Southern Poverty Law Center’s civil rights lawsuit against neo-Nazi leader Tom Metzger for his involvement in the murder of the Ethiopian student at Portland State University. The march received national and international media coverage. “It was the biggest civil rights gathering in the history of the Northwest up to that time, and it forced the mayor and members of the city council to turn out, along with key legislative leaders and local cultural figures,” recalls Nakagawa, who eventually became executive director of McKenzie River Gathering. “The combination of these and later activities, and the intervention of the Justice Department, eventually broke the back of the neo-Nazi movement in Portland.” ●

# Bread and Roses

"an incredible return on the dollar"

"Human progress is neither automatic nor inevitable... This is the time for vigorous action"

"The power of an aroused public is unbeatable"

"As long as there is poverty in the world, I can never be rich"

"change not charity"  
"cambio, no caridad"

# The Second Decade

Sam Martin 20/100



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## National Network of Grantmakers: Forging a Community of Progressive Funders

In 1980, the Funding Exchange joined with other colleagues to create the National Network of Grantmakers (NNG), an association for progressive funders at public, private, and family foundations that sought to increase support for social justice philanthropy. One of its valuable contributions was the publication in 1981 of *The Grantseekers Guide: A Directory for Social and Economic Justice Projects*, which at the time was considered the most comprehensive list of funding sources for social change activists.

NNG attracted several hundred grantmakers from around the country to its annual meetings, and some members connected more frequently through special working groups. It provided an opportunity to share information, exchange strategies, and offer mutual support.

“NNG was the home for anyone from center to left, a place where they could recharge once a year, learn from front-line activists, and get to know a group of like-minded grantmakers across the country,” says Michael Seltzer, who worked at the Funding Exchange its first two years and is currently distinguished lecturer at Baruch College’s School of Public Affairs. “It created a peer community that allowed progressive funders to go back to their foundations and fly the flag.”

NNG is generally credited with helping to encourage social justice grantmaking at more mainstream foundations. It also fostered relationships that occasionally led to collaborative projects. A number of members, however, began to feel frustrated by the sense that NNG focused more on ideologically “correct”

rhetoric than on identifying effective funding strategies to promote social justice. Another problem for some was the practice at meetings of dividing people into small, very specific identity-based caucuses. “This was meant to provide support to participants, but it ended up unintentionally atomizing the movement and broke apart any chance of building a strong coalition,” explains Christopher Harris, former Ford Foundation senior program officer and founder of the Working Group on Philanthropy for Social Justice and Peace.

*“NNG created a peer community that allowed progressive funders to go back to their foundations and fly the flag.” — MICHAEL SELTZER*

In later years, NNG’s membership dwindled. Internal management issues, combined with insurmountable financial problems, led to its closing in 2008. “There was always a tension around how broad NNG should be politically, whether to limit members to a small group of leftist funders or include a wider range so more people would be educated and it could therefore have a wider influence on the foundation world,” June Makela says. “In the end, there were just the small public foundations, which did not represent big money.”

The emergence of numerous affinity groups for foundation grantmakers that addressed the same concerns as NNG—such as the funders’ networks focused on civic participation, human rights, women’s and LGBT issues—also contributed to its eventual demise, while signaling, as well, the degree to which support for social justice grantmaking had spread within the philanthropic sector. ●



The Funding Exchange Staff, 1988.

## BUILDING THE FUNDING EXCHANGE'S ASSETS

### Office Purchase

During its first few years, the Funding Exchange's national office moved twice to accommodate its growing staff. Both moves were made together with its office mate, North Star Fund, the local FEX member foundation. In 1985, FEX and North Star got a loan to put a down payment (2/3 from FEX and 1/3 from North Star) on a floor in a downtown Manhattan building, in an area now known as NoHo (North of Houston Street), that was converting its commercial loft space to office condominiums for nonprofit organizations. Several other progressive nonprofits bought floors at the same time, including The Trust for Public Land, Harpers Magazine, and the Center for Constitutional Rights. To economize on renovating the raw spaces, the group collectively hired an architect and contractor to work on all their floors. "At the time, it was very unusual for nonprofits to purchase their offices," says June Makela. "It was the beginning of a trend that became more common afterwards."

FEX and North Star shared part of their floor, and rented the rest to other social justice organizations. Through the years, nine different tenants were based there, including Jews for Racial and Economic Justice, Astraea Lesbian Foundation for Justice, National Network of Grantmakers, Footsteps, and Communities United for Police Reform. North Star continued to expand and eventually moved to another location. In the mid-1990s, when the balloon payment on the mortgage came due, a donor requesting anonymity made a large gift to the Funding Exchange and directed that part of it be used to pay off the mortgage. The value of the office condominium, purchased for \$850,000, appreciated significantly through the years, and was appraised at \$5.6 million in December 2012. "The purchase of the office was a great decision financially and for our stability," notes Makela. "It meant we would never have to move again, and we offset the cost with the rental income, which also made it possible for other nonprofits to have space at well below market rates."

## Endowment Campaign

By 1988, the Funding Exchange foundations had established strong roots in their communities and were doing important work. June Makela and Kim Klein, an experienced nonprofit fundraising trainer who briefly led the Appalachian Community Fund, began exploring the idea of creating an endowment. "One of the fundamentals of the Funding Exchange was that every penny we raised went out the door. It was kind of a philosophy not to have an endowment," says Klein. "So we said, that was a cool idea when we started but now times have changed, and we really need to revisit that position."

The purpose of an endowment was to provide the member foundations with a more stable base of support to augment the funds they raised from local donors, thus enabling them to increase their grantmaking. "It reflected the recognition that the local foundations had reached a point of maturity and impact where it made sense to institutionalize them," Makela notes. "Since donors were not likely to give a large gift to an endowment for one small foundation, the idea was to do joint fundraising for the first time to benefit all the members, to create something that would further bind the groups together and further define them as a whole."

Several key Funding Exchange founding donors agreed that the time was right to strengthen the network's long-term viability. In 1989, FEX launched its national endowment campaign, co-chaired by George Pillsbury and longtime FEX donor Anne Hess. Klein was hired to coordinate the network-wide effort, which she led together with Makela. The national office managed the project, with an advisory committee comprised of donors and representatives of several member foundations. The original goal was to raise \$15 million from local and national FEX donors in three years, but the target amount was soon scaled back to a more realistic \$10 million, with the understanding that the endowment would continue to grow over time. The plan was to

put this money aside in one pool that would be carefully invested, and to divide the interest equally among the member foundations every year. These payments would help cover their overhead, so that an even larger percentage of the funds they raised in their communities would go back out into the communities as grants.

Klein traveled around the country to get the FEX member foundations on board with the plan, explaining how they would benefit and what they would have to do, which included sharing their carefully guarded list of donors. While the smaller foundations were enthusiastic and immediately signed on, some of the larger funds were reluctant to participate at first. "They had the big donors and felt they would be raising most of the money and getting only a small part of it," says Klein. "What's interesting is that ultimately it was the smaller funds that ended up raising the most."

One major FEX donor gave an upfront anonymous contribution of \$1 million to kick off the campaign, specifying that some of the funds



June Makela, Funding Exchange Executive Director, 1979-1991.

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## Promoting Socially Responsible Investing

As part of its commitment to direct money towards social good, The Funding Exchange was an early proponent of socially responsible investing. George Pillsbury joined with Robert Zevin, a leading pioneer in this field, to organize conferences across the country that encouraged institutions and individuals to apply three principles to their portfolio investments: social screening of stocks, shareholder advocacy, and community investing.

In 1985, FEX and the Institute for Community Economics published the Directory of Socially Responsible Investing. “We felt that part of our mission was to help promote this new field, and we would push the idea at every donor gathering,” says Pillsbury. “Some people were even more excited about what they could do with their investment money than with their personal giving. It became a kind of social change movement unto itself. And we tried to spread the idea that it’s a good model for foundations—you’ll be a lot more effective if you’re investing in social change, and that includes your institutional endowments.”

In the early 1990s, FEX’s national office created an investment portfolio comprised entirely of socially responsible investments. Several years later it took this commitment a step further by allocating approximately 10 percent of its portfolio to “High Social Impact” (HSI) investments. HSI investing allows for lower-than-market returns if the social impact of the investment is substantial. Among other activities, the HSI investments supported community development loan funds, which provided loans for projects in low-income communities with limited access to conventional banks.

*“Some people were even more excited about what they could do with their investment money than with their personal giving. It became a kind of social change movement unto itself.”*

— GEORGE PILLSBURY

The Funding Exchange described its “mission driven” investment policies as follows:

“Most foundations earn money in a traditionally ‘conservative’ manner. The assets are invested by money management firms that rarely believe in the charitable missions that the foundations’ grants support and are focused solely on generating the highest returns possible. At the Funding Exchange we do not believe there should be a firewall between our investments and our grants. We have always believed that how we invest our funds should be guided by the same forethought and ideals as the organizations we support.” ●

could cover related expenses. Klein and Makela engaged the member foundations in joint outreach to their key donors, requesting a one-time large gift to the endowment, above and beyond their annual gift to their local foundations. Klein's fundraising training skills were particularly useful in helping some FEX staff overcome their discomfort asking individual donors for money in person. "Kim helped demystify the fundraising process, showing how to go beyond the schmoozing to get to the 'ask,'" Makela says.

As campaign co-chair, Anne Hess played a key role in the fundraising effort. "The endowment campaign asked people to stretch, and many stepped up. There was a commitment among FEX donors to be as generous as they could," she says. "You didn't have to give all at once. You could give over several years, whatever made sense for you financially. And this was in addition to whatever you normally gave to your national FEX donor-advised fund or local member foundation. So it was a very big deal."

*"The idea was to do joint fundraising for the first time to benefit all the members, to create something that would further bind the groups together and further define them as a whole." — JUNE MAKELA*

In the end, the campaign raised approximately \$8 million by 1992. "At the time, it was the largest amount of money that any leftwing organization had raised, that we knew of," says Klein. And, she notes, this success did not hamper local fundraising going forward. "A very big worry among the FEX foundations was that if the donors gave to the national endowment they would stop giving annually to the local work. I don't think any donors who contributed to the endowment decreased their annual giving. And some, particularly the older ones, thought



Photo Courtesy of Fund for Idaho.

it was a great sign of maturity for the Funding Exchange, like 'Finally, this is how grownups do philanthropy.'"

While FEX foundations still had to raise money for their work, the quarterly allocation from the endowment revenues helped take the edge off. Each of the 12 members that participated in the original fundraising received just under \$50,000 annually. For some of the smaller foundations, this covered their total operating costs, so they could truly say to their donors that all the money they raised was used for grantmaking. Over the next 20 years, the endowment grew to \$15 million.

Klein's experience with the campaign yielded useful lessons that have benefited other nonprofit groups. "I've been in fundraising for 35 years. When I started, the notion was that ordinary people could not ask wealthy people for money," Klein says. "If you wanted to get \$5,000 from someone you had to be a person who gave \$5,000. A number of people at FEX came to realize this was not true. I gave \$500 to the endowment campaign and I asked three different donors for \$1 million. Since then I've been able to take that lesson and help other grassroots organizations raise millions of dollars." ●



Photo Courtesy of Chinook Fund.

## BENEFITS OF BELONGING TO A NATIONAL NETWORK

The Funding Exchange was created by the local funds to serve their needs, and for many years it fulfilled that mission well. Being part of a network provided a unique opportunity for members based in different regions to learn from one another and to get a broader perspective on social justice issues and movements around the country. Longtime staff at the local funds describe the helpful cross-pollination that allowed colleagues to share wisdom and best practices. These exchanges occurred at annual network-wide gatherings, but also informally throughout the year.

“We were able to have relationships with our peers that were unprecedented,” says David Nicholson, executive director of the Minneapolis-based Headwaters Foundation for Justice. “A number of times I would have other local member funds either come talk to us about the work they were doing or if they had a great organizing project, to bring in some of their leaders to train our leaders. That part was great. I would never have known about this work

otherwise. It could only have happened through the Funding Exchange.”

Margarita Ramirez, who has worked at Liberty Hill Foundation in Los Angeles for more than three decades and is currently deputy director, notes: “Most of us are local funds—some are regional, a few are statewide. So it was really wonderful to be able to say that we are part of a much larger network, that we’re connected to things happening across the country. FEX gave us a broader national and global perspective on movement building and emerging issues and trends.”

The national office provided support for network-building initiatives, re-granting development funds to strengthen member foundations. It also created special grantmaking programs that distributed funds to members for local and regional projects. Above all, the office provided valuable technical assistance—helping with website development, training local staff to use a data base for tracking donors, sharing relevant research, and providing guidance on other issues



Photo Courtesy of McKenzie River Gathering Foundation.

*“It was critical to have a national hub in New York that could provide political guidance and technical assistance, and connect us with other activists so we could learn what was happening in other parts of the country.” — SCOT NAKAGAWA*

with which member funds might be struggling. These efforts were widely appreciated.

Jeanne Kracher, executive director of Crossroads Fund in Chicago, describes the benefits: “Support from the national office was hugely important for building a solid local fund. It wasn’t just the money, it was also the gatherings and connections and networking that allowed us to learn from each other.”

And Alice Eason Jenkins, executive director of the Atlanta-based Fund for Southern Communities and former FEX board co-chair, notes: “We are all independent, but being a member of FEX came with significant benefits. As a smaller fund, we greatly appreciated every opportunity and resource we received from them.”

The revenue from FEX’s endowment helped members meet basic operating costs, and was particularly vital to the stability of the smaller foundations. “The Funding Exchange distributed resources across the network in a great way, so everyone had a share of the resource pie,” notes Nicholson. “For some of the funds, the \$50,000

they received every year from the endowment was a life or death thing.”

The annual skills-building conferences organized by the national office offered sessions that addressed practical concerns, such as fundraising and grantmaking strategies, as well as discussions of the salient political issues of the day. These discussions usually featured outside activists directly involved in social movements.

“Early on,” notes Scot Nakagawa, former executive director of McKenzie River Gathering Foundation, “many of the FEX funds were led by people who were relatively inexperienced in running a foundation and the project they were embarking on was new and mostly untested. So it was critical to have a national hub in New York that could provide political guidance and technical assistance, and connect us with other activists so we could learn what was happening in other parts of the country.”

While the political discussions at the conferences were extremely valuable, at times they left little space for conversations about more practical

concerns. Ron Hanft, FEX's former associate director, who worked closely with member funds, recalls: "Everyone would get very caught up in discussion of the issues. We tried to also remind ourselves that we were funders. Our role was to move money from people who have it to those who need it. Therefore, given these social and political dynamics, the injustices we're trying to address, what are the strategies for funding that we need to be thinking about? What's happening on the ground that seems to be effective, what are the different regional priorities? It was easy to get caught up in the political discussions, and harder to get people to talk about what to do."

### **A Shared Commitment But Different Paths**

The Funding Exchange had a strong identity and presence as a network, and the member funds shared a commitment to social justice philanthropy and involving community activists in grantmaking decisions. There were, however, varying levels of interest in collaborating on national projects and campaigns or in following any one model of local work.

The fact that the member foundations were not trying to do things in concert, or even the same way, reflected, in part, their different regional realities. Their approach and priorities were understandably informed by the context in which they were working. Strategies that were effective in one region might not work well in another. And community-advised grantmaking is based on the conviction that local activists are best positioned to make those decisions. Any effort by FEX to be more directive in identifying priorities or urging a focus on specific issues would run counter to that core principle.

"The funds were focusing on social justice issues in their regions at a time when no other significant philanthropic groups were supporting these grassroots organizations. So it was already a notable distinction just to have that in common,"

says Hanft. "It was probably better that we did not try to come up with one national model for how to support these issues, because it wasn't that simple. We didn't try to second guess what the grassroots groups were doing and try to impose a uniform approach. So if you say the network never got its act together—well, there might have been a certain act that we shouldn't have gotten together. Because it's better to let a thousand flowers bloom than to come up with the perfect hybrid.

*"We didn't try to second guess what the grassroots groups were doing and try to impose a uniform approach. So if you say the network never got its act together—well, there might have been a certain act that we shouldn't have gotten together. Because it's better to let a thousand flowers bloom than to come up with the perfect hybrid."*

— RON HANFT

"Also, the people at our member funds are critical thinkers who are anti-authoritarian, and they're not going to be told by a national office how they should run their grant programs. So there was a certain political nature to the network that had to allow each member fund to do its own thing."

Occasional efforts to develop a national grant-making initiative usually failed to engage all the member funds, mostly because the project did not seem equally relevant in the different regions. "Sometimes when we tried to move in ways that would bring us closer together, it was almost counterproductive because of the regional differences," Ramirez notes. "We couldn't come up with a national campaign that would resonate with everybody. And when everybody didn't participate, there was tension." ●

# SIGNS OF CHANGE

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10 YEARS  
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## Demise of a Founding Member: Vanguard Public Foundation

The Vanguard Public Foundation, created in 1972 by Obie Benz and Peter Stern, was a founding member of the Funding Exchange. From the beginning, it was an inspiring model for the alternative community foundations established by other young, progressive heirs later in that decade. For many years Vanguard was a respected and influential social justice funder in San Francisco.

Like all FEX foundations, Vanguard provided critical early funding to emerging groups and social movements considered too controversial at the time to attract mainstream support. Some examples of grantees: Act Now to Stop War and End Racism, Free Mumia Abu-Jamal campaign, Emilio Zapata Oakland Street Academy, Rainforest Action Network, and the Prisoner's Union. Vanguard funded the first domestic violence shelter in California, as well as a crisis center for rape victims, and it gave grants to grassroots groups organizing for immigrant and workers' rights and criminal justice reform.

After 10 years as an effective advocate for alternative philanthropy and a full-time volunteer at Vanguard, co-founder Obie Benz left in 1982 to pursue documentary filmmaking. Through the years, Vanguard expanded its roster of committed donors and built a reputation as a leading force for progressive grantmaking in the Bay Area. In 1990, Hari Dillon, a well-known social activist in San Francisco, was hired as executive director. Dillon's friendship with several entertainment celebrities further raised Vanguard's profile and attracted more attention to its work.

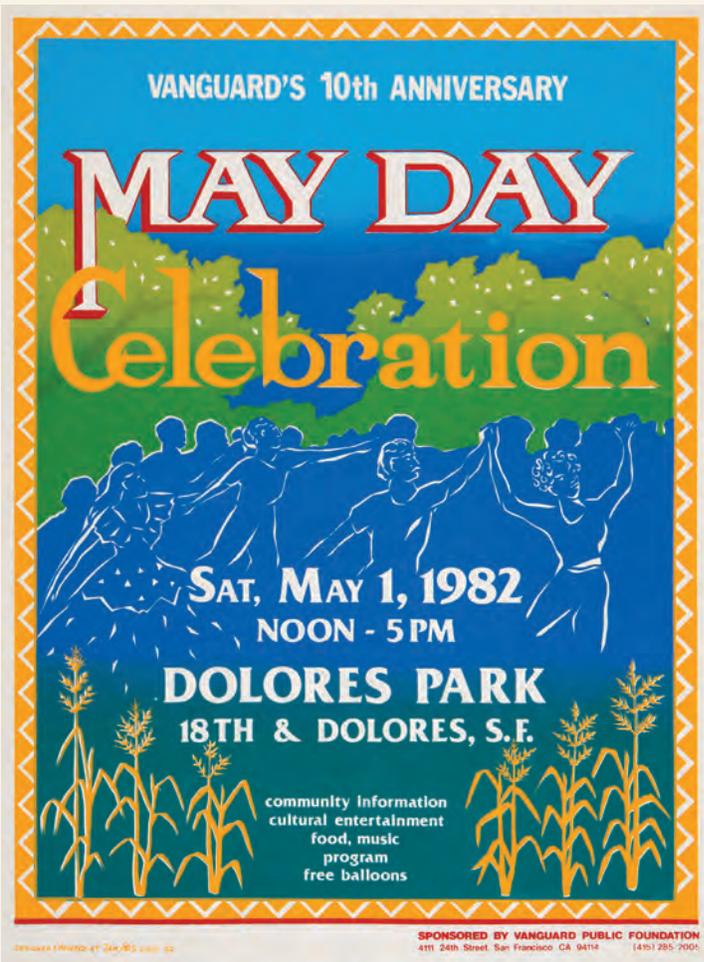
In the early 2000s, however, Vanguard began a downward spiral. The financial, legal, personal, and operational fallout from an investment scam perpetrated by an outside entrepreneur culminated in the foundation's dissolution in 2011. In 2012, Dillon, who cooperated in the criminal investigation, was sentenced to 40 months in prison for wire fraud and money laundering. The con man behind the scam, Samuel "Mouli" Cohen, received a 22-year sentence.

The story was well documented in a series of articles by Rick Cohen that appeared in 2010 and 2011 in *Blue Avocado*, the online magazine for community nonprofits. Several years before any of the details were known, however, the Funding Exchange had removed Vanguard from the network. This action was taken after a long, frustrating, and ultimately unsuccessful effort to obtain program and financial reports, or a full accounting of Vanguard's problems, from Dillon.

FEX was alerted to these problems by complaints from Vanguard grantees that the foundation was not honoring its grant commitments. Vanguard donors also shared their concerns about solicitations by Dillon for large loans to the foundation and efforts to recruit them into high-risk investments. In addition, Vanguard had stopped paying its annual FEX membership tithes.

Since the structure of the Funding Exchange network ensured the autonomy of each member fund, the FEX leadership had no leverage to force compliance with their requests for information.

"As an organization, we had no authority over the operations of Vanguard, so there was no legal entree to intervene in its affairs," explains Ron Hanft, FEX's associate director who managed the network's membership programs.



*“The fraud that ultimately destroyed Vanguard was also an important reminder of the critical need for transparency and accountability and the dangers of too much power in the hands of a single individual.” — GEOFF GREEN*

FEX representatives conducted their own inquiry, examining the public records and speaking with several people associated with Vanguard. The picture that emerged was of a dysfunctional organization that had been operating at a serious deficit for several years. When Dillon rebuffed repeated efforts to find out what was going on, and no explanation was forthcoming, the FEX board voted in October 2007 to end the foundation’s affiliation with the network.

“The loss of the Vanguard Public Foundation

was a significant blow to social justice organizations in the San Francisco Bay area and to the Funding Exchange network,” says Geoff Green, former co-chair of the FEX board and previous executive director of the Fund for Santa Barbara. “The fraud that ultimately destroyed the foundation was also an important reminder of the critical need for transparency and accountability, the dangers of too much power in the hands of a single individual, and the importance of broad-based community leadership in social justice work.” ●



Photo Courtesy of Crossroads Fund.

## CHALLENGES OF SUSTAINING THE NETWORK

“When you study networks and associations with chapters, there is always going to be some inherent tension between local and national. Are you a coalition? What is the purpose of a national office? How do you manage the relationship? Those questions were always there in the Funding Exchange.”

— KATHERINE ACEY, EXECUTIVE DIRECTOR EMERITUS, ASTRAEA LESBIAN FOUNDATION FOR JUSTICE

In the early years, there was a shared commitment to the network. But member foundations grew at different rates, and at times the disparities in size, development, and money—in addition to the regional differences—could become a source of friction. A policy instituted in 1983 required members to pay dues, called tithes, calculated on a sliding scale based on their unrestricted annual income, excluding donor-advised funds. Member tithes ranged from approximately \$5,000 to \$35,000. The original purpose was to create a collective pot of money to help the newer foundations that joined the network and to provide all members with access to funds for organizational needs, like planning a special event or conducting a staff search.

The larger foundations paid high membership tithes, but did not need the level of assistance that the smaller, newer ones relied on. The annual distribution from the endowment earnings more than compensated the local foundations for the tithes. However, some network members resented the FEX board’s decision in 2000 to allocate a share of endowment earnings to help support the national office. Notes Kim Klein: “It betrayed the purpose of the endowment, which was to strengthen the grassroots presence on the ground, and also to have enough money in the principal so we could bring in new funds all the time.”



*A number of the member foundations began to question what they were getting from the Funding Exchange, and they felt less incentive to comply with FEX policies that were part of its membership criteria.*

By the mid-1990s, there was a growing sense among members that the use of the tithes had shifted from supporting specific needs of the network foundations to funding the national office's membership activities. In fact, the tithes had become an essential, though only partial, source of support for network-wide technical assistance, the annual three-day skills-building conferences, and related travel—all of which the national office paid for. "People didn't seem to understand what it cost to have a national association," says Ron Hanft.

While the member foundations valued these services, the resistance to having their tithes help cover the cost was emblematic of their growing ambivalence about the national office. "It was perceived as yet another example of the national office draining resources that the members felt should be going to them," explains Jeanne Kracher. "So that was the context for some people feeling a little suspicious of the national by the time I joined the staff of Crossroads Fund in 2000."

A number of the foundations began to question what they were getting from the Funding Exchange, and they felt less incentive to comply with FEX policies that were part of its membership criteria. One national policy that created strains was the rule that member funds could not make more than 50 percent of their grants through donor-advised funds. This restriction was meant to ensure that a significant number of grant decisions would be made by activist-advised panels. At the national office, however, donor-advised funds represented 98 percent of the grantmaking, and this disparity exacerbated a growing rift.

### The Changing Role of the National Office

An additional source of contention was the perception among member foundations that the national office had drifted from its original mission of strengthening the local funds by attracting more donors. It had developed two distinct roles that to some members seemed incompatible. The office's national grantmaking programs made it, in effect, a foundation, and it interacted as such with other philanthropies in New York and nationally. At the same time, it maintained the coordinating role of serving and strengthening the network of member funds. At a certain point, members began to feel that the national office was focusing more on its grantmaking programs than its supportive role, and that this work put it in competition with the network funds. "There were ways in which the national office provided a service at one point in time and then was perceived as being competitive or running off on its own at a later point in time," explains Hanft.

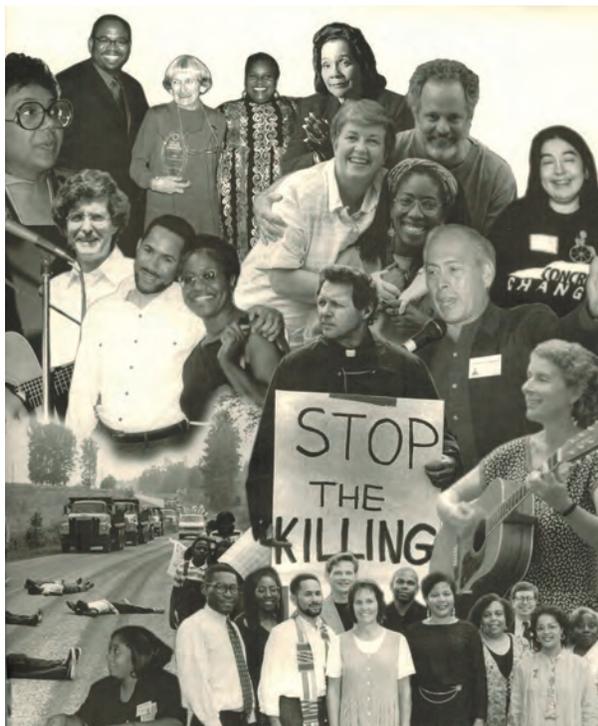


Photo Courtesy of the Fund for Southern Communities.

Of particular concern were the national donor-advised funds. While these were always somewhat controversial, tensions increased once member foundations began their own donor-advised funds and started seeking support from some of the same donors the national office was reaching out to. In addition to the conflict over competitive fundraising, in some cases the national donor-advised funds were giving money to groups located in areas where the local foundations were working. In those cases, members felt it would make more sense for the funds to go directly to their organizations so they could oversee the grantmaking. The national office, however, relied on the fees for these funds to finance its administrative apparatus. And there was also a sense among some of the staff that they had greater expertise to manage grants addressing national and international issues.

According to Alice Eason Jenkins, executive director of the Fund for Southern Communities: "The conflict arose when the national office became its own kind of independent grantmaker. It was doing grantmaking, and we at the member funds were doing grantmaking, and are we working in concert or in competition with each other? Because the idea was that it would provide grants in areas where there was no member fund. But as we would see annually when they released their grantmaking information, often a large proportion of the grants were going to geographical areas where we were actually making grants as well."

George Pillsbury believes that the location of FEX's office contributed to the shift towards becoming a national foundation, which was not the role he and other founders had envisioned. "We hoped the national office would continue to focus on organizing donors and building the local funds," he says. "But that's the problem with being based in New York. You're surrounded by all these major foundations and it's very easy to want to become a grantmaker yourself, to see as your peers the staff at those foundations. The difference is that the other grantmakers



Photo Courtesy of Foundation for Change.

represented endowed institutions. They didn't have to worry, like FEX did, about getting out and recruiting new donors."

### Board Issues

The Funding Exchange board was unlike other foundation boards in that it consisted mostly of representatives of its member funds. At various times, several FEX donors and activist grantmakers from the three national programs also participated. In the early years, this structure seemed to work well. "When I came to FEX in 1995," recalls former FEX executive director Ellen Gurzinsky, "the board had great people who were good thinkers and understood the need for a broader vision." By the end of the 1990s, however, things were changing. The original practice of having the executive directors represent the member funds at board meetings was abandoned, and the local foundations could decide independently who they wanted to send. There were several reasons for this shift. A growing number of executive directors felt they could not spare the time away from their work to attend the quarterly meetings, which required traveling to different locations, or to handle their numerous other board responsibilities throughout the year. But there was also a deliberate effort on the part of the FEX funds to broaden the range of voices around the table.

"There were no criteria for who could represent the member funds," says Gurzinsky. "The result

*"The conflict arose when the national office became its own kind of independent grantmaker. It was doing grantmaking, and we at the member funds were doing grantmaking, and are we working in concert or in competition with each other?"*

— ALICE EASON JENKINS

was a mix of people that included some who had never served on a board before, who did not really understand the local versus national work of FEX, who might not have a decision-making or reporting-back role with the funds that sent them, and who were not concerned with or committed to advancing the mission and impact of the network."

In addition, there was frequent turnover in who attended the meetings, so the board was always in flux, which made it difficult to sustain a cohesive vision. "One of the early mistakes was to have volunteers from the local funds with little experience serve as the board reps," says Scot Nakagawa. "They did not have the same connection to the history and original purpose of the Funding Exchange. Since they hadn't been part of the process of building the network, they were mostly interested in what would benefit their local funds. They weren't thinking that much like a network."

While there were donor positions on the board, some donors felt increasingly uncomfortable. The lack of consistency in who would be sent to represent the member funds made it difficult to build a sense of mutual trust. "The role of the donors within FEX, and their partnership with the member funds, was never clearly defined," says Anne Hess. "The structure of the board created a challenging power dynamic and made it difficult for donors' voices to be heard."

### Challenging Conversations About Race

The Funding Exchange had always maintained a deep commitment to diversity. In the late 1990s, the board began to focus more intensely on race politics and power, with the purpose of promoting greater racial equity across the network. FEX first established its “affirmative action policy” in the late 1980s, and at the time it was approved by the whole network. The policy expected member funds to comply with set percentages of women, people of color, and LGBT staff and board members, particularly in leadership positions. While no one argued with the principle, some of the funds felt that the specificity of the guidelines did not take into account the different demographic realities of their regions. The responsibility for monitoring compliance fell to the national office, which conducted audits every two years to assess whether member funds had met their affirmative action goals. The results would be shared at the network’s national conference. By the early 2000s, these sessions were experienced by some members as a kind of public chiding for failing to meet what seemed to be increasingly inflexible criteria.

“The board was really thinking about it in terms of building a social movement and bringing in the people who have the strongest voice, from those sections of society that were not normally included in these processes,” says Jerome Scot, former FEX grantee and board member. “But it created a lot of problems between the national and the local funds. Most tried to comply to the best of their ability, but some local funds pushed back.”

According to FEX insiders, the conflict over how to apply the affirmative action policy broke down along several lines: some member funds felt that others were not making enough of an effort to diversify their boards and staff; other funds asserted that their grantmaking was the best indication of their commitment to racial justice; and a number of members felt the emphasis on discussing race primarily as a black/white issue,

focusing on the African-American experience, failed to address the broader diversity of their local populations, which might also include, for example, Native Americans, Latinos, or Asian/Pacific Islanders.

Margarita Ramirez recalls the strains: “Setting membership criteria bumped heads from the beginning. We had very strict guidelines for being a member and for maintaining diversity. So those funds in areas that were predominantly white would be frowned on because they didn’t have enough people of color. There were all kinds of things like this that we dealt with in a very purist way. I think that if we had just kept it to what we really were, which was not much more than a strong network, it would have dispelled some of that tension. ”

Several member foundations were already providing their staff and board with training programs to help achieve diversity goals. One member fund, however, sought to impose a particular program that a number of others considered unnecessarily confrontational and which also failed to take into account the different racial and ethnic populations in their regions. That foundation would bring a large contingent to board meetings, basically packing the room. These gatherings were then taken up with contentious anti-racism sessions, separate white and people of color caucuses, and political discussions that never seemed to resolve anything. There was a sense that a lot of time was wasted on infighting and spinning of wheels. As a result, several member funds began to opt in and out of participating in board meetings.

“I loved the FEX skills-building conferences, but everyone dreaded the board meetings,” says Ramirez. “There were heated discussions that went on and on, and it seemed that whether we were in agreement or not we just couldn’t let go of them. Sessions would get bogged down in a lot of polemics around issues that, frankly, our foundation had already moved beyond.”

*“It was hard to sustain a trusting, deliberative community that felt safe enough to have these complicated discussions at board meetings four times a year. So, unfortunately, all too often people felt intimidated and silenced.” — JANE KIMONDO*



Photo Courtesy of Hawaii People's Fund.

Participants from several other member funds shared this frustration. “I spent endless hours at board meetings in sessions where we would have the same spinning conversation about race issues and not about the work that we needed to do—where the social justice movement was heading and how we could be a resource to it. So the discussion never really moved forward. It just festered and turned into navel gazing for several years,” recalls David Nicholson.

Jane Kimondo, program director at Crossroads Fund and former FEX board member, offers this perspective: “The strength was that the Funding Exchange was one of the few places in philanthropy where people were talking about race and racial justice in all its complexities. It provided a learning opportunity for people whose experiences and relationship to social movements were varied. FEX experienced some of the same power dynamics that exist more generally in our society: there were richer funds and poorer funds; there were funds led by people of color and others that were led by white people or fewer people of color; there were executive directors who had a lot of experience building organizations, and those who were relatively new. It was hard to sustain a trusting, deliberative community that felt safe enough to have these complicated discussions at board meetings four times a year. So, unfortunately, all too often people felt intimidated and silenced.”

Lillian Jimenez, who led the Paul Robeson Fund for Independent Media and served on FEX’s board, attributes some of the discord to inherent political differences. “There was no one ideological orientation within the network, and that created problems,” she says. “People were progressive in the broader sense, but all over the place when it came to progressive politics, because it played out differently in different regions.”

In 2006 the national office sought to address the growing insularity of the discussions by suggesting that the board include people from outside the network who would bring a broader perspective and experience. “We tried to argue for a board that would be representative but not necessarily have every member fund on it,” says Ellen Gurzinsky. “The idea was to make room for some donors and big thinkers, people who would pull us out of the place that we were in. But a majority on the board insisted that every member fund be represented, so this proposal was rejected. With at least 16 people around the table, there wasn’t much room for more. And with no place for donors on the board, it also became more difficult to cultivate and engage new ones.” ●



Photo Courtesy of Three Rivers Community Foundation.

## PARTING WAYS: DECISION TO DISBAND

The economic downturn of 2008 adversely affected the Funding Exchange, as it did other public foundations and the nonprofit sector in general. The national office relied on several streams of revenue: fees on donor-advised funds, tithes from members, earnings from the endowment, and grants from larger foundations. All of its investments took a hit, and declining returns led the office to cut its staff from 13 to seven. As a result, there was little capacity to conduct outreach to new or long-standing donors and this contributed to a significant drop in fundraising. The principal in FEX's donor-advised funds declined from \$20 million in 2000 to \$10 million in 2011. In addition, the foundation grants that FEX once received for network-building initiatives had dried up. "The national office was no longer financially viable," says June Makela. "It turns out that the model worked best in a good economy with constant growth."

Some insiders trace the Funding Exchange's financial vulnerability to the early days of its founding. "Coming out of the activism of the

late 1960s-early 70s, we all suffered from a lack of structure," says co-founder George Pillsbury, who served on FEX's board its first six years before moving on to other projects. "We didn't quite have that vision of building a long-term institutional base for this work. Back then, we didn't think of it enough as a business to try to create revenue models that would support the mission over time."

In December 2012, the FEX board of directors voted unanimously to cease programmatic operations at the national office, and in March 2013 they announced the planned dissolution of the network. The 16 local and regional foundations that had been members would continue their work as independent philanthropic organizations. "We ran operating deficits for eight out of 10 years. That's not sustainable," says Casey Cook, executive director of Bread & Roses Community Fund and FEX board chair. "But I don't think the decision to close was exclusively about our business model. Ultimately, the Funding Exchange really had run its course."

Judging from the comments of a range of people with a current or past association with FEX, there is wide agreement with this assessment. “It became increasingly clear that the model of a national network coordinated by a New York office was no longer working,” says Nick Palazzetti, executive director of Three Rivers Community Foundation in Pittsburgh. “The board was not getting along, and the member funds had stopped seeing the advantages of being part of a larger whole. They wanted to go their own way. We thought that dividing up the endowment would more effectively advance the work on the ground.”

In fact, the financial issues further weakened a network that was already frayed by increasingly irreparable internal fractures, particularly at the board level. Other factors also contributed to the Funding Exchange’s declining viability as a national entity: competition from other options for donor-advised funds; the failure to engage new donors; the changed philanthropic landscape; and a growing sense that FEX had lost its cutting-edge niche.

*“It became increasingly clear that the model of a national network coordinated by a New York office was no longer working. The board was not getting along, and the member funds had stopped seeing the advantages of being part of a larger whole.” — NICK PALAZZETTI*

### Internal Organizational Issues

The contentious board meetings, and the growing resentment among member funds that felt the national office had drifted from its original network-building mission by focusing too much on its own grantmaking, made it more difficult to sustain good working relationships within the

network. Numerous leadership transitions at the national office in later years contributed to an increasingly dysfunctional environment.

“The original structure was an old one and it didn’t really work any more,” says Gurzinsky, who left FEX the end of 2006. “The national office was founded on donor-advised funds. The problem began when the member foundations created their own, because there was no difference any more. At that point the national office was not only no longer a service to them, it was experienced as competition.”

### Failure to Engage New Donors

The Funding Exchange model was based on the experiences and ideals of its founding donors; it was shaped by the culture and language of one generation at a specific moment in time. This model became less relevant to the younger generation of donor-activists. “Today there is a different group of young people coming into trust funds. They’re probably struggling with the same issues, but in a different context, in a different culture, with different reference points,” notes June Makela. FEX was perceived as imposing a certain orthodoxy around the “correct” way to be a social justice philanthropist that did not resonate with younger donors and, in fact, left no entry point for them to support the network.

FEX’s tendency in later years to focus more on its internal issues than on external work that could have attracted more support was another obstacle. “Internal debates are important, but when the balance gets too out of whack, we never grow and we never reach people beyond our network, because the political discourse seems alienating, and people are scared to join because they’re worried they’ll say the wrong thing and then be ostracized. And if that’s what folks are feeling, then we’ll never get their money,” says Zeke Spier, who works with today’s young progressive donors as executive director of Social Justice Fund Northwest.



Photo Courtesy of Chinook Fund.

"We need to move more money into our movement, not just change the way that it's given within it," says Spier. "I think sometimes it's set up as a false dichotomy: either we get bigger by compromising our political values in order to engage more donors, or stay small and keep an internally consistent political value system that's really strong and radical. And actually we can be both: we can be totally righteous and clear about who we are and where we're coming from, as well as meet people where they're at and bring them along in the process. That's really what community organizing is all about."

Kim Klein attributes part of the failure to attract new major donors to what she perceives as a narrow definition of the category. The local FEX foundations understood early on that it was important to cultivate a wide range of donors. But there was a different ethos at the national level that was rooted in the Funding Exchange's founding story. "I think there was a sense that no matter what you gave, you weren't considered a 'donor' if you earned the money. You had to have inherited it. This was never said

explicitly, but it really was the case," Klein says. "It meant that as time went on we didn't engage with all those people with tech fortunes, for example, some of whom had our politics and could have supported our work, but instead they ended up going elsewhere. We didn't invite earned income in, and I think that's one of the reasons we didn't grow."

### New Competition from Other Options

A growing number of options for individual philanthropists meant that progressive donors could now choose to direct their philanthropic giving through investment firms like Fidelity and Vanguard, which charge lower or no fees, as well as Tides (formerly Tides Foundation) and a large number of other community foundations. "The increase in other options that allow you to totally control where you give your money, without being challenged about your decisions or politics, and for less cost, was hard for FEX to compete with," notes Hez Norton.

### Less Need for Services Provided by the National Office

The skills training and peer exchanges that the Funding Exchange offered its members became less essential with the proliferation of progressive philanthropic networks and more convenient opportunities to attend training sessions. "The member funds were getting many of their needs met elsewhere," Jeanne Kracher explains. "We could go to sessions locally for some of the things that previously we had to rely on FEX to provide. And the new, topic-specific affinity groups began to seem more relevant to people working on those issues."

### Loss of its Funding Edge

Although the Funding Exchange's pioneering work as a social justice funder is widely recognized, many believe it failed to adapt to the changing landscape for progressive philanthropy. There is a broad consensus that in later years FEX

was unable to reimagine its role and articulate a new, more forward-looking vision.

According to David Nicholson of Headwaters Foundation for Justice: “The desire to support grassroots efforts kept us thinking about small grants and small impact. So there wasn’t a sense of people trying to aggregate their efforts. Even some of the national office grantmaking was really recreating the work that was happening at the member funds—small grants to grassroots community groups. We never went back and said let’s look at our assumptions and what those assumptions are giving us. As far as naming and framing the issues, the national office kind of lost its wind. It seemed stuck in an old political narrative that became exclusionary.”

Liberty Hill Foundation’s Margarita Ramirez offers a similar assessment. “One of the things we suffered from was this whole ‘small is beautiful’ dilemma,” she notes. “If you think that way, you’ll stay that way. It seemed like at some point the Funding Exchange was frozen in a time and comfort zone that it did not want to grow out of.” And Lillian Jimenez, former FEX board member, observes: “The Funding Exchange was an experiment in democratic philanthropy nationally. I think it was a model that needed to adapt and change, and it couldn’t. So we were never able to really clarify what it could be doing now, what model could replace the old one.”

*“The desire to support grassroots efforts kept us thinking about small grants and small impact. As far as naming and framing the issues, the national office kind of lost its wind. It seemed stuck in an old political narrative that became exclusionary.”*

— DAVID NICHOLSON

*“It seemed like at some point the Funding Exchange was frozen in a time and comfort zone that it did not want to grow out of.”*

— MARGARITA RAMIREZ

### A Casualty of its Own Success

The loss of the Funding Exchange’s unique niche was also partly the result of its own success in advocating for greater philanthropic support of grassroots social movements. As other foundations became involved in social justice grantmaking, they brought more resources to the table. “The Funding Exchange had been a pioneer at the cutting edge of a funding niche, but in the mid-1990’s it began to get crowded out,” says Jerome Scott, former FEX board member. “When you’ve been successful in bringing other people into your funding area, you need to move to the next cutting edge where most people are not funding, and FEX failed to do that.” •



Photo Courtesy of North Star Fund.



Photo Courtesy of Crossroads Fund.

## CLOSING DOWN

*“The Funding Exchange took us to a logical point, and now we all have to figure out the next logical set of things to do. For a while it was the vehicle that helped to change the nature of philanthropy and how donors think about giving, and how we think about the redistribution of wealth. So in a way it breaks my heart that FEX is closing, but I do believe that something else will emerge.”*

— JEANNE KRACHER, EXECUTIVE DIRECTOR, CROSSROADS FUND

In December 2012, the board of directors engaged Richard Burns, an experienced nonprofit management consultant and longtime social justice activist, to begin a thoughtful process of winding down the Funding Exchange. Serving on a part-time basis as interim executive, Burns spent the next two years managing the multiple components of dismantling the network, wrapping up grantmaking and the donor-advised fund program, and closing the New York office.

### Donor-Advised Funds and Grantmaking Programs

The donor-advised program was phased out over the course of a year to allow donors to make

grants with their remaining funds or to move them elsewhere. “For some of the donors it was quite a shock. Their funds had been here for 20-30 years,” says Burns. “The board decided to proceed very slowly and carefully. We wanted the donors to feel not only that the process was transparent, but also that they were getting the support and information they needed for either an accelerated pace of grantmaking or to transfer their donor-advised fund to another entity. It was a delicate and painstaking process, which I think ultimately went very well.”

The Funding Exchange honored all grant commitments that were still active. While the three national programs ceased making grants at the end of 2012, the OUT Fund had a \$500,000

endowment that was still intact. The board voted to transfer the OUT Fund and its endowment to the Astraea Lesbian Foundation for Justice, where its grantmaking will continue to follow the intent of its original donor, David Pillsbury Becker, who died in 2010.

### Selling the Office Floor and Disbursement of Assets

The FEX office condo went on the market for its appraised value of \$5.6 million. The proceeds from the sale will cover the winding-down costs, and the remainder will be divided equally among the 16 member funds. A policy established at the time of FEX's endowment campaign specified that only those member foundations that participated in the fundraising would get a share of the endowment's annual revenues. With the closing of FEX, those 12 foundations will now receive equal shares of the principal and the income it has earned, which in September 2014 totaled approximately \$15 million. The use of the money will be subject to the same restrictions that had applied to the endowment, consistent with the commitment made to donors that their contributions would help support the members' operating costs. The purpose was to enable the foundations to direct a larger percentage of the money they raised locally to grantmaking in their communities. Thus, the share of the endowment that comes from the original principal can never be spent, while the share that comes from the earnings can be used without those restrictions.

### Archives

After considering several options, the Funding Exchange decided to house its papers—more than 400 boxes of materials spanning all 33 years—at Columbia University's Rare Book and Manuscript Library. "We wanted to leave a record of FEX's work and its impact on the development of social justice philanthropy," says Burns. "The Columbia archive seemed the right fit. It has a human rights focus—the papers of Amnesty



Photo Courtesy of the Fund for Santa Barbara.

International and Physicians for Human Rights, for example, are there. It's here in New York City, and it's one of the largest research archives in the world."

### Staying Connected

A FEX task force will explore how the foundations that were part of the network might stay connected informally going forward. While longstanding ties are likely to endure, no one is certain that new bonds will be formed. "The relationships I have with my colleagues from other member funds are extremely valuable," says Casey Cook. "They will continue because they are already established. But I wonder if and how new people coming into these funds will build those kinds of relationships." •

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## Activist-Advised Grantmaking: Reflections

The Funding Exchange's activist-advised grantmaking represented a radical departure from philanthropy as usual and became the network's distinguishing characteristic. The model had a significant influence on the field, even as it evolved through the years to reflect new realities.

While grantmaking decisions at Haymarket People's Fund were made exclusively by panels of community activists, other FEX local funds developed variations on this approach. Some involved donors in the grantmaking from the start. Most of the others gradually moved towards a mix of community activists and donors. The three national programs run by FEX's New York office each had an activist-advised grantmaking panel.

### What Worked Well

#### Grassroots Expertise

June Makela, FEX's first executive director, believes the model was effective: "Community activists are tough grantmakers who ask the right questions. They know from their own experience who is doing the best work and if grant applicants are really authentically based. They can be more discerning than people who are further removed."

Jerome Scott, who served on the Fund for Southern Communities' activist grantmaking panel, describes the benefits this way: "I think the fact that there were activist-advised boards was a very positive thing because they were able to give political direction to the funds. Most of the donors were not from local activist communities, so they were not in a position to really know which issues would give the greatest impetus to social movement-building.

That's what the activists were able to give to the FEX network with their input."

#### Leadership Development

The grantmaking boards provided a unique opportunity to strengthen the leadership skills of community activists and raise their profiles. A number of the activist grantmakers also participated in FEX skills conferences or accompanied their local fund's executive director to FEX board meetings.

"We saw it as a great opportunity to do leadership development," says David Nicholson, executive director of the Minneapolis-based Headwaters Foundation for Justice. "Through the years we have had about 250 community activists that have been grantmakers. Four or five now run foundations, many lead nonprofits, and several are state senators. It's also a good leadership development tool for organizations. For us, that's where most of our board members come from."

Scot Nakagawa was a community organizer when he served as a volunteer member of McKenzie River Gathering's grantmaking committee. He eventually became the foundation's executive director. Nakagawa credits his experience as an activist grantmaker with opening up a new world to him.

"The grantmaking committees of the local FEX funds made a big difference. They brought together community leaders to help figure out how to distribute what was basically the only source of risk capital to social change groups in their state. It taught us what it was like to be on the other side of philanthropy. We got an opportunity to read applications from people who were more experienced grant writers and then to work with others in a facilitated process, where you have an experienced person like the grant director providing guidance in deciding how to allocate the money and helping us become better grantmakers."

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Nakagawa, currently senior partner at ChangeLab, a think tank in Oakland, Calif., which examines social justice issues pertaining to Asian Americans, also benefited from attending national FEX meetings. “It allowed us to see how people were operating at a completely different level than our small, ragtag, membership organizations, where the leaders are all drawn from the local base,” he says. “In my case, the Funding Exchange took someone relatively marginal and pretty young and helped me to learn about philanthropy from the inside out. They also exposed me to other funders and organizations and created a national context for the work I was doing.”

*“The grantmaking committees of the local FEX funds made a big difference. They brought together community leaders to help figure out how to distribute what was basically the only source of risk capital to social change groups in their state.”*

— SCOT NAKAGAWA

### Limitations

#### Exclusionary

The most critical limitation was with the “pure” activist-led grantmaking model used by only a few FEX funds, which excluded donors, most of whom were activists themselves, from the decision-making process. This exclusion eventually alienated a significant number of donors and also deprived activists of an interaction that many would have welcomed.

#### Best Suited for Local Grantmaking

FEX created strong activist panels for its three national programs, but it had not anticipated the cost and logistics required to convene people from different parts of the country.

“I think it’s easier to have an activist-advised grantmaking model if you’re local, a little harder if you’re statewide or national, because of the kind of resources it takes to bring people together to do these smaller grants. When the national office replicated the model, they realized that you can’t do local grantmaking on a national level because it becomes too expensive when you fly people in for the meetings,” says Katherine Acey, former associate director of North Star Fund and executive director emeritus of Astraea Lesbian Foundation for Justice.

Hez Norton, who served on the OUT Fund’s national grantmaking committee, agrees: “It took up a lot of staff time and money to get the six of us together and organize us to give away money. I can see how for a foundation that’s not super wealthy, that could be a strain.”

#### Revising the Original Model

As with most social change strategies, the model of activist-led grantmaking needed to evolve to remain effective. Reflecting today on the concept he helped promote years ago, George Pillsbury notes: “I think it’s critical to have activists involved in grantmaking decisions. A problem was maybe taking it too far and making it an absolute—the one model that got pushed. At some point you have to involve the people you’re organizing in the process too, so that donors can interact with the community activists.”

Zeke Spier, executive director of Social Justice Fund Northwest, in Seattle, agrees. “I think the model of having activists on one side and

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donors on the other has run its course and isn't going to be that relevant going forward. Particularly with the younger generation, the line between donor and activist is getting more and more blurred. It seems artificial. "

A number of FEX foundations and other progressive groups have experimented with different ways of having donors participate alongside activists in the grantmaking process. Models like "giving projects" and "giving circles," are breaking down the silos that separated donors from activists. The trend is to form grant committees where these categories are more fluid; everyone is both an activist and a donor, no matter how small their contribution.

Katherine Acey used the FEX activist-advised grantmaking model when she left North Star Fund to become executive director of Astraea Lesbian Foundation for Justice. "But the activists who made the decisions at Astraea were multi-race, multi-class, and also donor-activists," she says. "So that's something you need to look at: how do you have true participation and influence and power-sharing around decision-making and grant strategies, and is it necessarily just a community activist grants committee. It's like at some point you need to let go of what worked 20 years ago and refresh. What stays the same are the core values. How you structure to realize those values can look very different.

### **Influence on the Field and Next Generation of Social Change Donors**

There is wide agreement that the Funding Exchange's grantmaking model had a ripple effect—influencing, directly or indirectly, both philanthropic language and practice. Kim Klein, former publisher of *Grassroots Fundraising Journal* who helped lead FEX's endowment campaign, notes: "One of the signs of

FEX's success, and its greatest contribution to organized philanthropy, is that now practically every foundation that is even slightly liberal has community people on their board. That's because of the Funding Exchange—nobody had that before. It's become a kind of standard best practice."

*"How do you have true participation and influence and power-sharing around decision-making and grant strategies? At some point you need to let go of what worked 20 years ago and refresh. What stays the same are the core values. How you structure to realize those values can look very different."*

— KATHERINE ACEY

The younger generation of progressive donors also acknowledges FEX's influence on their approach to philanthropy. While they embrace decision-making models where donors are fully engaged, they accept as a given that this work requires a partnership with community activists.

Tracy Hewat, founder and former executive director of Resource Generation (RG), recalls RG's response in 2005 to Hurricane Katrina. "We wanted to raise funds and the question was how can we be good allies under these circumstances. The absolute assumption in the group was that we would get the money to activists in the Gulf Region and they would give it away. It was fascinating to me that this was the unquestioned position of the RG donors—that we would not be directing where the money goes. And that is so FEX. Where would that have come from if not from the Funding Exchange?" ●





Photo Courtesy of Three Rivers Community Foundation.

## IMPACT AND LEGACY OF THE FUNDING EXCHANGE

*"The concept of "change, not charity" was ahead of its time. I think it was a wake-up call about how we can make a better world by asking the right questions of the right people and looking for answers in a new way. I see this reflected in how the Ms. Foundation functions: we ask our grantees what do you need, rather than saying 'here's what you need.' The Funding Exchange has had a huge ripple effect across the board."*

— CATHY RAPHAEL, FORMER BOARD CHAIR, MS. FOUNDATION FOR WOMEN,  
FEX BOARD MEMBER AND DONOR

What difference did the Funding Exchange make? A number of the goals that led to the creation of a national office were accomplished. The founding donors had hoped to build a movement of alternative community funds across the country and to engage more donors in social change philanthropy. In fact, the network of FEX foundations grew from six to 16, and a generation of progressive donors embraced the "change, not charity" vision that redefined the power dynamics of giving. "For me, that's the true legacy of the Funding Exchange," says George Pillsbury, who went on to found and serve as executive director of

Nonprofit VOTE. "We lifted up the idea that philanthropy needs to be democratized, and helped make the transition from a few individual progressive donors to an organized movement of activist philanthropy. FEX is moving out at a good time. The field has been transformed over the past 30 years and today there are many more foundations that are engaged in social justice grantmaking."

As for the results of the Funding Exchange's grantmaking, it is always difficult to measure the specific impact of social change philanthropy. In the case of FEX, this task is further complicated



*“The Funding Exchange played a leadership role in creating today’s social justice philanthropy movement. It helped create a community of progressive funders that led to the transformation of the field, and the language that we introduced has now moved into mainstream philanthropy. That’s the profound legacy.”*

— MICHAEL SELTZER

because it had a comparatively small pot of money for its national programs. In addition, it did not conduct the kind of rigorous periodic assessments of its work that could have provided a record of outcomes.

Judging from the comments of activists, donors, and grantmakers within and outside the Funding Exchange community, the FEX network—local and national—played a critical role in supporting early efforts to combat violence against women, to promote disarmament and stop the proliferation of nuclear power, to advocate for workers’ rights and a living wage, to promote environmental justice and LGBT issues, to fight the rise of right-wing extremist groups, and to advance the U.S.-based Central America solidarity movement. By providing small grants to grassroots organizations considered too untested or controversial by most foundations, FEX helped seed and sustain progressive social movements that went on to get broader support and—in many cases—to achieve significant impact.

“A lot of social change organizations got their first grant from a FEX fund and will say ‘It meant the world to us.’ That alone is amazing,” says Tracy Hewat, founder of Resource Generation. “The Funding Exchange was a major force in helping to build progressive philanthropy. I think its positive reach will be wider than anyone will be able to track.”

Over its 35 years, the Funding Exchange’s national office gave more than \$66 million to some 10,500 organizations around the country. FEX’s contribution, however, is measured in more than the dollars it disbursed. The national network nurtured and helped raise the visibility of innumerable social activists who were then able to pursue other opportunities to make a difference—some as grassroots and nonprofit leaders, others in government positions.

“The Funding Exchange was an incredible training ground for activists in philanthropy and activists in movement building,” says Ellen Gurzinsky, currently an organizational consultant

## IMPACT AND LEGACY OF THE FUNDING EXCHANGE

and leadership coach for social justice groups. “Almost everybody you know who’s out there now has had some connection with a FEX member fund or with the national office.”

Scot Nakagawa notes: “Being part of the national network of the Funding Exchange was sort of like going to social justice philanthropy college. You would have contacts with people who could then broker relationships for you that would really matter. You can find many stories of activists who received national opportunities and visibility through FEX. It was a ladder that provided mobility within the social justice sector and particularly within the economy that supported it. One of the few places where the rungs descended far enough down so that people like us could climb up.”

And Ron Hanft shares this observation: “The Funding Exchange brought together a diverse group of activists on all kinds of issues to engage in challenging work across lines of race, ethnicity, and social class. That was a very



Ellen Gurzinsky, Funding Exchange Executive Director, 1995-2006.

adventurous thing to do. I don’t know many places that have had the wherewithal or the guts to really bring together that range of people, and to create opportunities to work together, as FEX did.”

Above all, the Funding Exchange helped promote a new philanthropic model that is more inclusive and democratic and focused on systemic social change. “The Funding Exchange played a leadership role in creating today’s social justice philanthropy movement,” says Michael Seltzer, distinguished lecturer at Baruch College’s School of Public Affairs. “The handful of progressive private foundations that were operating before it was founded were isolated actors. FEX helped create a community of progressive funders that led to the transformation of the field, and the language that we introduced has now moved into mainstream philanthropy. That’s the profound legacy.”

*“FEX showed that the world does not implode if you turn over power. It helped create space for inclusion throughout the whole field. All kinds of community foundations are now describing their work in terms of community inclusion and democracy.”*

— ZEKE SPIER

June Makela, now program director of the Norman Foundation, offers this description of FEX’s influence on the field: “You can see the Funding Exchange’s legacy across the country in the creation of women’s and LGBT funds, Threshold Foundation and Peace Development Fund, none of which existed when FEX began. The FEX model of a public charity with a broad board of activists and donors, raising money to give to progressive change, as an alternative to



# RESTORE THE PRAIRIE NOT THE AMMO PLANT

Write Citizens for SWAB, Route 1, Merrimac, WI 53561

Photo Courtesy of Wisconsin Community Fund of Forward Community Investments.

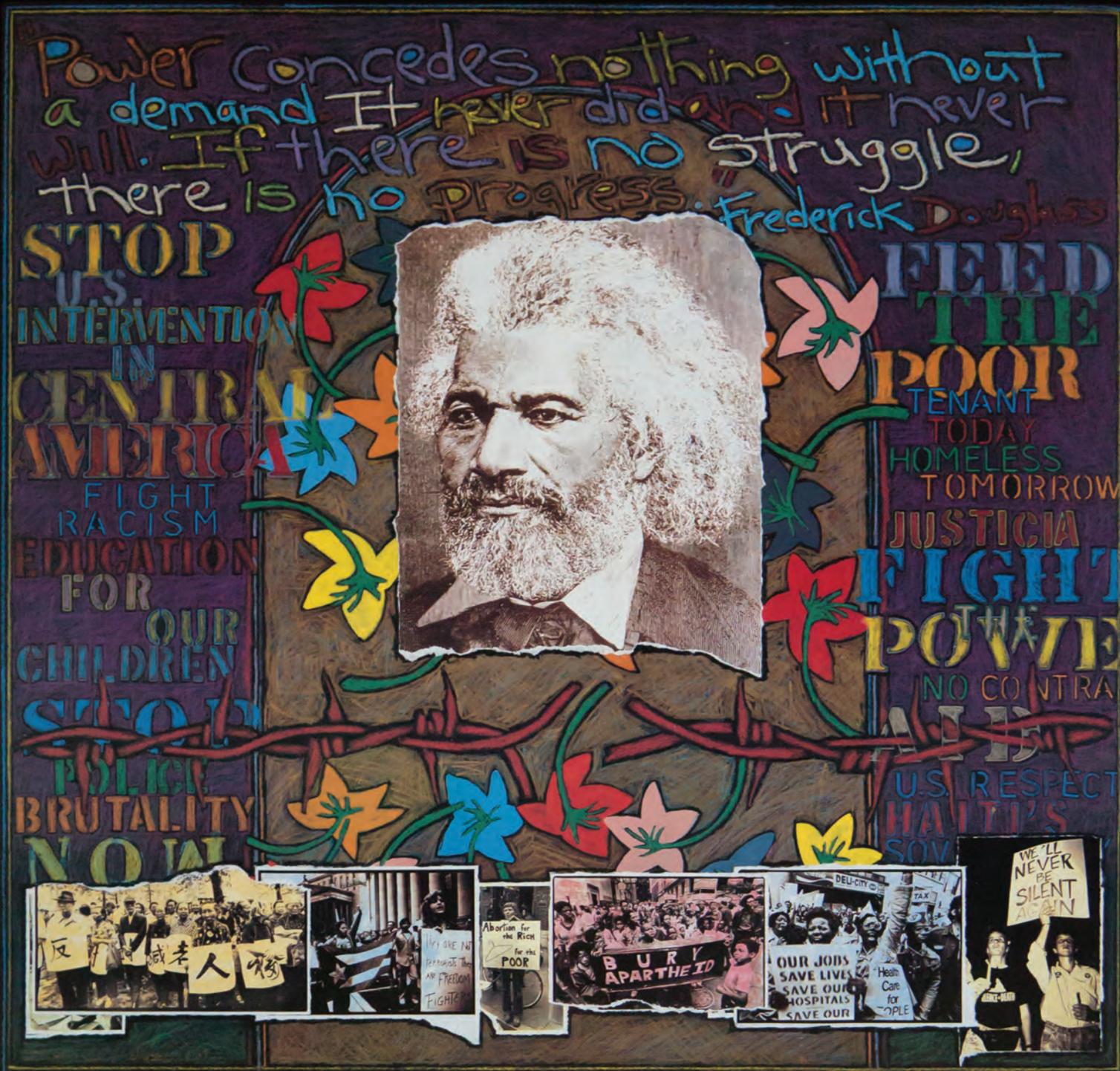
traditional philanthropy, has informed all these other funds. This was pioneering and radical in the late 1970's. Part of our legacy is that it is no longer considered radical."

Although the ambitious mission of FEX's founders to redistribute wealth was not achieved on a large scale, the concept of progressive wealthy individuals giving their money, and relinquishing or sharing decision-making power with activist grantmakers, took hold. While the model was revised through the years, its influence on philanthropic thinking and practice has endured. A growing number of foundations now have community representation on their boards or involve activists in the grantmaking process.

"The Funding Exchange can take credit for some of those shifts in talking about representation," says Zeke Spier, executive director of Social Justice Fund Northwest. "It showed that

the world does not implode if you turn over power. It helped create space for inclusion throughout the whole field. A number of the more mainstream funders have adopted or co-opted some of the language that used to sound really radical coming from FEX. All kinds of community foundations are now describing their work in terms of community inclusion and democracy."

And the story is not really over. While the national office has closed and the network soon will be dissolved, its former members continue today to be a vibrant force for positive change in their regions. In many ways, the approach to philanthropy represented by the Funding Exchange is alive and well. ●



**NORTH STAR FUND 1979-1989**

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**TEN YEARS OF FUNDING SOCIAL CHANGE**

666 Broadway, 5th Floor, New York, New York 10012

A member of the Funding Exchange

Poster Courtesy of North Star Fund. Photo of Frederick Douglass courtesy of Schomburg Center for Research in Black Culture, NY Public Library, Astor, Lenox & Tilden Foundations. Photo credits: George Cohen, Penny Coleman, Ellen B. Neipris, Juan Sánchez

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## Funding Exchange National Programs

The Funding Exchange's three national programs collectively disbursed approximately \$500,000 annually. Each had a diverse activist-advised grantmaking panel.

### Saguaro Fund

Begun in 1983 as the General Fund and renamed the Saguaro Fund in 1993, the program supported grassroots organizations that served low-income communities of color and were led by members of these communities. The Saguaro Fund was created to extend the reach of funding for social and economic justice work to parts of the country that did not have a local FEX foundation. "The early network funds were created mostly in places that had a strong base of progressive donors, so it's no surprise that they were in major cities," says June Makela, the Funding Exchange's first executive director. "The Saguaro Fund supported grassroots activism in underfunded communities that had no or very few other sources of support for this work."

Saguaro had a broader mandate than the two other national programs. Much like the local FEX foundations, it funded community-based efforts that addressed human rights, labor, youth, women, immigration, and environmental issues. In addition to making grants for specific projects, Saguaro provided ongoing support to help small grassroots organizations achieve fiscal stability.

Through the years, Saguaro grants supported organizations such as the Farm Worker Pesticide Project, an effort led by Latino farm workers in Washington state to reduce exposure to harmful pesticides and promote safer

alternatives; Safe Streets/Strong Communities, a coalition of community-based groups in New Orleans that challenged the city's criminal justice system, which historically has marginalized low-income African-Americans, and led a campaign to demand greater police accountability; and La Mujer Obrera, a group of low-income working women of Mexican heritage in El Paso, Texas, who developed a program of advocacy, education, and grassroots organizing to improve living conditions and opportunities in their communities.

### Paul Robeson Fund for Independent Media

Formerly the Film Fund, this program was renamed when it moved to the Funding Exchange in 1987. The Paul Robeson Fund supported independent film, video, and radio productions that addressed critical social issues. It provided grants for pre-production and distribution to projects that explored subjects most other funders considered too political or controversial. "For a while it was the only game in town for leftist documentaries," notes former FEX executive director Ellen Gurzinsky.

While the grants were small, no more than \$15,000 and usually significantly less, often that was enough to get a project off the ground and provide leverage to secure funding from other sources. In addition to financial support, the Robeson Fund provided valuable guidance to activist media producers. "I think even more important than the money was the comprehensive feedback we offered and the way we engaged with filmmakers," says Lillian Jimenez, the Robeson Fund's first program officer. "They appreciated how thorough we were in reviewing their applications and providing comments, even to people who did not get grants. We treated the work with respect and tried to advance their projects."

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A national peer review panel comprised of media producers, activists, and distributors made grantmaking decisions. The program officer would do the first cull of applications. The remaining proposals were sent to members of the grantmaking panel. They would whittle down the pool and then convene together to view work samples and speak with the candidates before finalizing the selection.

Jimenez notes that the Robeson Fund's multicultural panel, and diverse range of grantees, "showed colleagues at other foundations that there were people of color with a range of media expertise. So we broadened that base within the philanthropic community. We advocated for a more democratic process and helped several foundations set up similar peer review panels."

A number of media projects that the Robeson Fund supported went on to win awards; many of the films were featured on the PBS

documentary series *POV*. Subjects addressed a range of human rights and social and economic justice issues.

A few examples: "Life and Debt," by Stephanie Black, examined the devastating impact of globalization on Jamaica. "Black Diamonds: Mountaintop Removal and the Fight for Coalfield Justice," by Catherine Pancake, explored community resistance to—and the destructive effects of—mountaintop removal coal mining in Appalachian states. "Tongues Untied," by Marlon Riggs, depicted the struggles, lives, and loves of black gay men in America. "Trembling Before G-D," by Sandi Simcha DuBowski, featured personal stories of gay and lesbian Hasidic and Orthodox Jews who were struggling to reconcile their faith with Judaism's prohibitions against homosexuality.

Robeson Fund grants to radio productions that tackled topical issues included: "On the Edge:



The Paul Robeson Fund Grantmaking Panel, 2003.

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Human Rights at the US-Mexico Border,” produced by Edwin Mercado; “Live from Death Row,” produced by Noelle Hanrahan; and “Race Stories,” a series of radio documentaries produced by Phillip Martin.

### **The OUT Fund for Lesbian and Gay Liberation**

Created in 1990 with an endowment gift of \$500,000 from David Pillsbury Becker, the OUT Fund supported progressive LGBT organizing efforts. At the time of its founding, there were few LGBT funders, and even fewer who focused on connecting the movement with broader social justice issues. “This was before the emergence of larger foundations with an LGBT focus, like Gill and Arcus,” says Charlie Fernandez, the OUT Fund’s first program officer. “Compared to their resources, the Out Fund was just a drop in the bucket. But when it began it was seen as a very big deal.”

Like the two other FEX national programs, the OUT Fund had an activist-advised grantmaking panel, and often was the first critical source of support to organizations across the country. “We encouraged groups to apply to us for projects that no other foundations would fund,” Fernandez explains. One key goal, he notes, was to “help reinvigorate the progressive wing of the LGBT movement.”

The OUT Fund shared with Saguaro a focus on communities of color, and the two programs occasionally made joint grants to build coalitions that addressed race, class, gender, and sexuality as interrelated issues. For example, Southerners on New Ground (SONG) received one of its first grants from these funds to forge alliances between southern social change organizations and LGBTQ activists, in order to strengthen a progressive base in the American South. SONG subsequently got grants from larger foundations and has become an important force in the LGBTQ movement in its region.

*“The advantage of the Funding Exchange is that it was able to give grants to groups that were truly at the grassroots or that were emerging and doing innovative work and were identified by people close to that work.”*

— SURINA KAHN

Another group with a similar trajectory that received early support from the OUT Fund is FIERCE, an advocacy and leadership development organization for LGBTQ youth of color based in New York City. Since its first grants from the OUT Fund, FIERCE has expanded its reach and is now leading a national organizing campaign to call attention to LGBTQ youth issues.

“There are a number of examples like this among the OUT Fund grantees,” says Surina Khan, CEO of the Women’s Foundation of California, who served on the OUT Fund’s grantmaking panel when she was an analyst at Political Research Associates. “The advantage of the Funding Exchange is that it was able to give grants to groups that were truly at the grassroots or that were emerging and doing innovative work, and were identified by people close to that work.” ●

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## Network-Wide Program Initiatives

The national office funded a number of network-wide programs, where member foundations could apply to participate. While the grant amounts were relatively small, in some cases they were enough to seed projects that took root and continued in one form or another beyond the duration of the FEX initiative.

Here are two examples.

### Allies for Justice

Created in 1994, this two-year program provided member foundations with grants of up to \$10,000 to facilitate and fund cross-issue collaboration among the progressive organizations they supported. The goal was to create a more united social justice community in the different regions to counter the rise of right-wing activity.

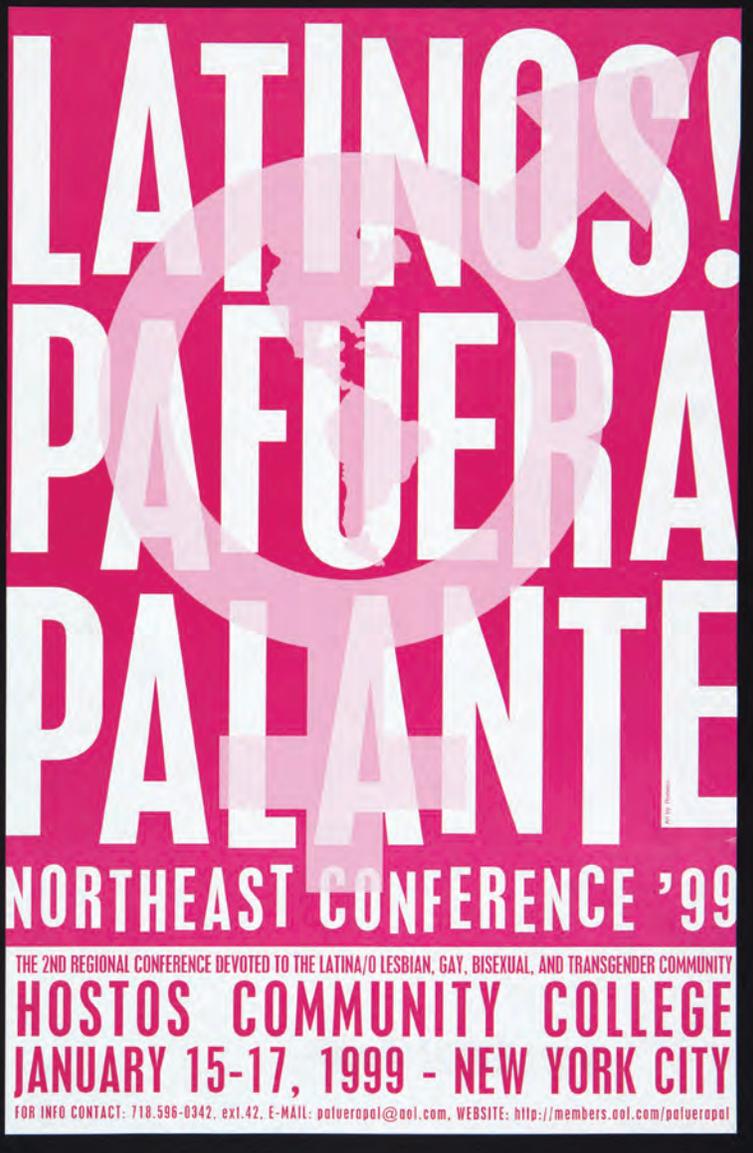
“The local and regional grantees were so consumed with their own issues. So this was an effort to build a more self-conscious sense of working together, which was not done all that frequently,” says Ron Hanft, FEX associate director at the time.

Each of the participating FEX foundations used their Allies for Justice funds to develop programs targeted to the specific movement-building needs of their grantees. Several of these efforts evolved into ongoing activities or collaborations.

For example:

The Minneapolis-based Headwaters Foundation for Justice initiated a training conference that brought together activists working on different issues in the Twin Cities to share organizing tactics, sharpen fundraising skills, identify common objectives, and forge a plan to strengthen the progressive base in the region. The Allies for Justice Conference subsequently became an annual event sponsored by Headwaters, and continued until 2001.

The Chinook Fund, based in Denver, convened a cross-issue meeting of progressive organizations in Colorado to discuss strategies for countering the attacks of the far right. This first gathering helped lay the groundwork for an enduring statewide coalition. Activists began meeting regularly for networking and brainstorming sessions, and in 1996 formed a sponsoring



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committee, the Colorado Progressive Coalition (CPC), whose efforts were endorsed by over 100 organizations and community leaders throughout the state. CPC is now a leading force in organizing social justice campaigns. Its wide-ranging efforts, to note a few, helped raise the state's minimum wage, engaged small businesses to push for immigration reform, and are promoting more equitable access to affordable health care.

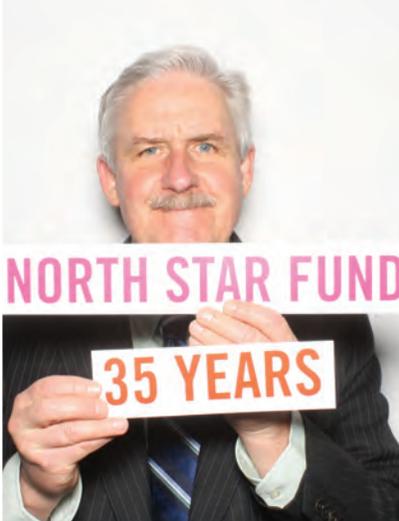
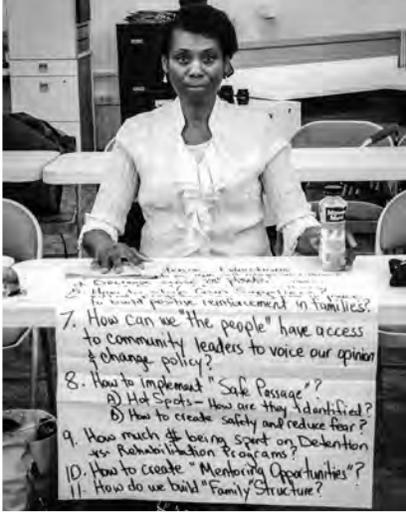
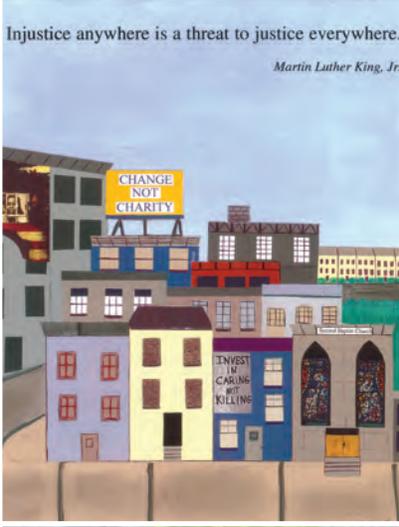
### Media Justice Fund

In 2003, the Funding Exchange's national office received a grant from the Ford Foundation to launch a project that sought to expand the constituencies for media policy reform. Specifically, the goal was to educate grassroots social justice activists about the impact of media regulation on their communities, and to engage them in efforts to promote more equitable telecommunications policies and to create local independent media outlets. "The thinking was that advocacy for policy changes cannot come just from the Beltway media reform groups. It has to come as well from community activist organizations. It was important for the two sectors to join forces," says Hye-Jung Park, the FEX program officer who managed the Media Justice Fund.

The New York-based staff made several larger national grants, but most of the funds were re-granted to participating FEX member foundations, which received \$5,000 to \$10,000 for local and regional projects. Over the course of its five years, the MJF gave more than \$2 million in grants to 125 organizations throughout the United States and in Puerto Rico. The funds supported, among other things, opportunities for grantees to attend national conferences on media reform, to forge collaborations, and to receive technical assistance that enabled grassroots activists to access and produce community-based media.

Above all, the Media Justice Fund accomplished one of its key goals, which was to build relationships among social justice activists, grassroots media groups, and national media policy and advocacy organizations. To help develop these networks, in 2007 the MJF joined with the Washington office of Consumers Union to create Knowledge Exchange. This program brought the different groups together twice a year for week-long meetings to explore a common agenda of incorporating social justice concerns into efforts to promote greater media access and accountability. Knowledge Exchange has been continued and expanded by the Center for Media Justice, a former MJF grantee, in partnership with the Consumers Union. "The Media Justice Fund provided a strong base for ongoing collaboration, and the best outcome was to see that the organizations we took a risk funding have been able to sustain their work," Park says. ●

*"The thinking was that advocacy for policy changes cannot come just from the Beltway media reform groups. It has to come as well from community activist organizations. It was important for the two sectors to join forces." —HYE-JUNG PARK*



# FUNDING EXCHANGE MEMBER FUNDS

Appalachian Community Fund

Bread & Roses Community Fund

Chinook Fund

Crossroads Fund

Foundation for Change

Fund for Idaho

Fund for Santa Barbara

Fund for Southern Communities

Hawaii People's Fund

Haymarket People's Fund

Headwaters Foundation for Justice

Liberty Hill Foundation

McKenzie River Gathering Foundation

North Star Fund

Three Rivers Community Foundation

Wisconsin Community Fund of  
Forward Community Investments



## Appalachian Community Fund Knoxville, TN

The Appalachian Community Fund (ACF) was established in 1987 to provide grants to groups promoting progressive social change in Central Appalachia, which includes East Tennessee, Eastern Kentucky, Southwest Virginia and West Virginia.

Our motto, “Change, Not Charity,” shared by many Funding Exchange members, reflects our conviction that by partnering with organizations addressing the root causes of problems affecting Central Appalachians, we can create more just, equitable, and healthy communities with opportunities for everyone.

ACF has supported grassroots efforts to address racism and we have increased our own understanding of how racism manifests itself in all areas of work. In 1997, the board of directors formalized ACF’s commitment to become an anti-racist organization.

Since its founding, ACF has awarded over \$6 million to more than 300 grassroots organizations seeking to address issues of race, economic status, gender, sexual identity, and disability. ACF’s grantmaking has supported emerging groups as well as more established organizations. We have helped to strengthen nonprofit infrastructure and capacity while supporting policy reform, coalition building, and local leadership. Given that social change is a long-term process, ACF has provided a number of organizations with multiple-year funding.

ACF’s new and long-standing partnerships challenge institutions that seek to rob the valuable resources from this land. We continue to promote a more just and equitable region where responsible environmental practices and healthy lifestyle choices are the norm, and an economically sound, educated constituency embraces the diversity and beauty of Appalachia.

Recent accomplishments of efforts supported by ACF include: the successful opposition to Nationwide 21,

a streamlined process that made it easier for companies to get large-scale mountaintop removal permits—this process has now been declared illegal across the country; blocking a childcare freeze that would have affected working parents in West Virginia earning below the poverty line, and convincing the governor to stop childcare cuts to low-income working families. In addition, the use of radio as a community organizing tool against the Prison Industrial Complex led to the creation by activists of the Central Appalachian Prisoner Support Network. And an organizing campaign succeeded in getting USB Bank, which in 2011 was the world’s third top funder of mountaintop removal, to stop funding this practice.

ACF has supported cutting edge social change work led by people whose lives and land have been affected by corporate forces that exploit the region’s rich resources. These practices benefit absentee landholders, whose actions have led to environmental devastation and social and economic disenfranchisement of the very people who work in the extraction of those resources. Throughout this region—with its ancient mountains, valleys, hollers and hills—there are places where great natural beauty exists alongside historic and generational poverty, social inequity and environmental destruction. It is also a region that is rich in local culture—music, storytelling, arts and crafts that reflect the love of place, the mixture of people, and both the beauty of the land and the harshness of people’s lives here.

The Appalachian Community Fund is on the front lines of the battle for social change and is valued not only as a funder, but also as a trusted partner working with community activists for a brighter future for this region and the nation.

Executive Director: Margo Miller.

[www.appalachiancommunityfund.org](http://www.appalachiancommunityfund.org)

## Bread & Roses Community Fund Philadelphia, PA



**Bread & Roses** *community fund*

Bread & Roses Community Fund, based in Philadelphia, began in 1971 as The People's Fund. It was founded by two dozen activists and donors affiliated with groups such as the National Lawyers Guild, the Black Panther Party, and Women United for Abortion Rights, which were considered too controversial to get funding from other sources. "When we started, we were explicitly not tax-exempt because we wanted to be clear that the money was political," says Rick Baron, a founder and current board member. "As the groups we worked with developed 501(c)3 structures, we transitioned to our own tax-exempt status, in part to give us a shot at drawing in larger donations." In 1977, The People's Fund became Bread & Roses Community Fund. Since then, Bread & Roses has distributed more than \$10 million to grassroots groups in the Philadelphia region.

Our Community Grantmaking Committee, comprised of 20 community activists and donors, uses a consensus-based process to make funding decisions for two programs: the Future Fund, which focuses on emerging issues and new groups; and the Racial and Economic Justice Fund, which supports specific organizing campaigns. Many grantees that received early support and public recognition of their legitimacy from Bread & Roses are now strong social justice organizations that are mobilizing their communities to achieve real change.

"Bread & Roses is very much a part of the community it serves. We aim to have a deeper, more collaborative relationship with our grantees," says Denise Brown, board co-chair. "We try to devise ways to be more of a partner, and to engage members of the community as decision makers. "That's what makes this work authentic and gives our process integrity."

Bread & Roses is also home to a college scholarship program, a community school, and an urgent needs fund. The Jonathan Lax Scholarship Fund for Gay Men, established in 1994 by entrepreneur and inventor Jonathan Lax, awards college scholarships to gay men in the Philadelphia region. The Barbara Smith Community School provides Bread & Roses grantees with workshops on fundraising, organizational development, and best practices in community

organizing. It also offers forums where the broader community can discuss such issues as gentrification, public education, and criminal justice reform. The Opportunity Fund provides small grants for projects or emergencies that are not part of an organization's ongoing work. These grants are typically used for demonstrations and rallies, coalition-building efforts, or special events.

Bread & Roses' reputation for having deep roots in the community, and our recognized ability to bring disparate groups together for productive conversations, has led to unique partnerships. In 2000, the Phoebus Fund, a family foundation, partnered with Bread & Roses to create the Phoebus Criminal Justice Initiative, which promotes criminal justice reform. Over the past 14 years, grants totaling \$785,000 have supported the work of 66 organizations in the Philadelphia area. Funding decisions are made jointly by the Phoebus Fund family members and criminal justice reform activists. This model inspired a similar partnership with the Saba Chai Five Family Foundation, which distributed \$40,000 through a one-time Latino Organizing Fund at Bread & Roses.

In 2011, Bread & Roses embarked on an extensive "visioning process" to assess how well we were serving the social justice community in the Philadelphia area. The goal was to determine how our work can most effectively address grantee needs and support racial and economic justice activism going forward. One of our current top priorities is to raise more money in order to expand grantmaking and provide more opportunities for leadership development.

"Bread & Roses has been funding community organizing for real, systemic change for four decades, and we've learned important lessons both in Philadelphia and from our Funding Exchange sister funds across the country," says executive director Casey Cook. "As we enter our fifth decade, our goal is to strengthen our own capacity in order to best serve movements for real change in the Philadelphia region."

Executive Director: Casey Cook.

[www.breadrosesfund.org](http://www.breadrosesfund.org)

## Chinook Fund

### Denver, CO



Chinook Fund was founded in 1988 by young, progressive philanthropists who were inspired by the Funding Exchange to create a foundation that would support grassroots groups working for peace, human rights, and economic justice. In Colorado, a “chinook” is a warm, dry wind that blows down from the eastern slope of the Rockies, bringing a refreshing spring thaw to icy winter weather. And that was the vision for the new Chinook Fund: to support and expand grassroots democracy in Colorado, thawing a climate of fear, bigotry and violence. The founders wanted the foundation to be held accountable to the communities it served, and to provide a way to hold activist organizations accountable to those communities as well. So they launched a community activist-led grantmaking committee, which continues today to make all funding decisions for Chinook. This grantmaking helps build the skills of some of the most promising community activists in the state. Many have gone on to become important social justice leaders in Colorado.

We fund organizations that work for change by challenging the root causes of social problems, which we believe include systemic and institutionalized racism, sexism, heterosexism, classism, ableism and ageism. Throughout the 1990’s, Chinook provided seed grants, technical assistance, and ongoing support to new groups addressing these critical issues. When it was controversial to fund LGBTQ organizations after the passage of Colorado’s Amendment 2, which denied protected status to homosexual and bisexual people, Chinook played a lead role in supporting the effort to block its enforcement. In 1996, the U.S. Supreme Court ruled that the amendment was unconstitutional. When it was considered risky to fund groups organizing undocumented immigrants, Chinook was the first and the only funder to provide support. Chinook was a key early funder of many anchor groups that went on to become powerful community-based legal and research organizations: Colorado Progressive Coalition, 9 to 5 Colorado, Rights for All People, Padres Unidos, and Compañeros, El Centro Humanitario.

While Chinook Fund had long recognized racism as one of the most dangerous and pervasive barriers to social justice in our society, in 2002 we embarked on an intentional journey to look inward and examine the impacts of racism-- as well as sexism, classism, and other forms of discrimination--on every aspect of our organization and work. This process was transformative and led us to diversify our leadership and staff at all levels. We also developed training programs for external use. In our work with other donors and foundations, we challenge traditional charity to give more to social change efforts and to be accountable to communities most affected by barriers to opportunity.

Since our founding, Chinook Fund has given \$2.7 million in grants to more than 316 organizations. We monitor progress through periodic evaluations of our grantmaking process, which includes getting feedback from grantees, donors, activists, and the larger community. Some examples of the significant impact our grantees have achieved through the decades include: Action for a Better Community’s successful 1999 campaign that secured discounted bus passes for low-income youth to travel to and from school and the actions of Colorado ADAPT to enforce the American with Disabilities Act, which led to Denver’s official recognition in 1994 as “the most accessible city in the nation for people with disabilities.”

We are currently shifting our programming from a community-led Grantmaking Committee model to a Giving Project model. Giving Projects bring together a cross-class cohort of people who are passionate about social change and interested in developing new skills in fundraising, grantmaking, and community building. As members of our Giving Project take part in grantmaking, these ideas will play an integral role in their decision making. The goal is to promote understanding across different backgrounds and expand social justice networks, while giving grants to the most effective and democratic organizations within the community.

Executive Director: Nora Bashir.

[www.coloradogives.org/ChinookFund](http://www.coloradogives.org/ChinookFund)

## Crossroads Fund Chicago, IL



Crossroads Fund supports groups working for racial, social and economic justice in the Chicago area. We fund new and emerging organizations, foster indigenous leadership, and apply resources to the most critical issues affecting communities. Since our founding in 1981, Crossroads Fund has distributed more than \$7 million dollars to nearly 700 grassroots groups in the Chicago area.

Crossroads Fund has promoted positive change on several fronts. We were the first foundation in Chicago to fund many of the groups working for LGBTQ rights. We supported ACT-UP in its radical movement to fight AIDS, and we funded early efforts to advance the rights of transgender people. That funding continues today, as does our commitment to ensure that all of our grantees are thoughtful about the experiences of their LGBTQ constituents.

Our grantees are on the leading edge of the labor movement's fight against worker exploitation and have helped win historic victories. One example: Chicago Workers Collaborative, Latino Union and Arise Chicago formed a coalition that helped pass laws raising the minimum wage and protecting against "wage theft." In addition, we were the first funder of the Illinois Death Penalty Moratorium Project and the Campaign to End the Death Penalty. We provided support for more than a decade as they engaged in the vital grassroots organizing and advocacy that led first to a moratorium on the death penalty in Illinois, and finally to its abolition in the state in 2011.

Crossroads Fund has learned important lessons through the years. One is that creating partnerships requires a significant investment of time, but it is an effective strategy for movement building. Working in partnership with individual donors and foundations has allowed us to increase our grantmaking and expand the resources available for social change organizing. For example, Cultivate: The Women of Color Leadership Collaborative is a partnership of Crossroads Fund, Chicago Foundation for Women, Chicago Community Trust, and Woods Fund Chicago. By bringing together women leaders of separate but intersecting social justice movements, the program benefits from diverse experiences and perspectives, and creates an opportunity to strengthen

the individual women's leadership skills as well as their respective organizations. Another lesson is that community-led grant making—which brings together activists, donors, and community members to review proposals, make site visits and provide recommendations—is a time-intensive but valuable process that grounds grant decisions in the realities of the communities we serve.

Going forward, we will make evaluation of the work we support even more of a priority. In the absence of a big win, social change groups are constantly tasked with how best to assess their success and to communicate their impact to an external audience. In collaboration with grantees, our staff and board, and evaluation consultants, Crossroads Fund created a tool that identifies four transformational areas to measure success: community transformation, cultural transformation, institutional transformation, and sustainable transformation. This tool helps our grantees tell the story of their progress toward achieving systemic change, while identifying important milestones along the way. It is also helping us to explore the broader impact we are having on social justice organizing in Chicago.

Crossroads Fund will continue to engage the next generation of donors and activists. In 2005 we partnered with a group of individual donors to create the Lisa Fittko Internship, honoring the international activist by supporting an annual paid internship for an emerging youth activist. In 2008 Crossroads Fund launched our Youth Fund for Social Change, a youth-led social justice grantmaking program. In 2015, we piloted our first Seed Fund Giving Project. This project engages a cross-race, cross-class, multigenerational group of people to participate in the three pillars of our work: political education and discussion and analysis of systemic racism; fundraising; and grantmaking to support social justice work in Chicago. Another priority is to increase the Crossroads Fund endowment, which will help us weather economic uncertainty and continue to thrive as a stable resource.

Executive Director: Jeanne Kracher.

[www.crossroadsfund.org](http://www.crossroadsfund.org)

## San Diego Foundation for Change San Diego, CA



## Foundation for Change

The San Diego Foundation for Change (F4C) began in 1983 as a chapter of the Liberty Hill Foundation. Since it became its own independent foundation in 1994, F4C has been “planting seeds of change” by providing micro-grants to progressive grassroots organizations that are too new, small or controversial to receive funding from San Diego’s traditional philanthropic community.

Beginning in 2007 the Foundation for Change decided to focus its resources on the city’s immigrant, refugee, and border communities—populations reflective of a dramatic demographic transformation that was changing the shape of San Diego’s public and political landscape. By “going beyond the grant,” we began not only to award grants to emerging organizations in these communities, but also to bring leaders from these organizations together in networks of mutual support and strategy development.

San Diego is home to an increasing number of strong progressive non-profit organizations. The Foundation for Change was an early funder of many of these organizations. While our strategy of providing seed grants supported many short-term projects and short-lived organizations, a handful of early grantees went on to become lasting forces for positive change, including the Environmental Health Coalition, the Interfaith Committee for Worker Justice, and San Diego Earth Day.

Over the past seven years, the Foundation for Change has made a critical contribution to the development of robust local organizing and advocacy movements in culturally conservative communities. These efforts are promoting civic participation, access to healthcare,

worker rights, and LGBT equality. The network of organizations seeking to improve conditions for immigrant workers in San Diego is now recognized as a leading force in statewide advocacy efforts.

In 2013, the Foundation for Change supported the launch of two new philanthropic initiatives. Root 54 Giving Circle seeks to strengthen nonprofit organizations that promote Filipino American culture and community involvement through philanthropic activities. It has provided grants to the Kuya Ate Mentorship Program and Kalusugan Wellness Center. The Latina Giving Circle of San Diego is an exciting new effort to bring together a community of San Diego’s Latinas who want to uplift, celebrate, and share the philanthropic values and traditions of the Latino community.

With the winding down in 2014 of our six-year Immigrant Worker Health Initiative, a major grantmaking program, Foundation for Change staff and board are currently exploring future directions. This process includes reviewing the landscape of San Diego nonprofits and funders to identify the greatest needs and determine how we can best contribute to strengthening civic engagement and leadership development in emerging communities. We also want to learn about successful grantmaking and giving project models that can be scaled up consistent with our current capacity and future organizational growth.

Board President: Quynh Nguyen.

[www.foundation4change.org](http://www.foundation4change.org)

## Fund for Idaho Boise, ID



Over the past 25 years, radically conservative forces have risen to power in Idaho, instituting policies that perpetuate the privilege of a few at great cost to those who lack power or money, especially minorities and low-income people. In response, small community-based nonprofits have organized to address these inequities and injustices. One of the main obstacles they encounter is lack of available funding. This trend has increased over the past 20 years, as the few large foundations that supported progressive work in Idaho have systematically moved their funding to “blue” states instead of “red” Idaho. This problem was intensified by the recent economic downturn, which caused many foundations to reduce their grantmaking. As a result, progressive groups with long, solid track records have been forced to close their doors, further shrinking Idaho’s already weak progressive nonprofit infrastructure.

Fund for Idaho’s founders recognized that the state needed its own funding source to support progressive grassroots groups. Unlike most foundations, Fund for Idaho was created in 2003 by committed activists who did not have large pools of personal resources. Instead, they had first-hand experience with the difficulty of raising funds needed to sustain Idaho’s grassroots organizations working for social and environmental justice in a very red state. Fund for Idaho is truly a community-supported foundation and relies primarily on individual donations. We have a few donors who can write large checks, but the majority of our contributions come from ordinary Idahoans who know that Fund for Idaho supports groups that will have the most impact on the issues they care about.

Our small grants represent life or death for many of the organizations we fund. As Zee Quintana, director

of Mujeres Unidas de Idaho, noted: “Without the Fund for Idaho, it would be almost impossible for our all-volunteer organization to exist. The value of a local funding source that supports our work is immense.”

In contrast to Idaho’s more conservative mainstream foundations, Fund for Idaho’s grant making process relies on the wisdom and experience of both the donor community and those engaged in the on-the-ground work. By bringing together as equal partners donors and social change activists working on gender equity, racial and ethnic equality, and environmental protection, we can ensure that our grants effectively address the root causes of problems.

Since it began, Fund for Idaho has made small grants totaling more than \$233,000 to 43 Idaho grassroots organizations. These groups have served 19 communities throughout Idaho, and some have provided services statewide. Our grantees work on a wide range of issues, including: organizing for racial justice; promoting fair treatment of immigrants; advocating for sexual orientation equality; preventing the growth of factory farms and environmental contamination; promoting sustainable agriculture, environmental education, and renewable energy. The work we support has helped build a statewide base of informed, civically active people of faith and countered the religious right’s agenda. It has empowered women and minorities, promoted justice for people with mental illness, fostered inclusive civic participation, nurtured new leaders—young and old—and supported human rights for all.

Executive Director: Gail Heylman.

[www.fundforidaho.org](http://www.fundforidaho.org)

## Fund for Santa Barbara Santa Barbara, CA



In the spring of 1980, a group of Santa Barbara-based community organizers, activists and philanthropists established the Fund for Santa Barbara to support organizations working for progressive social change in Santa Barbara County. Inspired by similar efforts across the country, founder Nancy Alexander and eight founding board members set out to introduce an alternative model of philanthropy to California's Central Coast.

During its first five years, the Fund for Santa Barbara benefited from the fiscal sponsorship of the Liberty Hill Foundation of Los Angeles. In March 1985 it became an independent 501(c)3 foundation. Through the late 1980s and early 1990's the organization continued to build its funding base and establish itself as a key resource for social justice organizations. In 1996, the Fund for Santa Barbara joined the Funding Exchange network, creating a formal relationship with sister organizations across the country. A comprehensive evaluation and strategic planning process resulted in the implementation in 2003 of a multi-year grant-making program and the formalization of the Technical Assistance Program, which enabled us to make a more sustained investment in movement-building work.

In July of 2001, the northern Santa Barbara County Pilot Program was officially launched and the first staff member was hired specifically to work with communities in that area. While the Fund had been making grants in the Santa Maria Valley since 1999, the launch of this pilot program signaled the full organizational commitment to building a base of donors, activists, and volunteers in the northern half of the county. A second office was initially opened in Lompoc in 2002 and moved to its permanent location in Santa Maria in 2003.

The Fund for Santa Barbara's activist-led grantmaking has long been the hallmark of our work. Over its 35-year history, however, the Fund has carved out a

much larger role in the community, serving not only as a grantmaker, but also as a trainer, advisor and convener of the region's social, economic, political, and environmental justice advocates and organizers. Our Technical Assistance Program works with more than 200 community groups each year, providing resources and training for organizational development, fundraising, community organizing, board development, strategic planning, media strategy, financial management, grant writing, lobbying, advocacy, and more. This program compliments our grantmaking by offering free, bi-lingual (Spanish/English) workshops and consulting services to help ensure the success of grassroots efforts to promote progressive change.

In 2000, the Fund for Santa Barbara began a partnership with the Santa Barbara International Film Festival to create the Fund for Santa Barbara Social Justice Award for Documentary Film. This award, given annually during the festival by an independent jury, recognizes the work of documentary filmmakers who use their art to address critical social, economic, environmental, and political justice issues. The Fund's Youth Making Change (YMC) program, established in 2008, is a teen-led grantmaking program that provides young people with the opportunity to engage directly in organized philanthropy. To date, the YMC board, comprised of teens aged 13-19, has awarded over \$150,000 to more than 80 youth-led groups for projects that affect young people throughout Santa Barbara County.

Now in its 35th year, the Fund for Santa Barbara has distributed over \$5 million to more than 1,000 grassroots projects, and continues to be at the forefront of responsive and progressive philanthropy on California's Central Coast.

Executive Director: Marcos Vargas.

[www.fundforsantabarbara.org](http://www.fundforsantabarbara.org)

## Fund for Southern Communities Atlanta, GA



The Fund for Southern Communities (FSC) was established in 1981 by a group of concerned individuals who wanted to promote social justice in the U.S. southeast. FSC joined The Funding Exchange network in 1982. FSC's mission is to support and unite organizations and donors working to create just and sustainable communities that are free of oppression and that embrace and celebrate all people. Through grantmaking and related activities the Fund for Southern Communities fosters social change initiated by community-based groups in Georgia, North Carolina and South Carolina. Since it began, FSC has awarded more than 1,900 grants, totaling over \$6 million. We work with small, grassroots organizations that often are isolated from the larger movement networks and rely on individual volunteers – people directly affected by the injustices they are addressing. Our grantees serve approximately 10,000 people each year.

Rather than tackle the symptoms of oppression by funding direct service activities, FSC awards grants to community organizations that are working to bring systemic change. These grassroots groups often are overlooked by traditional charities and private foundations because they are considered too small or their objectives are too far removed from the experience of people making the funding decisions. FSC believes that communities organizing on their own behalf are powerful forces for change. Our current grant making supports anti-racism efforts, environmental justice, women's rights, LGBTQ rights, disability rights, economic justice, and more. We also provide administrative sponsorship to start-up programs and organizations that do not have 501c(3) status.

FSC's major accomplishments include: helping to establish Georgia Shares, which encourages and enables working people to participate in philanthropic giving through payroll deduction; contributing to the founding of both the Southern Rural Development Initiative, which expands support for sustainable economic development in low-income rural communities in the South, and of the Southern Funding Collaborative, which makes grants to strengthen groups organizing for social change in the region. We are also a member of

the Funders for Equitable Gulf Coast Rebuilding, a coalition of philanthropic organizations dedicated to relief and rebuilding in the hurricane-affected Gulf Coast region, with a special focus on social justice issues.

The Fund for Southern Communities is structured as a community-based philanthropy that involves donors and activists on its board and in its grantmaking decisions. In addition to providing grants to groups in our three-state region, FSC also manages donor-advised accounts that make grants nationally and internationally, as well as grants-assisted accounts, donor circles, and special field of interest grant opportunities.

We work with grantees that have limited staff, funds, and grant seeking expertise to strengthen the skills they need to increase their budget and grow their organization. Many of the organizations FSC supports are emerging groups that operate with small budgets and are transitioning from an all-volunteer to paid staff. Most do not have a history or a relationship with grantmaking foundations outside their local neighborhood or community foundation. We help grantees improve their grant-writing and fundraising skills, and their capacity to measure and report outcomes, so they can move on from FSC funding by successfully competing for support from larger foundations.

Our 35-year history in social justice philanthropy has enabled us to assess which grantees are likely to succeed with a grant from FSC. Our board and staff examine such factors as an organization's links to the wider community, the strength of its board and staff, how well it is managed, the opportunity for growth, and the quality of its projects and programs. Many grantee partners that received their initial seed grant from FSC have grown to levels that far exceed our own annual budget. Among FSC's success stories: Self-Help Credit Union in North Carolina, SisterLove based in Georgia, with an office South Africa, and South Carolina Progressive Network.

Executive Director: Alice Eason Jenkins.

[www.fundforsouth.org](http://www.fundforsouth.org)

## Hawaii People's Fund Honolulu, HI



# Hawai'i People's Fund

Change, Not Charity™

In 1970, members of Youth Action, a progressive group in Hawaii, realized there was one aspect of their identity politics that was destined to be short-lived: youth. They set about to create a more enduring base for social justice activism and philanthropy. By 1972, they had established Hawaii People's Fund.

Outsiders commonly consider Hawaii a paradise destination. The islands are blessed with incredible natural beauty and deeply enriched by a resilient indigenous culture. Yet, the land and its residents face significant environmental, cultural, social and economic challenges on a daily basis. Hawaii People's Fund fosters a community of donors, both visitors and residents, who collectively share a vision of a better Hawaii and a better world. With the support of our partners in change, we invest in grassroots groups that expose the root causes of social problems and explore creative new solutions. Hawaii's land is extremely fertile, but currently 80-90% of all consumables are imported, perpetuating economic and public health hardships. The islands' location thousands of miles from a continental land mass has made them valuable testing grounds for global pesticide companies. Reliant on a service economy driven by tourism and a heavy U.S. military presence, the middle class is shrinking. Growing numbers of houseless people (native Hawaiians challenge the term "homeless.") As one saying explains: "We are not homeless, we are houseless. Hawaii is our home.") live surrounded by gated communities, expanding condominium towers, and vacation playgrounds.

*Aloha Aina/Malama Aina*—meaning love of and care for the land—are core values in Hawaiian culture, and they guide the movements that are restoring traditional systems as well as creating new alternatives that can lead to a healthy, sustainable future. Hawaii People's Fund promotes positive social change by supporting

efforts to achieve worker justice and local food security, and to ensure accessible housing and equitable development planning.

Prior to 1893, Hawaii was an internationally recognized independent nation. But subsequent decades of colonial politics had a negative impact on indigenous language and cultural practices. Hawaii People's Fund supports the work of Hawaiians, *na Kanaka Maoli*, to preserve and pass on their cultural and political identity, and to renew expressions of their inherent sovereignty. We serve as an intermediary funder for community-based organizations throughout Hawaii that are working for social change. Our role extends far beyond moving resources. We seek to deepen the impact and amplify the innovations of our grantees by helping to build their assets, providing training opportunities that help strengthen their organizations, and fostering organically emerging collaborations.

For example, an annual EXPO for Community Change brings the grantees of that year together to network with each other and to share their work with the donors that made their grants possible. Even the most diverse groups have found places where their work connects. Hawaii People's Fund organizes informal activist conversations through its Kipuka for Change Peer Learning Circles. Opportunities for community engagement continue to expand. The use of film, speakers, and cultural activities to begin a dialogue and encourage action has been very effective.

In 2015, Hawaii People's Fund will extend its participatory form of grant making through community-based giving circles. And it will continue to remain a touchstone for progressive grassroots activism in the islands.

Executive Director: Nancy Aleck.

[www.hawaiipeoplefund.org](http://www.hawaiipeoplefund.org)

## Haymarket People's Fund Boston, MA



Since its founding in 1974, Haymarket People's Fund has granted over \$27 million to grassroots groups across New England that believe change is possible. One hundred percent of our grants have gone to changing the status quo, and we have supported most of the major social justice movements in the region. Based in Boston, our name is taken from the 1886 worker demonstration in Chicago known as the Haymarket Affair, which paved the way for the 8-hour workday.

We see social change philanthropy as a form of community organizing. Each year, our volunteer grant making panel comprised of community organizers from across the region awards grants to local organizations based in neighborhoods throughout New England. The contributions of many hundreds of people keep Haymarket vibrant, strong, and true to our mission. For years, we have leveraged funds to promote "change, not charity" by organizing workshops for progressive people with wealth. Currently, we work with donors of all income levels to encourage giving to those communities most affected by injustice.

In addition to providing grants, Haymarket offers social change groups other resources that help strengthen their work. This includes making available special training sessions to help undo the racism that impedes progress and undermines efforts to achieve true social justice.

A few examples of our grantees:

The Student Immigrant Movement (SIM) has trained young leaders across Massachusetts to advocate for the right of all immigrant students to a college education. SIM collaborated with a range of other groups in a campaign that mobilized immigrant parents, students, and other supporters to demand

equal access to higher education. Migrant Justice Center spearheaded an effort that in 2013 led Vermont to become one of several states that passed a law allowing access to driver's licenses regardless of immigration status, thus turning the post-9/11 anti-immigrant tide towards greater inclusion. The Massachusetts Coalition for Domestic Workers includes several Haymarket grantees—the Brazilian Immigrant Center, the Dominican Development Center, and the Women's Institute for Leadership Development—and is a member of the National Domestic Workers Alliance. The Coalition played a lead role in the successful effort to win passage in the Massachusetts State Senate, with bi-partisan support, of the Domestic Workers' Bill of Rights. This victory has moved the bill one step closer to becoming a law that will ensure domestic workers the basic labor protections, such as clarity on what constitutes working time, freedom from sexual harassment, and protection from the abuses of trafficking and from retaliation for asserting wage violations.

Since 1998 Haymarket People's Fund has engaged in a deliberate process to advance our mission as an anti-racist, multi cultural foundation by embedding anti-racism values in every aspect of our organization. Haymarket was honored for this commitment with a Community Change Inc. "Drylongso Award." Several years ago, Haymarket received a grant to document what we have learned from this transformative experience. Our new publication, "The Courage to Change: The journey towards transformation and anti-racism in philanthropy at Haymarket People's Fund," will hopefully inspire other organizations to engage in a similar journey.

Executive Director: Karla Nicholson.

[www.haymarket.org](http://www.haymarket.org)

## Headwaters Foundation for Justice Minneapolis, MN



Headwaters Foundation for Justice was founded in Minneapolis in 1983 by a group of progressive individuals who were committed to a social change vision of philanthropy. As one of the first foundations to involve community activists in grantmaking decisions, Headwaters quickly distinguished itself as an innovative institution within Minnesota's robust philanthropic community. In the late 1980s, Headwaters took steps to ensure that the social justice values that guided its grantmaking were also reflected within the organization. Former executive director Steven Newcomb noted that "diversifying the board is absolutely imperative to our mission." Headwaters' board developed a new policy that established equal representation of all key stakeholders—donors, community leaders, and activists. The goal was to guarantee a supermajority of groups historically underrepresented on foundation boards: women, people of color, and LGBT individuals.

In its first two decades, Headwaters provided small, multi-year, seed grants and technical assistance to advance the work of emerging grassroots groups. For example, the foundation was one of the first funders of the Minnesota AIDS Project when it began in 1986. At a time when little was known about HIV/AIDS, and people who had the disease faced stigma and widespread prejudice, Headwaters took a stand to help community leaders and others recognize that AIDS was not a moral issue, but rather a public health concern. Similarly, when the movement to end domestic violence was still largely ignored by other foundations, Headwaters supported Casa de Esperanza and Women's Advocates, two groups that worked to end domestic violence and to advocate for the rights of battered women.

Today, Headwaters continues to be a catalyst for social, racial, economic and environmental justice. The foundation supports strategies that bring people together to address the root causes of injustice, and its grants seek to advance long-term movement building and to increase the sophistication of community organizing work. Headwaters supports groups that make smart use of electoral organizing to generate positive change locally and across the state. Grantees were instrumental in achieving legislative and electoral

victories, including the banning of cyanide mining in Wisconsin in the 1990s, and the defeat of two constitutional amendments in 2012—one that sought to require voter IDs, and another that proposed to ban marriage between same-sex couples, ultimately securing the freedom to marry in 2013.

Headwaters seeks to create lasting structural change through leadership development and asset building in disenfranchised communities. Over the past 30 years, the foundation has supported more than 300 leaders of Minnesota social movements. Many now run foundations, lead nonprofits and for-profit organizations, or continue to serve the community as elected officials. "Community members take different paths to transforming the society they live in. We support courageous communities so they can name and claim the change they want to see in the world, and begin the process of transformation," said David Nicholson, executive director of Headwaters.

In 2000, the foundation began a new chapter of philanthropic leadership in addressing systemic barriers and structural racism. We launched a \$2 million endowment campaign to create The Fund of the Sacred Circle. Thanks to the leadership of American Indian community members, the majority of the gifts were made by American Indian individuals. The Fund of the Sacred Circle provides support to American Indian-led grassroots organizations and projects in Minnesota and Wisconsin. Similarly, Headwaters supports the African American Leadership Forum (AALF), which is creating a comprehensive agenda to expand the political, social, and economic power of African Americans in the Twin Cities. Over the past four years AALF has inspired similar efforts in five other urban centers across the country.

Looking ahead, Headwaters Foundation for Justice plans to increase its community-led grantmaking, to inspire donor engagement and expand giving, to address the structural problems within philanthropy, and to bring people together to develop solutions that will lead to a more equitable society.

Executive Director: David Nicholson.

[www.headwatersfoundation.org](http://www.headwatersfoundation.org)



## Liberty Hill Foundation Los Angeles, CA

Liberty Hill, a public foundation in Los Angeles, advances movements for social change through a strategic combination of grants, leadership training, and alliance building. When Liberty Hill was founded by young idealists in 1976, it set out to fight inequality in a new way—by funding grassroots community organizations that most traditional philanthropies at the time did not consider candidates for support. Today it is a national leader in social justice grantmaking, promoting the rights of women, minorities, immigrants, refugees, and low-income residents of Los Angeles. Organizing and advocacy efforts funded by Liberty Hill have transformed neighborhoods, launched movements, nurtured hundreds of social justice community leaders, and influenced national policies.

Over the past four decades, Liberty Hill has invested more than \$60 million in grassroots organizing. A 2012 study by the National Committee for Responsive Philanthropy looked at 15 community organizing groups in Los Angeles, 12 of whom were Liberty Hill grantees. The study found that for every \$1 invested in community organizing, there were \$91 in community benefits. Liberty Hill has been honored twice by the Council on Foundations: in 2005 it received a Wilmer Shields Rich Award for Excellence In Communications for its website; and in 2012 Michele Prichard, Liberty Hill's Director of Common Agenda, received the Distinguished Service Award.

We take particular pride in having provided the first foundation grants to more than 50 grassroots organizations that today are effectively working to achieve economic, environmental, and LGBTQ justice.

The many campaigns supported by Liberty Hill since 1976 include: the successful effort to secure reparations for Japanese Americans interned during World War II; the campaign to end rental discrimination against

families with children and the fight for rent control; and the initial organizing by ship workers affected by White Lung disease. Liberty Hill grantees helped secure the passage of living wage laws in the city and county of Los Angeles, and the state legislation that extended overtime benefits to nannies and in-home caregivers. Grantees' organizing efforts led the California EPA to incorporate environmental justice concerns into its guidelines, and won passage of a state law banning the use of toxic chemicals in baby bottles.

Other campaigns helped ensure that municipal development agreements now include a range of "community benefits," such as parks, job training, local hiring and living wage jobs; and have won tens of millions of dollars in wage increases and workplace improvements for restaurant, car wash, garment, and domestic workers as well as day laborers. Our support of a three-year pilot project to integrate grassroots organizing with efforts to increase voter registration and turnout resulted in nearly 100,000 new voters going to the polls.

Liberty Hill is advancing the movement for LGBTQ equality on several fronts. Our Queer Youth Fund has invested \$4.6 million in LGBTQ youth leadership development nationwide. Among other efforts, a successful campaign won legal safeguards to protect California's 25,000 LGBTQ high school students from harassment and violence; and advocates convinced the Los Angeles Times to revise its editorial guidelines regarding transgender individuals.

Today, Liberty Hill's founders continue their principled activism, as an ever more diverse cohort of community organizers and donor-activists steps up to advance the work of creating a more fair and equitable Los Angeles.

Executive Director: Shane Goldsmith.

[www.libertyhill.org](http://www.libertyhill.org)

## McKenzie River Gathering Foundation Portland, OR



*Igniting social change. Advancing social justice.*

McKenzie River Gathering Foundation (MRG) began with the belief that a power-sharing model, where activists and philanthropists work together, is the most effective tool we have for dismantling oppressive power structures. In 1976, when Leslie Brockelbank and her husband, Charles Gray, were considering how to distribute the \$500,000 she had inherited, they invited a number of their activist friends to join them in developing a process to make strategic investments in social change organizing.

From that very first gathering on the banks of the McKenzie River in Eugene, Ore., MRG's leadership understood the power of collective action that extended beyond city limits, and the importance of thinking regionally and nationally. Since then, MRG has supported grassroots organizing throughout the Northwest, even expanding to establish a Seattle office. And in 1979, MRG was one of a handful of similar activist-led foundations that came together to form the Funding Exchange.

We know that Oregon and the Pacific Northwest often seem removed from the center of the national social justice movement. So MRG has committed to be part of a learning community with other local and national foundations, helping to create a more just and joyful world by charting a larger map of movement building across the country.

In Oregon, MRG has funded a number of efforts that won critical victories of local, regional, and national significance. In the 1970s and 1980s, MRG made multiple grants to Klamath tribal groups that supported cultural preservation and community organizing to achieve self-determination. This work culminated in 1986 when the tribe regained federal recognition. MRG's support of Native cultures continues today with grants to strengthen the Tutuni language and Native Kalupaya culture.

Since our very first grants in 1976, MRG has funded leadership development and organizing around immigrant rights. Over the years, the foundation has provided seed funding as well as ongoing support to some of the leading Latino advocacy groups, including: Causa Oregon, Pineros y Campesinos Unidos del

Noroeste (PCUN), and the Capaces Leadership Institute. These groups, together with others, built a movement that won tuition equity for undocumented college students in Oregon—a huge win for the state's immigrant communities that sets the stage for enacting similar policies across the country.

Support for racial justice organizing has long been a funding priority for MRG. Through the years, we have continued to hone our racial justice analysis, and to apply it to our own organization as well as externally. In 2009, we codified our commitment to racial justice with both qualitative and quantitative indicators of progress. As we look to the future, we know that we will continue to grow in this area, while at the same time encouraging and assisting our foundation peers to enhance their commitment to equity and inclusion.

For nearly four decades, MRG's activist-led grantmaking has served as a model for social justice philanthropy in the Northwest. It has demonstrated the impact of grantmaking that leverages the expertise of communities most affected by injustice. Increasingly, we are responding to requests from our more traditional foundation colleagues to provide workshops and training on social justice philanthropy, community outreach, and ways to improve equity and inclusion within their organizations.

As we see the continued consolidation of wealth, power, and social control, we know that there is only so much one foundation can do. This is why thought leadership and participation in the larger philanthropic sector, which had been a core component of our work as a member of the Funding Exchange, will remain a priority for MRG going forward. Building on our increased visibility in Oregon and the Northwest, we will continue to elevate the importance of social justice philanthropy by giving keynote presentations and workshops at regional funder conferences, publishing op-eds in leading philanthropy journals, and influencing the programming of local grantmaker networks.

Executive Director: Sharon Gary-Smith.

[www.mrgfoundation.org](http://www.mrgfoundation.org)



## North Star Fund New York, NY

In 1979, 26 activists with inherited wealth and a commitment to justice came together to launch North Star Fund to support grassroots activism in New York City. Among them was Toby D'Oench, one of the lead founders of North Star Fund and The Funding Exchange. Our founders, and those of our sister funds around the country, continue to inspire our vision and our work.

Over the past 36 years, we have awarded \$44 million in grants to 1,800 organizations, and our donor base has grown to include some 2,500 active donors pooling their resources. We support grassroots groups and coalitions that work on social, racial and economic justice issues, and are led by community members directly affected by these issues. From our beginning, we have strategically targeted resources. North Star Fund supported the 1982 Nuclear Freeze march that is widely credited with resetting the public dialogue on anti-nuclear activism. And in the 1980s and 1990s, we gave grants to some of the earliest, most diverse AIDS activist groups in the country, and to community and campus groups that organized the U.S. movement against apartheid in South Africa.

North Star Fund takes risks on new and emerging organizations addressing pressing problems in their neighborhoods. In recent years, we have expanded our grants programs to reward grassroots groups and coalitions that have become among the most effective in New York City. In addition to larger grants, North Star Fund provides workshops and trainings, as well as technical assistance offered in partnership with other New York City funders.

In 2013, we launched Activism's Future: Campaign for Philanthropic and Grassroots Leadership, our largest-ever fundraising effort, to increase the impact of our grants and to help us grow. To date, the campaign has raised over \$7.5 million. The additional funds have allowed us to more than double our grant making, and to take bolder steps to support the most promising organizations and coalitions. For example: Communities United for Police Reform, a coalition of more than 100 organizations, many of which are grassroots groups currently or previously funded by North Star Fund, is running a multi-year campaign to hold the New York City

Police Department (NYPD) accountable for discriminatory policing. The coalition has won landmark litigation, and was able to get passage of two provisions of a "Community Safety Act," which has curbed the worst abuses of the NYPD's "stop and frisk" policies.

North Star's strategic support of a campaign from its beginning through completion has paid off. After nearly a decade of organizing supported by North Star, Domestic Workers United succeeded in getting the Domestic Worker's Bill of Rights passed by the New York State legislature and signed by the state's governor. A first of its kind in the nation, the law provides basic protections to the estimated 200,000 nannies, housekeepers, and eldercare-givers who work in New York State. It has become a model for comparable legislation across the country.

We support groups that come together for greater impact. The immigrant rights organizations that we have funded for years collaborated in a successful effort to win approval for a municipal identification card for New York City residents, making it easier for newer New Yorkers and aspiring citizens to access city services, open a bank account, and enroll children in public school. Our Education Justice Fund has awarded over \$600,000 to support two powerful city-wide coalitions that enabled thousands of parents and students to have a voice on education reform during the 2013 New York City mayoral race. They are now working to end "zero-tolerance" suspension policies that push too many youth out of public schools and onto the streets.

North Star Fund was instrumental in the formation of the Alliance for a Just Rebuilding, a coalition of our grantees working in communities most affected by the devastating 2012 Hurricane Sandy. As a result, the New York City Council unanimously passed legislation to publicly track and report spending of federal funds.

After more than 35 years, North Star Fund proudly remains a hub of progressive philanthropy and movement building in New York City.

Executive Director: Hugh Hogan.

[www.northstarfund.org](http://www.northstarfund.org)

## Three Rivers Community Foundation Pittsburgh, PA



Founded in 1989 with private donations, Three Rivers Community Foundation (TRCF) supports progressive groups that promote social, economic, and racial justice in underserved areas of southwestern Pennsylvania. TRCF has funded more than 300 organizations, providing approximately \$1.2 million for social change projects. Most of this work falls under our key issue areas: Disability Rights; Economic Justice; Environmental Justice; LGBTQ Rights; Racial Justice; and Women, Youth & Families Issues.

Over the past 25 years, the needs of our region have changed. When TRCF was created, the demise of the U.S. steel industry and the loss of 250,000 related jobs was a raw wound. In those days, most grant applications were for projects seeking economic justice—such as workers fighting to unionize or to get the benefits they had long paid into, and people advocating for living wages and meaningful jobs to replace those lost in the mills. Now, as Pittsburgh is experiencing an economic renaissance, activists are seeking funds to promote equal rights among different populations, such as the LGBTQ community, and for environmental justice. Of particular concern: the problematic legacy of the region's industrial past, and the grave dangers posed by a new industry—hydraulic fracturing (“fracking”) for natural gas, which has spread statewide.

The Three Rivers Community Foundation has been a steady source of support for social justice activists through all of these changes—from funding the Mon Valley Unemployed Committee to bring laid-off workers to Harrisburg to lobby against cuts to welfare; to helping the Aliquippa Regional Credit Union get on its feet so it could serve low-income workers following the collapse of the steel industry; to the current efforts to oppose “fracking.”

TRCF is also known to take risks. For example, in 1995 blood-borne diseases were increasing in Pittsburgh, but needle-exchange programs were still illegal. TRCF gave a modest grant to a group fighting the spread of HIV-AIDS that allowed them to purchase and distribute clean syringes. Subsequent TRCF grants to the group, Prevention Point Pittsburgh, sustained its work until

2001, when Pittsburgh issued a public health emergency regarding HIV and Hepatitis C, and legalized this program. It is now run through the Allegheny County Health Department and serves more than 3,000 people annually.

Another distinguishing characteristic of TRCF is our willingness to fund small groups that are just starting out and are considered too new or controversial to secure grants from Pittsburgh's larger foundations. Among these grantees: Rainbow Rising, an LGBTQ group, received funding to open a public coffee house in a small rural community where the local Ku Klux Klan affiliate had sought to disrupt their meetings. Book 'Em, a books-to-prisoners program, got a start-up grant for their first of many mailings of books to prisoners. They also received support to create a resource guide for ex-offenders, with information on job training centers, voting rights, social service agencies, and how to start their own businesses.

In 2010, TRCF launched a college intern program that has engaged 60 young people from 14 universities and six countries in meaningful progressive work. Since 2011, TRCF has also operated three programs to inspire, empower, and build the leadership skills of the next generation of progressive activists. The programs engage young people in community projects with grassroots groups and service organizations, train them to promote tolerance and to apply anti-bullying techniques, and provide them an opportunity to make grants to other worthy youth initiatives.

One obstacle to advancing social change in our region is the fact that progressive groups in Pittsburgh and southwestern Pennsylvania are not working together. TRCF began addressing this problem in 2009 by holding a recurring series of Mini-Summits on Social Change in the region's nine rural counties. Looking ahead, we expect to expand our convener role to foster greater collaboration among organizations working on the same issues as well as across issue areas, so activists can more effectively promote positive change in southwestern Pennsylvania.

Executive Director: Nick Palazzetti.

[www.trcfwpa.org](http://www.trcfwpa.org)

## Wisconsin Community Fund of Forward Community Investments Madison, WI



Founded in 1982, the Wisconsin Community Fund (WCF) operated as a social justice grantmaker for 30 years, providing \$1.85 million in grants to hundreds of grassroots groups throughout the state. In addition to making grants, WCF managed a number of donor-advised funds and provided grantees with training that strengthened their fundraising and advocacy skills. WCF also served as the fiscal sponsor for a range of grassroots groups prior to their receiving tax-exempt status.

In 2012, at the urging of Nan Cheney, a prominent Madison peace activist and advocate for social justice, the Wisconsin Community Fund merged with Forward Community Investments (FCI). FCI, a community development financial institution, provides financing to nonprofits, cooperatives and for-profit social enterprises working to promote social, racial, and economic equity across Wisconsin.

Founded in a church basement in 1994 by a group of individuals looking for a way to invest in community-based projects, FCI has provided over \$50 million in loans for the development of affordable housing, early childhood education centers, food cooperatives, community health centers, and much more. These loans are supported by training that helps build the capacity and sustainability of nonprofit organizations. The merger with Wisconsin Community Fund enabled FCI to integrate its lending and advising with grant-making, which has given FCI the flexibility to expand how we support organizations making incremental change in Wisconsin communities.

After the FCI/WCF merger, we spent much of 2013 convening a series of community conversations across Wisconsin to determine the most pressing needs in our communities. We brought what we learned back home for a comprehensive strategic planning process that culminated in a new vision and mission. Our vision is “an equitable and inclusive Wisconsin built on cooperative social action.” Our mission is to serve as “an investor, connector, and advisor for organizations and initiatives that reduce social, racial, and economic disparities in Wisconsin communities.”

While these values have always guided FCI’s work, we have now made them more explicit. We are 100% committed to advancing social, racial and economic equity in all our activities, whether they involve providing seed money for a fledgling nonprofit addressing neighborhood health needs or a large, multi-institution tax-credit deal financing a state-of-the-art family justice center. Examples of recent Forward Community Investments grants include: support to the Foundation for Black Women’s Wellness for EMPOWER ME Project, an intergenerational health and wellness initiative for African-American women and girls in Dane County; a grant to YWCA Madison to train volunteers to facilitate community discussions of the “Race to Equity” report, which highlighted the racial disparities existing in Dane County; and support for efforts of the Great Lakes Inter-Tribal Council, a consortium of twelve Indian tribes in Wisconsin and Michigan, to collect and disseminate data on the cardiovascular health of the American Indian/Alaska Native population in the Bemidji Area of Michigan, Minnesota and Wisconsin.

Another benefit of the merger is that FCI’s Advisory Services are providing nonprofits with expert strategic and organizational guidance to help strengthen their effectiveness, and also helping leaders learn how to work together in community-wide collaborative efforts that achieve greater impact. The availability of these services increases the likelihood that our grantees and borrowers will be successful in fulfilling their missions.

FCI’s name comes from Wisconsin’s state motto: “Forward.” By connecting organizations with the financial resources they need to succeed, and connecting investors and donors with projects that tackle some of the most persistent problems, we aim to live up to that motto and truly move our communities forward.

Executive Director: Salli Martyniak.

[www.forwardci.org](http://www.forwardci.org)

**WHAT  
INHERITANCE  
WILL WE LEAVE OUR  
CHILDREN?**





**Theodora Lurie** is a writer, editor, and communications consultant. She works with foundations and nonprofit organizations to craft narratives that document the substance and results of their work and distill lessons learned—often with the goal of informing public policies or practice in the field. She specializes in writing institutional histories and final reports that capture an organization’s most compelling stories and insights. [tlurie@nyc.rr.com](mailto:tlurie@nyc.rr.com).

**Richard Burns** is a nonprofit management consultant who has served as interim executive director of the North Star Fund, PENCIL, Funders for LGBTQ Issues, and the Stonewall Community Foundation. He is the former chief operating officer of the Arcus Foundation and was executive director of New York’s LGBT Community Center from 1986 to 2009. Richard serves on the boards of directors of the Proteus Fund, the Nonprofit Coordinating Committee and the New York AIDS Memorial Park. You can reach him with questions and comments about this history of The Funding Exchange at [richardDburns@gmail.com](mailto:richardDburns@gmail.com)

*“For me the legacy of the Funding Exchange is the movement building it did – bringing in that whole new generation of donors oriented towards change, not charity. It was among the first to try to reshape the power dynamics of philanthropy, to lift up the idea that giving needs to be democratized. FEX is moving out at a good time. Philanthropy has been transformed over the past 30 years and today there are many more foundations that are engaged in social justice grantmaking.” — GEORGE PILLSBURY*

