

# GROW Healthy Kansas

## The Second Chapter



Kansas Health Foundation

Program Description, Guidelines and Application Information

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# Introduction



**This booklet describes the programs and grant-making guidelines for GROW II, the second chapter of the Kansas Health Foundation’s Giving Resources to Our World (GROW) Healthy Kansas initiative. GROW II will help more Kansas community foundations build permanent resources that will improve the health of local residents. GROW II will also support collaboration and alliances among existing community foundations to ensure a well-managed and self-sufficient community foundation field in Kansas. The design of GROW II is based on statewide surveys and interviews that evaluated the needs of Kansas community foundations, as well as interviews with the original GROW Healthy Kansas participants. In addition, the leadership of the Kansas Association of Community Foundations provided helpful feedback in focus groups and one-on-one interviews.**

## **Background**

The mission of the Kansas Health Foundation is to improve the health of all Kansans. The Foundation began to work with community foundations as a strategy to implement this mission in the late 1990s. In 1999, the Foundation announced GROW Healthy Kansas with the goal of starting and strengthening community foundations in Kansas. The goal of the program was to work with community foundations to help build local philanthropic leadership and resources that would result in long-term, sustained health improvements in communities throughout the state.

In 2000, the Foundation invited each of the first round of Kansas Community Leadership Initiative (KCLI) communities to participate in the GROW initiative. Sixteen community foundations enrolled in GROW and received a series of financial and technical support services, including:

- Matching funds for new general-operating support gifts
- Matching funds for new endowment gifts
- Training programs and technical assistance support
- Funds that could be re-granted for projects that would improve the health of children

By 2005, an independent evaluation of GROW Healthy Kansas concluded that the program “has already achieved significant success” and it “will continue to show a return on investment for generations to come.” In the first five years of the initiative, GROW community foundations had:

- Increased their assets by 141 percent
- Increased their total gifts by 163 percent
- Increased their grant-making dollars by 43 percent
- Established themselves as philanthropic leaders

Recognizing the success of the first 10 years of GROW Healthy Kansas, the Kansas Health Foundation announced in 2009 a second chapter of the GROW Healthy Kansas initiative (“GROW II”).

# Goals & Objectives



After 10 years of success with the original GROW Healthy Kansas program, the Kansas Health Foundation remains committed to building a network of local community foundations dedicated to improving the health of their communities. Yet over the last decade, the community foundation field has changed dramatically. The field has grown rapidly on a national level and has also prospered in Kansas, due in part to the success of the original GROW Healthy Kansas program. In addition, new developments in technology and new sources of competition present new challenges and opportunities for community foundations.

For example, the emergence of the Internet in all aspects of daily life has raised donors' expectations. A donor can now view his or her checking account activity and investment returns daily online, and community foundations are now striving to provide similar levels of service to their donor advisors. Another big change is that most large banks and investment firms now offer donor-advised funds. Further, these financial institutions are able to provide a high level of service supported by advanced technologies.

The community foundation field also has a growing interest in self-sufficiency. Ten years ago, there were many programs across the nation that sought to foster community foundations. These statewide programs often had a goal of encouraging the development of a community foundation in every town or county. Although these programs were successful in encouraging local philanthropy, an unintended result was the creation of some small community foundations in lightly populated areas that did not have the ability to sustain a stand-alone foundation. As a result, there is a growing movement among community foundations to focus on business models that ensure self-sufficiency. Another factor influencing this trend is the growing technology requirements of a successful community foundation.

In a related development, community foundations have learned over the last decade that not all assets are equal. Years ago, many community foundations strived to accumulate assets as quickly as possible; some foundations felt that once they reached an asset level of \$10 million or \$25 million they would become self-sufficient due to the fees they would earn from the asset base. However, in many cases a foundation's deficits have grown as their assets have increased because of the resources required to manage different types of endowment funds. Endowed scholarship programs, for example, are often very expensive to manage. Thus, community foundations have a new interest in the different types of endowments and their impact on operating budgets.

As a result, community foundations are increasingly interested in ways they might work together to reduce costs and improve service. For example, the Technology Steering Committee was a cooperative effort by a group of large community foundations to develop software products for the field. On the other hand, some smaller foundations have found it beneficial to formally affiliate with a larger community foundation, effectively becoming a division of the second foundation. Affiliation typically allows a foundation to retain its separate identity, while reducing expenses and improving the quality of its services. Other types of alliances include mergers, shared back-office arrangements, and the provision of services by a third-party provider. The successful Merrill Lynch Community Charitable Fund donor-advised program is an example of a national third-party service provider.

## GROW II

Given the changing context for community foundations, GROW II is focused on strengthening the community foundation field in Kansas. Building on the success of the original GROW program, the main goals of GROW II are 1) to help more Kansas community foundations build permanent resources that will measurably improve the health of local residents and 2) to support collaboration and alliances among community foundations to ensure a well-managed and self-sufficient community foundation field in Kansas.

To achieve these goals, the Kansas Health Foundation has established a set of objectives that recognize the changing environment for community foundations. The program stresses the importance of “good” endowment to the long-term sustainability of a community foundation. The focus is on endowment that supports the operations of a community foundation and its unrestricted grant making. In addition, GROW II provides incentives for the building of endowment focused on public health.

## The four objectives of GROW II:

- To help more Kansas community foundations build endowed funds that are used to underwrite solutions to local health issues.
- To help more Kansas community foundations reduce costs, improve service quality and become self-sustaining through collaboration and alliances.
- To help more Kansas community foundations acquire the capacity to provide leadership on health issues in their communities.
- To help more Kansas community foundations become ready and able to collaborate with the Kansas Health Foundation on health initiatives.

## Measuring Success

The Kansas Health Foundation has designed the programs of GROW II to achieve the above objectives and goals. In an effort to track the success of the GROW II programs, the Kansas Health Foundation will monitor a series of success measures on an annual basis. These measures, or metrics, will help the Foundation and the field better understand the ongoing impact of GROW II.

The following metrics are being used to track the success of the GROW II programs:

- Total amount of new endowment raised by Kansas community foundations
- Total amount of endowment held by Kansas community foundations that benefits the public health of their communities
- Total amount of endowment held by Kansas community foundations that supports their annual operations
- Number of community foundations that participate in mergers, affiliations, back-office sharing, fee-for-service arrangements, and other types of alliances designed to reduce costs and increase quality of service
- Number of community foundations trained in community leadership
- Number of community foundations trained in financial management
- Percentage of all Kansas community foundations that are paid members of the Kansas Association of Community Foundations
- Number of community foundations that have participated in Kansas Health Foundation initiatives

## GROW II Programs

GROW II has three primary components: 1) an endowment-building program, 2) a training and consulting support program, and 3) a planning grant program. The endowment-building program offers two types of financial support: matching grants and operating grants.

## The GROW II programs are:

- I. Endowment-Building
  - a. Matching Grants
  - b. Operating Grants
- II. Training and Consulting Support
- III. Planning Grants

# Endowment-Building Program



The purpose of the endowment-building program is to provide financial support and incentives to help Kansas community foundations build endowment. Successful applicants will receive two types of grants: 1) a matching grant that can be used to encourage and leverage new endowment gifts to the community foundation and 2) an operating grant to help underwrite the cost of participating in the program. Once accepted into GROW II, participating community foundations will have six years to complete the program.

## Matching Grants

Matching grants of \$300,000 to \$800,000 are available to community foundations on a competitive basis; the average matching grant award is anticipated to be \$500,000. Grant size will be determined by 1) the grant requested by the community foundation submitting the application, 2) the capacity of the community foundation, 3) the availability of funds, and 4) the extent to which the community foundation meets the grant review criteria. Generally, smaller foundations (i.e., foundations with less than \$5 million in assets) can expect grant awards in the lower end of the range, while the largest foundations (i.e., foundations with more than \$25 million in assets) may receive grants in the higher end.

A matching grant requires matching funds to be raised. That is, as the participating community foundations raise matching gifts, the Kansas Health Foundation will pay the matching grant. Each participating community foundation must raise new gifts for their endowment to trigger the payment of the matching funds from GROW II.

**Matching Rates** New gifts for endowment are matched using a two-tiered matching ratio; some gifts are matched at the rate of 1-to-2, or \$1 of match for every \$2 of new gifts, and some gifts are matched at the rate of 1-to-4, or \$1 of match for every \$4 of new gifts.

The higher match rate of 1-to-2 is paid for gifts to three types of endowment funds at the participating community foundation:

1. Operations (or administrative) endowment; that is an endowment fund that supports the annual operations of the community foundation.
2. Unrestricted grant-making endowment.
3. Public health endowment; that is a field-of-interest fund that supports the general public health needs of the community.

All other endowment gifts are matched at the rate of \$1 for every \$4 of new gifts, with the exception of gifts to scholarship funds, which are not matched unless the fund is established as a designated fund at the community foundation for scholarship programs at one or more educational institutions.

**Types of Gifts Matched** GROW II matches gifts of cash, securities, other liquid assets and irrevocable planned gifts. Gifts of real estate and other non-liquid assets must be sold by the community foundation according to its gift acceptance policies, and the GROW II match is based on the sale price of the gifted asset. Pledges are not matched.

**Planned Gifts** GROW II matches irrevocable planned gifts based on the charitable value of the gift as determined by IRS guidelines. Note: the charitable value is not the same as the “face” value of a planned gift. Depending on

the donor's age and other factors, the charitable value of a deferred gift can vary widely as a proportion of the face value of the gift. Gifts by will do not earn matching funds.

**Timing of Matching Payments** GROW II matching funds are paid to the participating community foundations on an annual basis. At the end of each year, a community foundation will report its new gifts for the year, and the Foundation will then pay the earned matching funds by March 31 of the following year.

**Use of Foundation Matching Funds** The matching funds paid to each community foundation are for the benefit of the operations (or administrative) endowment and the public health endowment of the community foundation. That is, all matching money paid by the Foundation will be paid into an operations endowment fund and a public health endowment fund (to be called the Kansas Health Foundation Fund) of the participating community foundation. The payments will be split evenly (50 percent/50 percent) between the two funds.

**Fund-Raising Plan** A community foundation that applies to participate in GROW II must submit a fund-raising plan that describes the type of new endowment gifts it hopes to raise and the expected origin of these gifts. One donor cannot earn more than one-half of the entire matching grant received by a community foundation.

## Operating Grants

GROW II will pay annual operating grants to successful applicants based on the size of the awarded matching grant. GROW II will pay an operating grant of 3.5 percent of the matching grant awarded by the Foundation on an annual basis for the six years a community foundation participates in the program. For example, if a community foundation is awarded an endowment-building grant of \$700,000 by the Foundation, the community foundation will receive an operating grant of \$24,500 (3.5 percent of \$700,000) for each of the six years the community foundation participates in the program. The annual payment of the operating grant is subject to the community foundation meeting an annual performance benchmark (described below).

The purpose of the operating grants is to help pay for the cost of a community foundation participating in the program, as well as to provide support for general operations. In a sense, this operating grant represents the revenue from fees that will accrue to the community foundation once it has successfully earned the matching grant and the desired endowment is in place. Thus by participating in GROW II, a community foundation begins to benefit from the proposed endowment immediately. At the end of GROW II, the newly raised endowment will be in place and begin to pay annual fees that will replace the operating grants. As a result, the primary benefit of a successful endowment-raising campaign will be available to the community foundation in the first year.

**Performance Benchmark** To receive annual operating grants, a community foundation must raise enough gifts to earn at least 10 percent of its matching grant each calendar year. If it does not raise enough new gifts to qualify for 10 percent of its matching grant, the operating grant will not be paid the next year. The only penalty for not raising 10 percent is the loss of the operating grant; a community foundation may continue to take advantage of all other benefits of the

GROW II program including the matching grant program. If the community foundation misses the 10 percent requirement one year, it can meet the next year's 10 percent requirement and earn the operating grant for that year. That is, if a community foundation misses an operating grant for a year, the grant cannot be earned later, but the foundation can earn the operating grant for the following year.

If a community foundation meets its 10 percent goal in year one and raises additional gifts later in year one, these additional funds can be applied to the year two requirement of 10 percent.

If a community foundation does not meet its 10 percent goal in year one, any dollars raised in year one can be used to meet the year two 10 percent goal.

## Eligibility

Any community foundation in Kansas may apply to participate in GROW II, but an applicant must meet the following requirements. An applicant must:

- Be certified as having met the Council on Foundations' national standards for community foundations. (Alternatively, an applicant may pledge to gain certification by December 2010.)
- Have an annual operating budget of at least \$75,000 for the previous year.
- Have software that allows the tracking of donors, grants, gifts and investments. The software must be in-house with qualified staff to manage it, or the applicant may have a fee-for-service arrangement with another community foundation or a third-party service provider.
- Have staff of at least one (1.0) full-time equivalent (FTE).
- Be a member of the Kansas Association of Community Foundations.
- Have documented pledges in hand to earn the first 10 percent of the requested matching grant. For example, if a community foundation requests a matching grant of \$700,000, it must have pledges in hand to earn \$70,000 of match. A single pledge of \$140,000 to an administrative endowment would earn \$70,000 of the match because it is matched at 1-to-2, or a \$280,000 pledge to an agency endowment would earn \$70,000 at 1-to-4. Each pledge must indicate that it will be paid by Dec. 31 of the year following the submission of the application, meaning 16 months after submission.

Community foundations that do not meet these requirements may apply if they are formal affiliates of a community foundation that does. A community foundation may also consider merging with another foundation or contracting for services from a third party as possible routes to meet these requirements. (See “New Community Foundations” on Page 14). A limited number of planning grants are available from the Kansas Health Foundation to help community foundations engage in the planning and due diligence required of these various types of alliances. (See “Planning Grants” on Page 25).

## Meeting National Standards By 2010

If an applicant has not yet received national standards certification, the applicant may commit to be certified by December 2010. In this case, an applicant must demonstrate in its application that the community foundation is well managed and that it meets specific best practices of the field. At a minimum, a community foundation must have:

- Conducted an annual certified financial audit (or review if under \$5 million)
- Adopted gift acceptance policies
- Published grant-making guidelines
- Provided quarterly statements to donor advisors
- Approved a strategic plan

## Grant Review Criteria

GROW II grants are awarded on a competitive basis. The primary criteria used to determine the competitiveness of an application are:

- The strength of the fund-raising plan that will raise the necessary gifts to earn the requested grant
- The capacity of the foundation’s board of trustees
- The commitment of the foundation’s board of trustees to GROW II
- The present size of a community foundation’s operating endowment and public health endowment
- The track record of the foundation as a fund raiser
- The track record of the foundation as a community leader in general, and on public health issues in particular

Preference will be given to those applicants that have a commitment to working with other community foundations to explore the benefits of alliances to 1) reduce duplication of services, 2) improve the quality of services, and 3) reduce costs. There are many types of alliances, including formal affiliation, mergers, sharing back-office services, and providing back-office services for a fee. Further, requests for the largest grants must also make a case that they have a commitment to serving as a community leader in the area of public health.

## Application Deadlines

Kansas community foundations can apply to participate in GROW II at three different times but no earlier than July 1 of the year in which they are applying. These application deadlines are:

- September 30, 2009
- September 1, 2010
- September 1, 2011

Once accepted into the program, a community foundation has six years to earn its matching grant and complete the program.

## **New Community Foundations**

GROW II is designed to serve the existing community foundations of Kansas. No grants will be made to community foundations incorporated after December 31, 2007. Communities that are considering launching a new community foundation are encouraged to contact the Kansas Association of Community Foundations for technical assistance. Any community foundation (new or not) may qualify for a grant if it is a formal affiliate of a community foundation that meets all of the GROW II eligibility requirements. For the purposes of GROW II, an affiliate is defined as a component fund or group of funds of an existing community foundation. In this case, an application would be submitted by the “host” community foundation on behalf of its affiliate. If the application were successful, GROW II would make a grant to the “host” foundation for the benefit of its affiliate.

## **Grants for Affiliates**

A community foundation that has one or more affiliates can apply to participate in GROW II on its own, for the benefit of one (or more) of its affiliates, or both. If the application on behalf of an affiliate were successful, both the matching and operating grants would be paid for the benefit of the affiliate. That is, the matching funds will be paid into component funds that benefit the affiliate, and the operating funds will be paid for the operations of the affiliate, to be used as determined by the board of the affiliate.

A community foundation that wishes to submit an application on behalf of an affiliate does not need to be located in the state of Kansas. However, the affiliate must be located in Kansas.

## **Participants in the Original GROW Program**

An important goal of GROW II is to extend to many more community foundations the types of benefits that were available during the first GROW initiative. Community foundations that participated in the first GROW initiative are welcome to apply to participate in GROW II. However, as stated previously, preference will be given to those applicants, including the original GROW foundations, that have a commitment to working with other community foundations to explore the benefits of alliances to 1) reduce duplication of services, 2) improve the quality of services, and 3) reduce costs. There are many types of alliances, including formal affiliation, mergers, sharing back-office services, and providing back-office services for a fee. Further, requests for the largest grants must also make a case that they have a commitment to serving as a community leader in the area of public health.

# Training & Consulting Support



GROW II will provide a variety of ongoing training, networking and support activities for those applicants accepted into the endowment-building program. The goal of these activities is to give the participating community foundations, both staff and volunteers, the tools to be successful in GROW II.

## **Orientation Session**

GROW II will conduct a required orientation program for the staff and board of foundations accepted into the endowment-building program. Each community foundation must send a team of at least four people, including staff and trustees, to participate in this initial training.

## **Training**

In addition to the orientation session, GROW II will offer training classes on a regular basis. Some of this training will be held in conjunction with the Kansas Association of Community Foundations' annual conference. Other training sessions will be offered as online, Web-based classes.

## **Consulting Support**

GROW II will also offer customized one-on-one consulting support to the community foundations participating in the endowment-building program. GROW II will assess the needs of the individual participants and assign consultants to work with each foundation to develop a specific plan of support for each foundation.

## **Networking**

Networking with other community foundation participants is a valuable opportunity for a GROW II participant. Due to the geographical spread of the Kansas community foundation field, regular meetings of GROW II grantees are not feasible. However, regular conference calls supported by Web-based presentations will be conducted. These calls will provide a valuable opportunity for the GROW II participants to network, learn from each other, and get their technical questions answered. In addition, a Listserv will be created to facilitate online communication among participants and with the technical assistance providers.

## **Eligibility**

A community foundation must be a participant in the GROW II endowment-building program to receive these training and consulting support services.

# Planning Grants



In addition to the endowment-building program, the Kansas Health Foundation is also offering GROW II planning grants. This program will support occasional and diverse projects that will help meet the long-term goals of GROW II. In particular, GROW II expects that planning grants will be made to help community foundations explore ways to reduce their costs and improve their quality of service. In most cases, these grants will be made to a foundation, or group of foundations, that are exploring mergers, affiliations, back-office cooperation or the establishment of a third-party service provider. Grants may also be made to a foundation that must attend to an existing issue before affiliation is feasible. A grant may also be made to a foundation to underwrite the additional costs of taking on an affiliate, planning for a merger, or developing a program to offer contractual services to other foundations.

GROW II will also consider other innovative projects that have promise in achieving the long-term goals of GROW II.

Planning grants will be awarded as the program unfolds and as needs are identified by Foundation staff. There are no application deadlines. Planning grants are expected to range widely in size. Most planning grants will be in the range of \$5,000 to \$100,000.

### **Eligibility**

Any 501(c)(3) public charity or government agency is eligible to apply for a planning grant.

### **How To Apply**

Interested applicants are requested to call the Kansas Health Foundation and speak with the GROW II program officer.

# Frequently Asked Questions



### **What is the first step we should take once we decide to apply?**

During the summer of 2009, the Kansas Health Foundation will conduct a number of regional workshops to allow interested participants an opportunity to learn more about GROW II. In addition, a workshop will be held at the Kansas Association of Community Foundations' annual conferences in 2009 and 2010. Additional workshops or online Webinars may be held as needed. Interested applicants are urged to read this booklet and to attend one of these workshops. Additional material may be available on the Foundation Web site ([www.kansashealth.org](http://www.kansashealth.org)).

The Kansas Health Foundation encourages potential applicants to call the GROW II program officer prior to submitting a grant proposal. Staff members are available to discuss your ideas and answer any questions you have about the initiative. Whether or not you decide to proceed with an application, the Kansas Health Foundation welcomes the opportunity to learn more from you about the issues, challenges and opportunities facing Kansas community foundations.

### **What types of grants are available?**

GROW II consists of two grant programs: the endowment-building program and the planning grant program. See the separate sections for FAQs on these programs.

### **How do grantees need to account for the grant funds they receive?**

Every recipient of a GROW II grant must submit a final report and participate in the GROW II external evaluation. Each grantee will be asked to track its progress towards specific, measurable outcomes and provide regular reports back to the Foundation. In addition, GROW II will contract with an independent evaluator to assess the success of GROW II, and grantees will be asked for additional information by this evaluator.

### **What is a community foundation?**

A community foundation is a tax-exempt, nonprofit, autonomous, publicly supported philanthropic institution with a long-term goal of building permanent, named component funds established by many separate donors. The mission of the foundation is to carry out the varied charitable interests of its donors and to benefit the residents of a defined geographic area. See Page 30 for a more thorough explanation.

The Kansas Association of Community Foundations and the national Council on Foundations can provide additional information regarding community foundations.

To view an expanded Frequently Asked Questions section, please visit the Kansas Health Foundation Web site, [www.kansashealth.org](http://www.kansashealth.org) and click on the GROW link.

## Endowment-Building Program

### What is the purpose of the endowment-building program?

The GROW II endowment-building program is designed to help community foundations raise new gifts for endowment at their foundations. Stronger endowments will help these community foundations be self-sustaining. In addition, stronger endowments will allow these community foundations to provide flexible financial resources for community programs and activities for generations to come. The Kansas Health Foundation believes that stronger community foundations lead to stronger communities and this inevitably leads to healthier communities.

### What institutions are eligible to apply for the endowment-building program?

Any Kansas community foundation may apply. Successful applicants will need to meet a number of important requirements, as listed in this booklet on Page 12. (See Page 14, as well as additional questions below, for information about affiliates).

### Can a community foundation that is an affiliate of another foundation apply?

Yes. Community foundations that are formal affiliates of another community foundation are eligible to apply. In these cases, the formal application must be submitted by the “host” foundation on behalf of its affiliate.

### When may applications be submitted?

Applications will be accepted after July 1 of the year in which the community foundation is applying.

Application deadlines for the GROW II endowment-building program are:

September 30, 2009

September 1, 2010

September 1, 2011

### When will endowment-building grantees be announced?

Providing applications for the endowment-building program meet all deadlines and requirements, grant recipients will be announced before the end of the year.

### What are the selection criteria?

The selection criteria for the endowment-building program are listed on Pages 12 –14. Grants are awarded on a competitive basis.

### What is the time period of the endowment-building program?

Once admitted into the program, a community foundation will participate for six years.

### If declined, can an organization reapply?

Yes. If a request to the endowment-building program is declined, the community foundation can re-apply, as long

as grant funds are still available. Declined applicants are encouraged to consult with the GROW II program officer before submitting a second application.

### **Once an organization has completed the GROW II endowment-building program can it reapply?**

No. An important goal of this second chapter of GROW Healthy Kansas is to provide support to more community foundations. An individual community foundation cannot receive more than one award from the endowment-building program. (See the next question regarding affiliates.)

### **Can a community foundation apply on behalf of one of its affiliates?**

Yes. A community foundation that has one or more affiliates may submit a separate application on behalf of each of its affiliates. For example, if a community foundation has two regional affiliates, it may submit an application on its own behalf, as well as two additional applications on behalf of each of its affiliates. These applications may be submitted at the same time, or at different times depending on the needs of the foundations.

### **What types of grants are available from the endowment-building program?**

The endowment-building program provides two types of grants: matching grants and operating grants. If a community foundation is accepted into the endowment-building program, it is eligible to receive both matching and operating grants.

## **Matching Grants**

### **What is the total amount of matching funds to be granted?**

The Kansas Health Foundation expects to approve up to \$6.5 million in matching grants in each of 2009, 2010 and 2011. Additional funds will be awarded as operating grants and planning grants.

### **What is the size of a matching grant?**

The size of matching grants will range widely, but grants will generally be between \$300,000 and \$800,000. The average grant is expected to be \$500,000. (See the next question regarding grant size.)

### **What is the right size of grant for my foundation?**

In considering the size of a request, a community foundation will find it helpful to calculate the type of new endowment gifts it believes it can raise and then calculate the amount of match that each type of gift would earn. For example, a community foundation would need \$1 million in new gifts to agency endowments to earn \$250,000 of match, while it would need only \$500,000 of new gifts to unrestricted endowments to earn the same amount of match (\$250,000). (See the discussion of matching rates on Page 10).

The goal of GROW II is to help more Kansas community foundations build permanent resources that will measurably improve the health of local residents over the long term. Therefore, the limited resources of GROW II will be spread over

a larger number of community foundations compared to the original GROW program. The Kansas Health Foundation will determine the size of each grant award based on the competitiveness of each application using the grant review criteria contained in this document. Generally, smaller foundations (i.e., foundations with less than \$5 million in assets) can expect grant awards in the lower end of the range, while the largest foundations (i.e., foundation with more than \$25 million in assets) may receive grants in the higher end.

GROW II is committed to helping community foundations become well-managed and self-sufficient through collaboration and alliances. Thus, larger matching grants may be available to applicants that are involved in these types of activities. (See Page 7)

### **How long does a grantee have to earn its matching grant?**

Six years.

### **Is there a limit to how much of the matching grant can be earned by one donor?**

Yes. One donor and his/her immediate family (defined as a single household) cannot earn more than one-half of the entire matching grant. That is, each participating foundation will need at least two donors to earn its entire matching grant.

### **Will planned gifts be matched?**

Yes. GROW II will match planned gifts subject to certain restrictions. First, GROW II will only match irrevocable planned gifts. Second, GROW II will match only the charitable value of the gift as determined by IRS guidelines. There are many types of planned gifts and each community foundation will need to determine the types of planned gifts that it will be willing to accept. GROW II will provide expert consulting support to each participating foundation to help it understand the benefits and responsibilities of each type of planned gift. The Kansas Health Foundation will review the arrangements of each irrevocable planned gift and will, at its sole discretion, determine the appropriate matching payment.

### **When will the matching grants be paid?**

Each year in March, GROW II will pay the matching funds earned by the participating community foundations during the previous year. The Kansas Health Foundation will pay up to 20 percent of a matching grant in any given year. Any unpaid matching funds will be rolled over and paid the following year, not to exceed 20 percent in any given year.

GROW II requires each participating community foundation to attend a GROW II orientation session during the first year. GROW II will not transmit the first payment of matching funds until the foundation has participated in this orientation.

### **What if a community foundation commits to meeting national standards certification by December 2010, and then is unable to do so?**

If a community foundation commits to meeting national standards by December 2010 and is accepted into GROW II, the program will provide technical assistance to help the grantee apply for standards certification. In the unlikely event

that such a grantee is unable to receive standards certification by December 2010, the GROW II grant will be cancelled and no matching funds will be paid. The grantee may keep the operating grant that GROW II paid earlier that year.

## Operating Grants

### What is the purpose of the operating grants?

The purpose of the operating grants is to support the costs of a community foundation participating in the GROW II endowment-building program.

### What is the size of the operating grants?

An operating grant will be 3.5 percent of the matching grant size. For example, if a foundation receives a matching grant of \$500,000, it will receive annual operating grants for six years of \$17,500, or 3.5 percent of \$500,000.

### When will the operating grants be paid?

GROW II will pay the first operating grant in March of the first year the foundation participates in GROW II. There is no performance benchmark to earn this grant.

In succeeding years, a participating foundation must meet a performance benchmark to continue to receive the annual operating grants. In years two through six, each participating foundation must have raised new gifts that earn at least 10 percent of its matching grant in the previous year to ensure that the operating grant for that year will be paid. That is, a grantee must raise gifts to earn 10 percent of its matching grant in year one to receive the operating grant in year two, and 10 percent in year two to receive the operating grant in year three (See Pages 11-12).

For those community foundations applying on or before September 1, 2010, the timetable for operating grants to be paid is:

September 1, 2010	Application with 10 percent pledges submitted
December 2010	GROW II grantees announced
March 2011	First operating grant paid
December 31, 2011	First 10 percent benchmark deadline (i.e., pledges paid)
March 2012	Second operating grant paid, if benchmark met

When a community foundation submits an endowment-building application to GROW II, it must have formal pledges that would earn 10 percent of the requested matching grant. These pledges must be paid during year one of the foundation's participation and thus they will trigger the second operating grant payment in March of year two.

## Planning Grants

### What do GROW II planning grants support?

GROW II planning grants are designed to support occasional projects that will help achieve the long-term goal and objectives of the GROW Healthy Kansas initiative. In general, GROW II will support efforts by community foundations and other public charities to explore ways they might work together to reduce foundation costs and improve the quality of foundation services. These grants could support efforts to investigate, plan and/or implement projects focused on various types of alliances, such as mergers, shared back-office arrangements, affiliations and third-party service bureaus. Other types of projects may be supported if the applicant can make a case that the project would help achieve the long-term goal of GROW II.

### What institutions are eligible to apply for GROW II planning grants?

Any 501(c)(3) public charity or government agency may apply for a GROW II planning grant.

### What is the size of a planning grant?

The size is likely to vary, but most planning grants will range from \$5,000 to \$100,000.

### How many planning grants will be awarded?

The number of planning grants will be determined by the needs of the field, but GROW II anticipates making only a dozen or so of these grants.

### What is the time period of a GROW II planning grant?

Planning grants will usually range from six months to two years in duration.

### Can an organization receive more than one grant?

An important goal of this second chapter of GROW Healthy Kansas is to provide support to more community foundations. Recipients of a planning grant may apply for a second grant after the completion of an initial grant. However, GROW II does not expect to award many planning grants, and there is an interest in spreading the benefits of GROW II to as many community foundations as feasible. While there is no prohibition against a second planning grant, second grants are likely to be rare.

# Application Submission

The Kansas Health Foundation urges potential applicants to review the content of this booklet and to attend a GROW II applicants' workshop. In addition, an applicant may benefit from a conversation with the GROW II program officer before submitting an application.

When preparing an application for funding from the endowment-building program, an applicant should include the items listed below. Applicants interested in the planning grant program are requested to call the Kansas Health Foundation to speak with the GROW II program officer.

## Application Form

An application form for the endowment-building program can be downloaded from the Kansas Health Foundation's Web site: [www.kansashealth.org](http://www.kansashealth.org).

## Cover Letter

- Indicate the amount and type of endowment that will be raised.
- Indicate the amount of matching funds requested.
- Should be signed by the organization's CEO and board chair.

## Organizational Information

- A brief background of the applicant organization.
- The organization's interest and experience in promoting public health.
- The organization's interest in working with other foundations to reduce costs and improve quality of service in the field.
- If applicable, describe how the applicant intends to collaborate and/or form alliances among other foundations or other organizations that will lead to increased management capacity and self-sufficiency.

### Endowment-Building Plan

- Indicate the type and amount of endowment that the applicant plans to raise.
- What is the fund-raising plan to raise this endowment?
- What are the qualifications and experience of the organization and the project's principal staff in fund raising and endowment fund raising?
- Comment on all of the grant-making criteria as listed on pages 12-13.

### Supporting Material

- Evidence that the application has been approved by the organization's governing board. If the application is being submitted on behalf of a foundation's affiliate, evidence must be provided that the application has been approved by the affiliate's governing board.
- A list of the current board of directors, trustees or governing board, with individual affiliations.
- The resumes of principal staff.
- Information on the organization's commitment to diversity with regard to staff, board and grant making.
- A copy of the most recent certified financial audit (or a review if less than \$5 million in assets).
- A copy of the most recent annual report, if available.
- A copy of the most recent financial statement/balance sheet (must not be older than two quarters).
- List of documented pledges to earn the first 10 percent of the requested matching grant (please use the Excel document titled "Annual Performance Benchmark Report" available on the Kansas Health Foundation Web site: [www.kansashealth.org](http://www.kansashealth.org)).

Please submit applications for the GROW II endowment-building program to:

## GROW Healthy Kansas

Kansas Health Foundation

309 East Douglas

Wichita, KS 67202

# Timeline for GROW II

GROW II announced and grant guidelines published	June 2009
Kansas Health Foundation holds regional forums describing GROW II	July and Aug 2009
First application deadline	September 30, 2009
Second application deadline	September 1, 2010
Third application deadline	September 1, 2011
First wave completes program	December 30, 2015
Second wave completes program	December 30, 2016
Third wave completes program	December 30, 2017

# Acknowledgements

The Kansas Health Foundation wishes to thank the following individuals who served on an Ad Hoc Planning Committee for GROW II: Catherine A. Domsch, Becky Goss, Aubrey Abbott Patterson, Peter L. Peterson, Betsy Wearing and Lynette Lacy. In addition, the Foundation extends special thanks to the entire board of the Kansas Association of Community Foundations for its help in the design of this program.

# Definition of a Community Foundation

A community foundation is a tax-exempt, nonprofit, autonomous, publicly supported philanthropic institution with a long-term goal of building permanent, named component funds established by many separate donors. The mission of a community foundation is to carry out the varied charitable interests of its donors and to benefit the residents of a defined geographic area.

## A community foundation:

1. Is officially recognized by the Internal Revenue Service as tax-exempt under Section 501(c)(3) and passes the public support test as a public charity under sections 509(a)(1) and 170(b)(1)(A)(6).
2. Has or is developing a history of broad support in the form of contributions from the community it serves.
3. Has an independent, nonsectarian, governing body broadly representative of the public interest and that is not appointed by a single outside entity.
4. Has an annual independent audit that is open to inspection by members of the public.
5. Has the power to modify any restriction or condition on the distribution of assets, if circumstances warrant (variance power).
6. Operates primarily as a grant-making institution and may also provide direct charitable services.
7. Focuses its primary grant-making and charitable services within a defined local geographic area that constitutes, in some meaningful sense, a "community".
8. Maintains a broad grants program to multiple grantees that is neither limited by field of interest nor limited to serving only parts of the population.
9. Is structured primarily as a collection of named funds that carry out the diverse charitable purposes specified by the governing body and donors, and has a long-term goal to increase the assets held as unrestricted endowment.

# The Kansas Health Foundation

The Kansas Health Foundation is a private philanthropy dedicated to improving the health of all Kansans. Using a strategic grant-making approach, the Foundation seeks opportunities to invest its resources in people and projects that meet its mission and create long-term, sustainable health improvements.

The Foundation targets the majority of its grant making in the following six focus areas:

## **Promoting the healthy behaviors of Kansans**

The Foundation's efforts in this area focus primarily on promoting three key behaviors—ensuring proper nutrition, increasing physical activity and decreasing tobacco use—that are directly related to the leading causes of death in Kansas and the nation.

## **Strengthening the public health system**

A strong public health system is vital as it is intended to protect people from disease, disability and premature death. The Foundation seeks to strengthen and connect the critical components of the system in Kansas by addressing issues such as public health education, work force development for public health professionals, agency capacity building and bioterrorism preparedness.

## **Improving access to health care for Kansas children**

This is the Foundation's newest focus area. While the Foundation will not be providing funding for direct medical care, early priorities in this area will include enrollment and retention in the State Children's Health Insurance Program (SCHIP), known as HealthWave.

## **Growing community philanthropy**

Funding in this area is primarily used to support the Giving Resources to Our World (GROW) program, in which the Foundation works with community foundations throughout Kansas to ensure local resources remain local. Currently, 12 community foundations are involved with this program, and, since inception, the Foundation's investment in this area has leveraged the collective endowments of these foundations from \$19 million to approximately \$72 million.

### **Providing health data and information to policymakers**

The Foundation works to ensure that accurate, adequate and accessible information is available to public, local and state leaders and policymakers so they can make informed decisions. In 1995, the Kansas Health Institute (KHI) was established to head this effort as an independent, nonprofit health policy and research organization based in Topeka, Kansas. To find out more about KHI, please visit [www.khi.org](http://www.khi.org).

### **Building civic leadership**

The Foundation works to nurture the skills and resources needed for individuals to make changes possible in Kansas organizations and communities. Work in this area is primarily achieved by the Kansas Leadership Center (KLC), founded in 2007 as a Wichita-based organization dedicated to nurturing and building leaders throughout the state. To find out more about KLC, please visit [kansasleadershipcenter.org](http://kansasleadershipcenter.org).



GROW Healthy Kansas is an ongoing program of the Kansas Health Foundation, which is solely responsible for the initiative. This document summarizes the manner by which the second chapter of GROW Healthy Kansas (GROW II) is anticipated to operate. The Kansas Health Foundation reserves the right to make a final determination regarding any organization's eligibility and/or qualifications for program benefits, and to make allocations of program benefits as it may, in its sole discretion, deem appropriate. All grants are subject to the actual award documents as well as the written terms and conditions of the Kansas Health Foundation.





**Kansas Health Foundation**

Dedicated to Improving the Health of All Kansans

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