



GUIDESTAR PUBLICATIONS

# 21st-Century Tools for 21st-Century Community Foundations

Better data  
Better decisions  
Better world

May 2017

When the Cleveland Foundation opened its doors on January 2, 1914, it launched a new vehicle for charitable giving. It consolidated local philanthropy into a permanent endowment whose income would be used, in founder Frederick Goff's words, for "such charitable purposes as will best make for the mental, moral, and physical improvement of the inhabitants of Cleveland."<sup>1</sup>

Today, the United States is home to more than 750 community foundations. Together, these organizations manage more than \$48 billion in assets and disburse \$4.3 billion to their communities annually. They come in all sizes, are located in every state, are found in urban and rural settings, and rely on varying business models.<sup>2</sup>

Regardless of the differences between them, community foundations share a common goal: to harness philanthropy to improve the quality of life in their respective locations.

Some nonprofit sector leaders and observers believe community foundations face significant challenges: reorganization of the financial sector; competition from other philanthropic vehicles, such as the donor-advised funds offered by Fidelity, Schwab, T. Rowe Price, Vanguard, and others; competition from consumer giving portals, such as JustGive and Network for Good; and slower asset growth. Others believe community foundations will weather these changes relatively easily. Some research indicates improvements have already occurred in operating efficiency and grantmaking.<sup>3</sup>

***Regardless of the differences between them, community foundations share a common goal: to harness philanthropy to improve the quality of life in their respective locations.***

What is certain is that community foundations continue to strive to identify and meet needs in their communities. Technology can help them achieve these goals.

If you are struggling to identify how technology can aid your community foundation, this report may help. It discusses resources and tools you can use to keep up with developments in the community foundation landscape, connect nonprofits and donors, tackle grantmaking mechanics, and evaluate grantmaking effectiveness. It also looks at integrated, or whole foundation, systems, which can make the entire grantmaking process more efficient—and ultimately more impactful.

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# Keeping Up with Developments in the Community Foundation Landscape

Just as the Internet has increased competition for community foundations, it has opened new paths for shared learning among them.

- **Advancement Network (AdNet)**

This affinity group is a networking and personal development resource for community foundation professionals serving in fund development, philanthropic advising, and donor services roles.

- **CF Insights**

CF Insights asks, "What if each community foundation could know what all community foundations collectively know?"<sup>4</sup> The site collects, analyzes, and shares community foundation data; offers expert analysis and consulting services; provides benchmarking, cost analysis, strategic planning, and other tools; and presents research and evaluation of issues by Foundation Center, Council of Foundations, and FSG. Membership fees are based on a community foundation's total end-of-year assets, and [free enews updates](#) are available on several topics.

- **CommA**

This affinity group has partnered with the [Communications Network](#) to offer an online network of communications professionals who work at community foundations. It provides a platform to strengthen communications and marketing professionals' effectiveness via a forum of sharing ideas, comparing results, and raising questions.

- **Council on Foundations**

More than 500 of the 750 community foundations in the United States engage with the Council on Foundations as members or through the National Standards programs. The Council offers an abundance of [online resources](#) by topic and foundation type. When a real live person is needed, the Council staffs

the most comprehensive legal team for community foundations and hosts the [Philanthropy Exchange](#), a private social network for members to connect with peers. Free monthly [Community Foundation Updates](#) are curated by persons experienced in community foundation practices. The Council also offers an array of professional development trainings, including the [Center for Community Foundation Excellence](#) curriculum.

- **Fiscal & Administrative Officers Group (FAOG)**

FAOG offers a range of resources for community foundation financial and administrative staff, including resources and guidance specifically for community

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foundations, discussion forums, conferences and educational events, and continuing professional education. Membership costs \$300 per community foundation and \$500 per person for professional advisers serving community foundations.

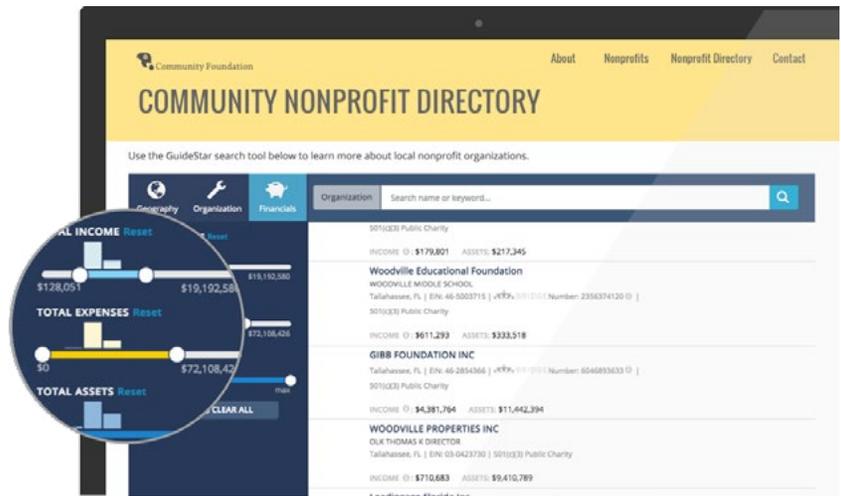
- **National Standards for U.S. Community Foundations**

The national-standards supporting organization of the Council on Foundations offers community foundations an accreditation process to ensure distinct standards of excellence. The entire application process can be completed online and includes examples of each standard required to achieve operational excellence.

# Connecting Nonprofits with Donors

A few years ago, GuideStar asked a group of community foundation representatives, “Do you want to be a nonprofit knowledge hub for your community?” and “Do you know how to be a nonprofit knowledge hub for your community?”

The answer to the first question was a resounding “yes.” The answer to the second was an equally resounding “no.” Again, online tools are providing solutions.



## ■ [GuideStar Local Nonprofit Directory](#)

GuideStar Local offers an easy, cost-effective way for a community foundation to share information about nonprofits in the locale it serves. Installed in just minutes, GuideStar Local embeds a robust charity search on a community foundation’s website. The search queries GuideStar’s extensive database to provide in-depth information about nonprofits.

GuideStar Local is an ideal tool for a community foundations that has limited technology resources to become the go-to resource for philanthropy in the area it serves.

## ■ [GuideStar DonorEdge](#)

GuideStar DonorEdge is a powerful platform for local philanthropy. A GuideStar DonorEdge site is fully customizable, from its name and URL to search parameters, information displayed in search results, web page design, and more. Nonprofits can update their profiles directly through a GuideStar DonorEdge site, and donors can give to individual charities directly from organization profiles.

Community foundations that use GuideStar DonorEdge become part of the [DonorEdge Learning Community](#), which shares information on best practices and the challenges community foundations face. GuideStar DonorEdge is suitable for community foundations with assets of \$250 million or more.

## ■ [Foundant CommunitySuite](#)

This integrated set of community foundation tools makes it easy to engage local nonprofits and public donors by providing an online grant catalog for crowdsourced fundraising and a public donation button page with credit card processing, both fully integrated with the fund accounting system.

CommunitySuite also allows donors to view their fund balances, make grant requests, view statements, and see grant and donation history.

CommunitySuite is best suited for foundations that rely on cloud-based offerings and are seeking integrations with grant management software, such as Foundant’s Grant and Scholarship Lifecycle Manager.



# Tackling Grantmaking Mechanics

Whether a community foundation sponsors donor-advised funds or makes disbursements from an endowment, it must coordinate many steps and engage in significant recordkeeping. Technology can make accomplishing these tasks easier and more efficient.

## Grants Management Software

Grants management software streamlines the grant application, review, award, and follow-up processes. The following are some of the most commonly used grants management programs:

- **[Fluxx Grantmaker](#)**  
Grantmaker combines customer relationship management with grant workflow management.
- **[Foundant Grant Lifecycle Manager \(GLM\)](#)**  
Foundant's flagship offering provides a straightforward system that manages every step of the grantmaking workflow, from providing online applications for grantees to assigning applications to evaluators to review.
- **[Fusion Labs GE Spectrum](#)**  
GE Spectrum supports grants management workflow, correspondence, payments, reporting, and administration.
- **[MicroEdge FIMS](#)**  
This integrated system encompasses donor, financial, and grants management and comes in [several flavors](#).

- **[MicroEdge GIFTS Online for Community Foundations](#)**  
This hosted solution allows community foundations to take the entire grants management process to the cloud.
- **[roundCorner foundationConnect](#)**  
foundationConnect grants management program is built on the Salesforce.com customer relationship management (CRM) platform.
- **[SmartSimple GMS360°](#)**  
GMS360° encompasses the grant application, review, approval, and follow-up processes.
- **[Stellar Technology Solutions iPhi CoreEnterprise Platform](#)**  
iPhi Core Enterprise Platform includes donor relationship management, grants distribution management, contributions management, accounting and finance, investment management, and customer relationship management.

For guidance on choosing grants management software and evaluations of 29 programs, see Idealware's May 2016 publication, [A Consumer's Guide to Grants Management Software](#), and the November 2016 update.

## Did you know ...

You can use GuideStar Charity Check directly from these leading grants management programs:

### **Bromelkamp First Akoya and First Pearl**

Subscribe to GuideStar Charity Check as an add-on to either system.

### **Fluxx Grantmaker**

GuideStar Charity Check is integrated into Grantmaker at no extra charge.

### **Foundant Grant Lifecycle Manager (GLM) and CommunitySuite**

GuideStar Charity Check is offered as part of each program at no extra charge.

### **MicroEdge GIFTS Alta, GIFTS Online, and GIFTS**

Subscribe to GuideStar Charity Check through GuideStar and access it directly from the version of GIFTS that you use.

### **SmartSimple GMS360°**

Obtain GuideStar Charity Check as an add-on to GMS360°

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## Due Diligence, Research, and More

Other software programs address individual components of the grantmaking process: financial management, ensuring compliance with IRS regulations, information management, and streamlining the application process for potential grantees.

- **Foundant CommunityFunds**

The third component of Foundant's [CommunitySuite](#), CommunityFunds provides complete fund accounting and other tools to manage endowments and accounting processes.

- **Flux Impact Intelligence**

Impact Intelligence allows you to collect and manage quantitative and qualitative data.

- **GuideStar Charity Check**

GuideStar Charity Check is the only tool that is 100 percent compliant with all IRS requirements for verifying a nonprofit's eligibility to receive tax-deductible contributions. Just a couple of clicks produce a report that can be printed or saved electronically to document due diligence and protect your organization from IRS excise taxes (read: "penalties"). You can create a watch list of up to 20,000 organizations and set up alerts to inform you when a watched nonprofit's status changes in IRS Publication 78, the IRS Business Master File (BMF), Office of Foreign Assets Control (OFAC) lists, or other official sources.

GuideStar Charity Check meets IRS criteria for a third-party source of BMF data. It is offered as a stand-alone product or as part of GuideStar Pro (see next bullet).

- **GuideStar Premium and GuideStar Pro**

GuideStar Premium offers in-depth search capabilities and Nonprofit Profiles. GuideStar Pro adds extensive search filters, additional profile data, more download options, and GuideStar Charity Check. Both tools allow you to access all Forms 990 in the GuideStar database, download letters of determination and audited financial statements as available, and obtain data for benchmarking.

- **GuideStar for Grant Applications (G4G)**

G4G allows nonprofits to populate grant applications with information from their GuideStar Nonprofit Profiles. Grantees save time and funders receive up-to-date, high-quality data.

## Evaluating Effectiveness

Community foundations and other funders lead the sector in focusing on effectiveness—effectiveness of their grantmaking decisions, effectiveness of the nonprofits they support, and effectiveness of philanthropy overall. Understanding how your foundation serves its constituents involves more than the dollar value of the grants you give, however. It's about your funding outcomes, how effectively you run your operations, the money you are able to funnel back into the community from fundraising, the effect of the capacity support you provide, and more.

Pulling and analyzing this information can be time-consuming, but the insights your organization will gain

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should make the effort worthwhile. In addition to gathering data from your own systems, consider helping the organizations you fund set up feedback loops with recipients of their services. For an example, look at [Listen for Good](#), an initiative of the [Fund for Shared Insight](#).

Beneficiary feedback allows the nonprofits you support to improve continuously. And the more effective those nonprofits are, the more impact your grantmaking will have.

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# Integrated or Whole Foundation Systems

It's very common for social sector organizations to have multiple disconnected databases. A grants management system is likely core to your work, but you may also have many other repositories for your data, including spreadsheets, legacy databases, and single-purpose systems.

This disconnect can lead to situations like the following: A grantee is providing stellar progress reports in accordance with the terms of its grant, which you store in your grants management system. Your program team is separately tracking the results of your funding in spreadsheets and other databases, and has not-so-positive information on this grantee's work that impacts grant renewal decisions. You aren't able to share the data easily across teams, are working at cross-purposes, and have a fragmented picture of your effectiveness.

The key to overcoming this problem can be summed up in two words: *integrated systems*.

Achieving integrated systems, or "whole foundation systems," requires robust systems to support complex analysis. If your organization wishes to move in this direction, your choice of systems will be crucial to developing a whole foundation system. You need to identify the right types of technology to support this approach. Choose systems that are:

- **Platform-based.** Investing in platforms often allows you to accommodate many business processes in one shared infrastructure.
- **Easily integrated, with powerful APIs.** Application programming interfaces (APIs) provide a bridge that can connect systems. If an app or product does not have an accessible API, it's unlikely to be a smooth integration.
- **Built in the cloud.** Most modern cloud systems are designed to have easily accessible APIs.
- **Widely used in the nonprofit sector.** If the technology is common in the nonprofit sector, it's more likely that connections have already been built between it and other tools used commonly in the social sector.

Be wary of building your systems completely from scratch. A combination of well-integrated best-in-breed solutions provides you the benefit of the best features across the breadth of your needs.

You may already feel like you have a head start on building a whole foundation system, but it can help to step back and assess your whole technology landscape. There are three facets of any whole foundation solution to consider: Communication and Development ("front office"), Mission Management (data on your program results), and Administration ("back office"). Here are examples of these elements:

- **Communications and Development**

*Example: CRM*

Your grants managers aren't the only ones who track contacts and organizations. Your development team engages donors in giving, your communications team plans events and registers contacts, and your leadership creates partnerships across your community. Contacts might serve multiple roles, and several groups/departments might be interacting with them. Your colleagues don't want to go into a conversation unaware that another team contacted that organization this morning on a similar topic. A CRM (customer relationship management) system is the hub of your organization and needs to be able to pull in contacts and organizations from all your systems. It will give everyone the full picture of how a contact is interacting with your organization and ensure that you build relationships holistically.

- **Mission and Program Management**

*Example: Outcomes Management*

A grants management system is central to your mission management work, but outcomes management systems are equally important for understanding your impact. Measuring outcomes doesn't only depend on program data. As a case in point, metrics such as cost per outcome achieved are becoming more common. Similarly, you may even want to be able to assign outcomes to individual funds awarded or gifts. If you don't integrate your outcomes management system with other organizational systems, it is nearly impossible to consolidate data manually from your finance, development, and program teams to produce meaningful outcomes measurements.

- **Administration**

*Example: Finance & Accounting*

Finance and accounting systems often sit in their own

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silos, and CFOs can be hesitant to connect these very structured systems to those used by other departments. Given accounting complexity, lack of integration can cause a lot of time-consuming back-and-forth between grants managers, program teams, and the finance department. Integrated systems can provide high-level visibility for development into the finance activities that affect donors, and can also bring data together to tie program results to specific donor dollars.

Community foundations are increasingly moving to integrated, centralized whole foundation systems to be able to understand results effectively. Grants management systems are at the center of these systems, but they are supported by a comprehensive set of whole foundation systems to provide you full insight into your organization's impact.

## Conclusion

Whether you are with a small community foundation that has few technical resources or a behemoth that boasts a sophisticated IT department, online tools can help you increase your foundation's reach and effectiveness.

## REFERENCES

<sup>1</sup>"The World's First Community Foundation." Retrieved 2/21/17 from the Cleveland Foundation: <https://www.clevelandfoundation.org/about/history/>.

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<sup>3</sup>Murphy, Community Foundation Business Disruption: 6-8. "2015 Columbus Survey Findings." Retrieved 2/21/17 from CF Insights: <http://cfinsights.org/Knowledge/ViewArticle/ArticleId/45/2015-Columbus-Survey-Findings.aspx>.

<sup>4</sup>"About Us." Retrieved 2/22/17 from CF Insights: <http://cfinsights.org/AboutUs/Overview.aspx>.

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# Contributors to This Report

## **CENTRAL FLORIDA FOUNDATION**

Central Florida Foundation serves as the region's community foundation and is home to more than 400 charitable funds. The Foundation manages and invests funds, offers personalized service and expert giving advice, connects caring people, businesses, governments and organizations to local initiatives that build and inspire community, and empowers them to make informed decisions that make a difference now and in the future. Since 1994, Central Florida Foundation has grown to more than \$60 million in assets and awarded grants of more than \$40 million, supporting local nonprofits that use the investments to improve their performance, effectiveness, impact, and overall sustainability.

## **COUNCIL ON FOUNDATIONS**

An active philanthropic network founded in 1949, the Council on Foundations is a nonprofit leadership association of grantmaking foundations and corporations. It provides the opportunity, leadership, and tools needed by philanthropic organizations to expand, enhance, and sustain their ability to advance the common good. With members from all foundation types and sizes, the Council empowers professionals in philanthropy to meet today's toughest challenges and advances a culture of charitable giving in the U.S. and globally.

## **EXPONENT PARTNERS**

Exponent Partners builds technology for foundations to understand organizational and grantee results and lead change by directing funding to better programs and services. Our whole foundation solutions help foundations manage people, processes, and outcomes on the Salesforce platform. We help foundations integrate systems to manage outcomes, organize constituent data, track finance and accounting metrics, manage documents, employ advanced analytics, and more. As a B Corp and a California Benefit Corporation, we pursue our mission to make the social sector more effective by delivering insights that create impact.

## **FOUNDANT TECHNOLOGIES**

Foundant's mission is "to help maximize the philanthropic communities' impact." Every day, community foundations tackle the problems facing philanthropy in local but relevant ways. We see our work with community foundations as providing incredible insights on how we can provide technology to make philanthropy run better. Community foundations are much more than a market to pursue for us. They are our partners in making the world a better place, one community at a time.

## **GUIDESTAR**

GuideStar is the world's largest source of nonprofit information. Each year, 7 million people, including individual donors, nonprofit leaders, grantmakers, government officials, academic researchers, and the media, use GuideStar to make intelligent decisions about the social sector. Millions more access GuideStar data through 200 philanthropic websites and applications. We believe that making nonprofit data widely available benefits everyone, because better data leads to better decisions, and better decisions lead to a better world.