



N.C. RURAL
ECONOMIC
DEVELOPMENT
CENTER

Funding Our Rural Future

Creating vibrant communities through homegrown philanthropy



Introduction

Across the nation, in the midst of struggling economies, rural people are harnessing the power of their own giving.

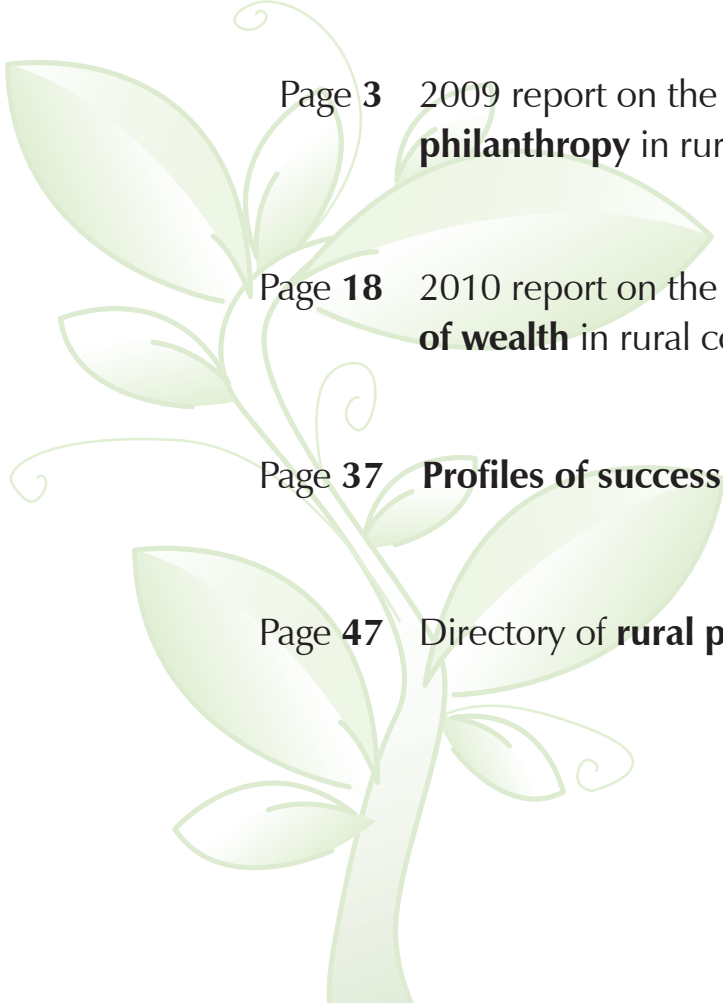
The North Carolina Rural Center and several organizational partners have been exploring this concept of “homegrown philanthropy” over the past two years.

We are pleased to share with you this set of reports and resources as a starting point for discussion and action.

We invite you to join with us in the coming months as we consider the immense value of community-based philanthropy in creating more vibrant, sustainable communities throughout North Carolina.

Funding Our Rural Future

Creating vibrant communities through homegrown philanthropy



Page **3** 2009 report on the potential for **homegrown philanthropy** in rural North Carolina

Page **18** 2010 report on the **intergenerational transfer of wealth** in rural communities

Page **37** **Profiles of success** in eight U.S. communities

Page **47** Directory of **rural philanthropy resources**



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Homegrown Philanthropy

November 2009



Homegrown Philanthropy

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From its first days, the N.C. Rural Economic Development Center has been committed to helping rural communities access the resources they need to realize their locally driven visions for the future. Generally, this has meant providing grants and loans through the center's own programs and helping communities obtain other funds, primarily from federal or state sources.

But there's another potent source of funding that often goes unrecognized: *local communities themselves*. Rural people are notably generous. Gifts of time and money to church, neighbor and community are essential to the character of most rural places. Generosity is the cement of rural culture.

In recent years, there has been increasing interest in building on this legacy of rural generosity to improve prospects for long-term economic renewal. Over the past year, the Rural Center has been assessing the potential for homegrown philanthropy, particularly community foundations, to become a stronger partner for economic development in North Carolina's rural areas.

Community foundations growing nationwide

The word *philanthropy* has typically been associated with the wealthy, and through the years, many people of means have indeed donated generously to build hospitals, support museums and help those less fortunate. Some have invested huge sums to establish foundations to manage charitable contributions during and after their lifetimes.

But philanthropy runs broader and deeper than this image would imply. It is rooted in every social class, every ethnic and religious group, every state and every region of the nation. Simply put, Americans tend to help one another, and from colonial times to the present, they have formed clubs and associations to help carry out their good intentions.

Over the past century, *community foundations* have developed into an important and influential demonstration of collective generosity. Unlike private foundations established by single families or corporations, community foundations collect and manage resources from large numbers of individuals, families and institutions.

Today, there are more than 700 community foundations nationwide managing more than \$31 billion in charitable funds. Although some hold assets of \$1 billion or more, most are relatively small.

Until recently, most of the growth in community foundations was concentrated in urban areas. That is changing quickly as existing community foundations expand their territories and new rural community foundations are created.

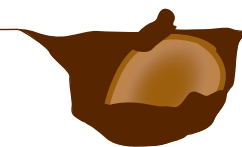
Several visionaries and national foundations have helped stimulate philanthropy's expansion into rural communities. In the 1980s, the CREATE Foundation in northeast Mississippi (1982) and the Minnesota Initiative Foundations funded by the McKnight Foundation (1986) pioneered the idea of linking community philanthropy and rural development. Twenty years ago, the North Carolina Community Foundation was established to spread community philanthropy into the state's rural counties. Also in this period, large foundations such as Lilly, Ford, Kellogg, Walton, Winthrop Rockefeller and Mott stimulated the creation and growth of rural community foundations through matching grant programs.

Innovative state measures further encouraged the growth of foundations. Since 2005, for example, the Endow Iowa tax credit program has leveraged more than \$50 million in private endowment gifts to community foundations. In 2008 alone, \$3.1 million in tax credits leveraged endowment donations of \$14 million.

Philanthropy viewed as powerful economic and community development tool

Today, rural philanthropy is moving from isolated experimentation to widespread impact. In northern California, community philanthropy is helping to build a sustainable forest products industry. In Maine, a special community philanthropy initiative is underwriting growth in community-supported agriculture. Here in North Carolina, community foundations are blunting some of the harsher effects of the recession through increased support of social services and workforce retraining.

These are not isolated examples. While community philanthropy often supports a wide variety of causes, its use as a strategic tool in community and economic development is becoming so widespread that there is now a national effort to define the purposes and practices of "rural development philanthropy." Hallmarks include 1) highly participatory and inclusive practices; 2) encouragement of community convening, visioning and planning; and 3) grantmaking focused on long-term development outcomes.



NORTH CAROLINA'S COMMUNITY FOUNDATIONS

Foundation	Net Assets (\$)	Expenditures in Grants & Programs (\$)
<i>Blowing Rock Community Foundation</i>	1,235,000	53,000
<i>Capital Community Foundation</i>	11,136,000	787,000
<i>Community Foundation of Burke County</i>	7,975,000	435,000
<i>Community Foundation of Gaston County</i>	47,683,000	4,686,000
<i>Community Foundation of Greater Greensboro</i>	83,262,000	11,170,000
<i>Community Foundation of Henderson County</i>	62,306,000	2,864,000
<i>Community Foundation of Southeastern North Carolina</i>	4,857,000	1,618,000
<i>Community Foundation of Western North Carolina</i>	121,923,000	12,252,000
<i>Cumberland Community Foundation</i>	29,855,000	2,909,000
<i>Davie Community Foundation</i>	4,881,000	350,000
<i>Edenton-Chowan Community Foundation</i>	304,000	38,000

Because it responds to local conditions, the character of rural development philanthropy will vary from place to place. For example:

Nebraska. The statewide Nebraska Community Foundation was founded in 1993 to stimulate development in the state's rural counties, which were facing economic decline and depopulation. It has catalyzed community endowments in 70 counties and spread new models of community leadership, entrepreneurship and youth engagement through its Hometown Competitiveness program. This merger of philanthropy, economic development and leadership is creating impact in places such as Ord (population 2,200). The people of Ord are using their \$1.4 million endowment to stimulate development of small businesses, including 17 new firms in one year.

Alabama. A desire to move forward the hard-won gains of the civil rights movement inspired the creation of the Black Belt Community Foundation. Founded five years ago, the foundation focused first on building nonprofit organizational capacity through a network of 400 community organizations across its 12-county region. A cadre of volunteer associates helps ground the foundation's grantmaking and technical assistance locally. The associates also assist the foundation's diverse board in promoting renewed regional identity and confidence. Current programs feature a small grants program to meet community needs and a special focus on community arts. The foundation is now working to build its endowment and meet a \$4 million challenge grant from the Ford Foundation.

Minnesota. Over the past 20 years, the McKnight Foundation invested more than \$200 million to create and support six rural philanthropic centers that are hybrids of community foundations and regional economic development centers. The West Central Initiative, one of these six foundations, has made more than \$28 million in business loans and more than \$20.8 million in grants throughout its nine-county region. Along the way, West Central's model workforce development program has retrained more than a third of the region's workers.

Montana. In many places, the focus on community development has galvanized public support for foundations. The Montana Community Foundation was launched in 1983 with \$300,000 and a small collection of donors and community leaders. Today, the foundation has 40 affiliated local foundations and more than \$50 million in assets. In 2007, the foundation created a \$1 million endowment to fight poverty in the state through early childhood education and public policy for a state with a small, scattered population and one that has seen most of its wealth, gained by the extraction of natural resources, exported out of state. "Endowment building was never intended to be the centerpiece of our local

initiatives,” explained Sid Armstrong, former CEO of the Montana Community Foundation, “But it became the focus as people began to see it as an opportunity to build community self-determination – stewardship of one’s own future.”

North Carolina has extensive community foundation network

Community foundations have developed rapidly in North Carolina over recent decades. In 2007, the 22 community foundations serving North Carolina spent \$213 million in grants and programs, raised \$357 million in contributions and held total assets of \$1.5 billion.

The reach of these foundations is wider than their numbers might indicate, touching almost every county. The North Carolina Community Foundation has the widest reach. It was founded 20 years ago with an explicit goal of serving rural North Carolina and now has a network of 66 county affiliates. In essence, these affiliates are geographic funds within the larger foundation. While ultimate accountability rests with the parent foundation, the affiliates have separate boards of local people who set priorities, assist in fundraising and make grant recommendations.

Several other foundations take regional approaches. The Community Foundation of Western North Carolina, now 30 years old, covers 18 western counties through county or town-level affiliates. The Foundation of the Carolinas has a similar structure for the Charlotte metropolitan region. The community foundations in the Research Triangle and Winston-Salem all serve donors and grantees in multicounty regions but do not have formal affiliate structures. The Community Foundation of Greater Greensboro has a single county affiliate, the Alamance Foundation, and reaches several other counties through donor services and grantmaking.

There are also 15 other independent community foundations of small to moderate size. Most serve single towns or counties, often rural.

North Carolina rural foundations putting down roots

All together, community foundations directly serve all but five of the state’s 85 rural counties. Twenty rural counties are served by two community foundations.

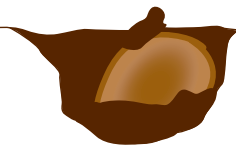
Although the geographic base is broad and the impact of rural foundations positive, most rural funds are small and in the early stages of development, limiting their total impact. There is growing success, however. The assets of some range as high as \$7 million with annual awards of more than \$135,000.

**NORTH CAROLINA'S
COMMUNITY FOUNDATIONS**

(CONTINUED)

<i>Foundation for the Carolinas</i>	
532,233,000	113,636,000
<i>Greater Greenville Community Foundation</i>	
7,044,000	1,001,000
<i>High Point Community Foundation</i>	
54,782,000	4,403,000
<i>Mount Gilead Community Foundation</i>	
156,000	5,800
<i>North Carolina Community Foundation</i>	
116,557,000	8,824,000
<i>Outer Banks Community Foundation</i>	
9,154,000	367,000
<i>Pinehurst Community Foundation</i>	
161,000	14,000
<i>Polk County Community Foundation</i>	
20,857,000	934,000
<i>Thomasville Community Foundation</i>	
498,000	47,000
<i>Triangle Community Foundation</i>	
116,177,000	14,813,000
<i>Winston-Salem Foundation</i>	
242,033,000	31,522,000
TOTAL	
1,475,069,000	212,728,800

Source: 2007 IRS 990 forms



“We expect a similar growth pattern for our rural affiliates that we experienced in Charlotte – a long lead time followed by rapid growth.”

Bart Landess,
Foundation for the Carolinas

For example:

- The people of Montgomery County have built endowed funds of more than \$4.3 million through their affiliation with the North Carolina Community Foundation.
- Since the year 2000, the independent Community Foundation of Burke County has made more than \$1.5 million in grants. Its assets approach \$8 million.
- The Rutherford County Foundation, established in 1996 as an affiliate of the Community Foundation of Western North Carolina, has assets of \$1.5 million and made grants last year totaling \$137,290.

Bart Landess, senior vice president for planned giving and development at the Foundation for the Carolinas, anticipates growth for rural foundations, but not overnight success. “We expect a similar growth pattern for our rural affiliates that we experienced in Charlotte – a long lead time followed by rapid growth,” he said.

North Carolina foundations taking leadership in community development

In North Carolina, both urban and rural foundations are accepting the challenge of taking a leadership role in their communities.

For the Community Foundation of Greater Greensboro, a \$9 million gift in 1996 proved to be a major stimulus. The donor allowed wide latitude in how the money could be applied. “This made the foundation look around,” said Tara Sandercock, vice president of grants and initiatives. “It raised new possibilities and prompted a shift to being more proactive and to take on community leadership.”

From Richmond County comes an example of how a small local foundation can make a significant, strategic impact on a community. The Cole Foundation, a family foundation administered by the Foundation for the Carolinas, identified the county’s low child immunization rates as a major threat to public health. Through an investment of \$50,000 and a considerable amount of advocacy and community leadership, the foundation succeeded in reversing the problem.

To manage new leadership initiatives, the Foundation for the Carolinas created the Center for Civic Leadership. A task force of local leaders guides the center by identifying the most critical issues and opportunities for progress. So far, the center’s initiatives focus on schools, environmental conservation, race relations, cultural facilities, healthy children, workforce development and housing.

N.C. foundations also stepped up to the current recession. The Community Foundation of Burke County, an independent community foundation, seeded its Recession Response Grant Fund with \$50,000 and asked the community to donate directly to the fund. The much larger community foundations in Charlotte and Asheville raised \$2.7 million and \$870,000 respectively for similar recession response funds.

North Carolina leading the way in inclusive philanthropy

Women, people of color and youth are known givers of time, talent and treasure. New models are increasing their participation in formal community philanthropy.

North Carolina has become a center of innovation in models of collective giving – a high-engagement form of philanthropy in which individuals pool their charitable resources and set joint goals and guidelines for their charitable impact. A major reason is the work of NCGives, a Kellogg Foundation-funded initiative to create and spread a more inclusive definition of philanthropy and broaden participation. In a similar vein, Raleigh-based Hindsight Consulting and the associated Community Investment Network have developed and spread new collective giving models among African-Americans.

Among the outcomes of these and other initiatives:

- Fourteen women's giving funds have been established through NCGives and collaborating organizations. In these giving funds, women pledge annual contributions and participate in setting priorities and allocating grants. The groups range from independent small groups to large initiatives with hundreds of donors and annual grantmaking in the hundreds of thousands.

"The support for women's engagement in philanthropy will be transformational for philanthropy generally," said Beth Briggs, a consultant who coordinates NCGives' work on women's philanthropy. She also believes that organizing women's philanthropy will be the key to fostering rural philanthropy. "(Rural women) will come together in multiracial groups," she said. "They will come together and do philanthropy if the issues addressed affect them or their children."

- Six African-American giving circles are associated with the Community Investment Network. One is Heritage Quilters in Warren County. Heritage Quilters started as a quilting group of about 20 men and women who made and sold quilts to support local people in need. Several years ago, the quilters discovered the idea of giving circles and decided they could add the giving of cash. Now while they quilt, they set grantmaking priorities.

“The support for women’s engagement in philanthropy will be transformational for philanthropy generally.”

Beth Briggs,
NCGive Consultant



HOUSEHOLD NET WORTH for North Carolina's 85 Rural Counties

Rural Counties **2010 Value**
\$ in Billions

Tier 1 85.3
Tier 2 122.8
Tier 3 113.6
TOTAL.....\$321.8

Rural Counties **2020 Value**
\$ in Billions

Tier 1 119.1
Tier 2 183.7
Tier 3 183.1
TOTAL.....\$485.8

Rural Counties **Percent
Change**

Tier 1 40%
Tier 2 50%
Tier 3 61%
TOTAL.....51%

*Source: Rural Policy Research Institute.
Estimates are based on preliminary data.*

Hindsight's Darryl Lester believes that much African-American philanthropy is unrecognized by the field because it comes through organizations and associations not defined as formal philanthropy. Because of this, African-Americans are often seen only on the demand side of philanthropy when, in actuality, they also are very active on the supply side.

- The Patronato Mezquital fund is a collective giving effort by people from Mezquital, Mexico, who now live in the Piedmont region of North Carolina. The group selected the Community Foundation of Greater Greensboro to administer the money. By pooling charitable gifts, the group provided funds to build a nursing and retirement facility in Mezquital.
- The N.C. Native American Youth Organization created the Youth Giving Indians Volunteer Experience. The organization is a peer network dedicated to furthering the ongoing practice of philanthropy within the traditions of American Indians. The group is part of the North Carolina Youth Giving Network, a statewide collection of 16 different youth philanthropy projects.

Focus groups recognize promise of rural development philanthropy

To gauge response to the idea of homegrown philanthropy as an asset for rural development, the center convened two focus groups representing participants in the N.C. Small Towns Economic Prosperity Program. NC STEP is a multiyear project testing a combination of community coaching, strategic planning, leadership training and grants to help small, rural towns revitalize their economies.

Among both groups, the discussion elicited similar reactions. On reflection, they better understood their own high levels of informal philanthropy. They also saw untapped philanthropic assets within their towns and ways they could do more to link philanthropy to community development.

Al Leonard of Tabor City was a case in point. At the beginning of his focus group discussion, he reflected on the current level of charitable appeals and donor fatigue. "We've got a lot of philanthropy going on – a heck of a lot. People are asked to give to many annual causes.... Some individuals and businesses feel battered."

As the discussion moved to the need for charitable gifts that are aggregated and invested over time, he said, "We can sell that. It's 'How can we invest in our community? How can we keep the children here?' People understand that sort of thing."

Rural communities have untapped philanthropic potential

Measuring charitable giving is an imprecise task, and potential giving is even more difficult to measure. In rural places, the capacity to give may be hidden, tied to the land or held by people whose simple lifestyles belie their wealth.

Moreover, philanthropic potential is not fully defined by high wealth. People of modest means often make significant contributions. Kitty Croom of Pender County proved that point. A longtime secretary and cafeteria cashier at the local high school, she left a \$200,000 bequest, to be managed by the North Carolina Community Foundation, to endow college scholarships.

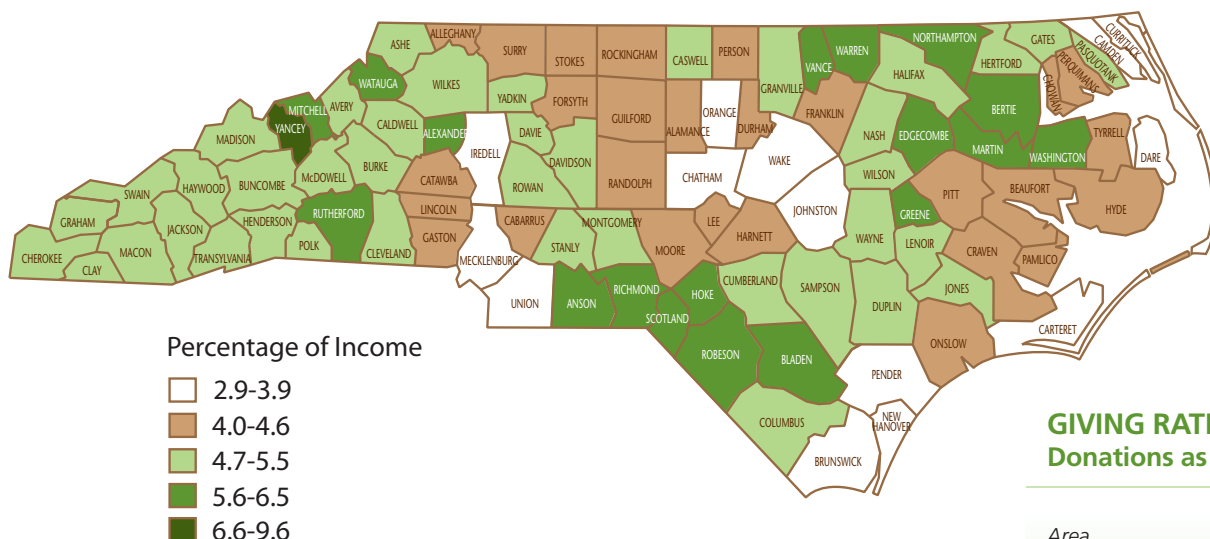
Although any measurement will be imperfect, the Rural Center is gleaning some useful information on rural giving. These data indicate the potential for philanthropy to become a significant resource for rural community development. Among the themes emerging:

ITEMIZED CONTRIBUTIONS, 2006

Rural Counties	Dollars (\$)
Tier 1	648,258,000
Tier 2	774,853,000
Tier 3	689,828,000
TOTAL.....	\$2,112,939,000

Source: Internal Revenue Service
Tier designations by the N.C. Department of Commerce measure economic distress among counties, with Tier 1 being the most distressed and Tier 3 the least.

Itemized Donor Giving Rate: 2006



Wealth exists even in the poorest places. Incomes in rural counties generally run lower than in urban areas. Nonetheless, nearly 30,000 rural taxpayers in 2006 reported incomes of more than \$200,000. In Tier 1 rural counties, 6,203 taxpayers reported more than \$200,000 in income. Tier 1 is the N.C. Department of Commerce designation for the most economically distressed counties.

Rural people are generous and give at levels disproportionate to their means. Data from the Internal Revenue Service, for example, reveal that rural taxpayers who itemized contributions in 2006 donated \$2.1 billion to charitable causes, an

GIVING RATES IN 2006 Donations as percentage of income

Area	Percent
State.....	4.2%
Urban	4.0%
Rural.....	4.5%
TIER 1.....	5.2%
TIER 2.....	4.6%
TIER 3.....	4.0%

Source: Internal Revenue Service.

average gift size of \$4,076. These rural people gave a higher percentage of their incomes than did their urban counterparts. Furthermore, people making \$50,000 or less accounted for more than \$446 million in contributions.

Giving is significant even in the most economically distressed rural counties.

Taxpayers in Tier 1 rural counties who itemized their returns in 2006 accounted for \$648 million in charitable gifts. These rural Tier 1 taxpayers also gave proportionately more of their incomes than did those from wealthier counties, urban or rural.

Most of these gifts can be presumed to be “checkbook” philanthropy. That is, the gifts probably answer immediate needs. But what if these donors directed some of that money toward community fund endowments? In effect, these donors would be building long-term “savings accounts” for their communities’ benefit.

If only 1 percent of 2006 itemized contributions had been directed toward such an endowment, the asset growth would have been \$21 million for that year alone. And this does not include the significant charitable contributions made by people who do not itemize their taxes.

Beyond the annual giving indicated by tax returns, there is another potential source of contributions to benefit long-term community development. As baby boomers pass on and leave assets to their children and grandchildren, the nation will witness its greatest ever intergenerational “transfer of wealth.” In one measure of this wealth, preliminary estimates place current household net worth in rural North Carolina at \$322 billion, and it is projected to reach \$486 billion by 2020.

Just as there is the potential to capture some annual giving for the community’s longer term benefit, so too might civic-minded residents wish to bequeath some portion of their assets to the community savings account. “Community foundations provide a vehicle for local philanthropy that no other charity is doing,” said James W. Narron, a Smithfield estate attorney and chair of the board of the North Carolina Community Foundation. “As it gets better known across the state, (increased giving) will be dramatic. I predict exponential growth. I have tons and tons of bequests.”

Rural North Carolina is inherently generous and philanthropic. The challenge now is to channel this philanthropic energy in ways that are lasting and transformative.

Challenges to rural development philanthropy in North Carolina

Rural North Carolina already has widespread coverage by community foundations. These foundations have the opportunity to help lead the

“Community foundations provide a vehicle for local philanthropy that no other charity is doing. As it gets better known across the state, (increased giving) will be dramatic. I predict exponential growth.”

James W. Narron,
Chair, North Carolina
Community Foundation

transformation of rural places to economic sustainability and cultural vibrancy. But if this is to happen, they will need to more aggressively build their assets and form partnerships with community development leaders. For their part, rural development practitioners need to fully understand and use the tools of community philanthropy in their efforts to build sustainable rural economies.

Elsewhere, marrying community philanthropy and community development has improved local support. That is, increasing the emphasis on community development has led to greater community support for building unrestricted endowments with the flexibility and patience to respond to long-term community needs. Rural people respond to the promise of fundamental and tangible change and of sustaining rural life and livelihood.

In states such as Arkansas, Iowa, Nebraska, Michigan, Minnesota and Indiana, matching grant programs and state tax credits have dramatically accelerated rural endowment growth. The support of North Carolina's state policy makers, large donors and foundations will be essential in determining whether rural areas can capture more annual charitable dollars in permanent philanthropic assets.

Another key to capturing rural assets lies in increasing knowledge about complex issues surrounding donations and bequests of real property, particularly land and timber resources. This will involve expanding the current professional education for financial and legal advisers to include issues specific to rural areas and increasing the number of qualified advisers available to rural donors.

Furthermore, as they take a stronger partnership role in economic development, North Carolina community foundations need to become increasingly inclusive and broad-based through their governance, outreach to donors, community engagement processes and programs.

Rural Center response

These findings highlight two overarching challenges that must be addressed if community philanthropy and rural development leaders are to forge a stronger partnership in North Carolina:

- Accelerate the growth of rural foundations' assets by aggressively marketing the benefits of community philanthropy to a broad and diverse base of rural donors.
- Increase the impact of those assets on sustaining and improving the vibrancy of the rural economy, culture, equity and social capital.



The Rural Center is committed to working with North Carolina's philanthropic and economic development communities to achieve these ends. It will:

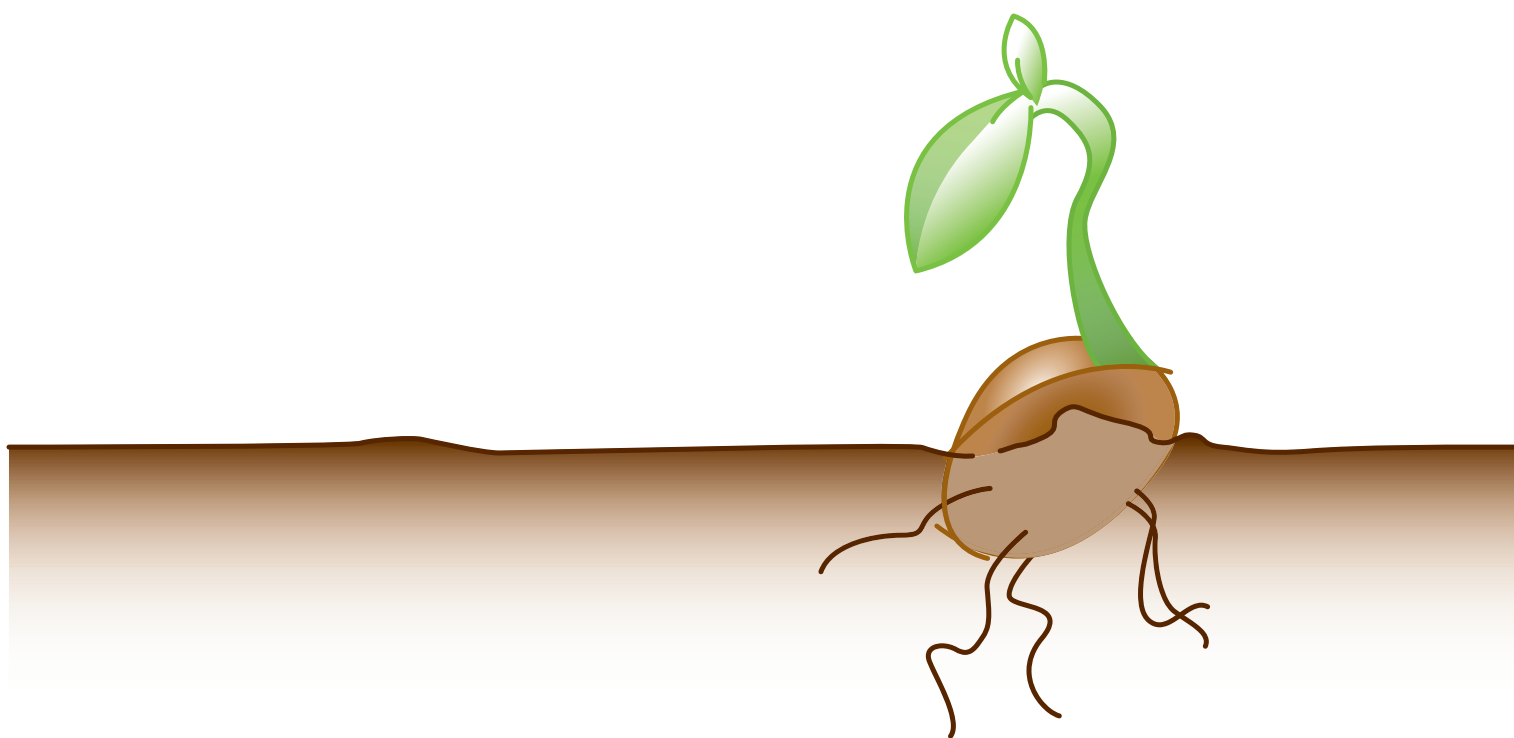
1. **Convene a rural development philanthropy roundtable to guide its work in this arena.** The roundtable will include rural community philanthropy practitioners from across the state and others who strive to advance rural philanthropy and strengthen its partnership with rural economic development.
2. **Initiate a rural philanthropy demonstration project as part of its N.C. Small Towns Economic Prosperity Program.** The center proposes to engage four to six NC STEP towns in creating local, place-based endowments to provide long-term support for community development. The endowments will be held and managed by local community foundations. The center will seek resources for a challenge grant to stimulate local fund development. The center also will partner with community foundations to provide training and coordination for the individual town programs.
3. **Strengthen and extend the support system for North Carolina's growing rural philanthropy network.** A rural transfer of wealth analysis, already under way, will provide a powerful tool to highlight rural philanthropic potential and the importance of rural endowment building. The center will collaborate with interested community foundations to hold briefings about the study's implications. Furthermore, the center will partner with the state's philanthropic community and key national partners around such issues as training for local foundation leadership, increasing equity and inclusion in rural philanthropy, and increasing community foundations' capacity for community development initiatives.
4. **Explore state policy alternatives to support rural development philanthropy.** Over the next 18 months, the Rural Center will engage with the state's community philanthropy stakeholders, rural leaders and state policy makers on policy options to encourage endowment building for community development funds. Possibilities employed elsewhere include state tax credits.

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Rural North Carolina Transfer of Wealth

May 2010



Rural North Carolina Transfer of Wealth Analysis

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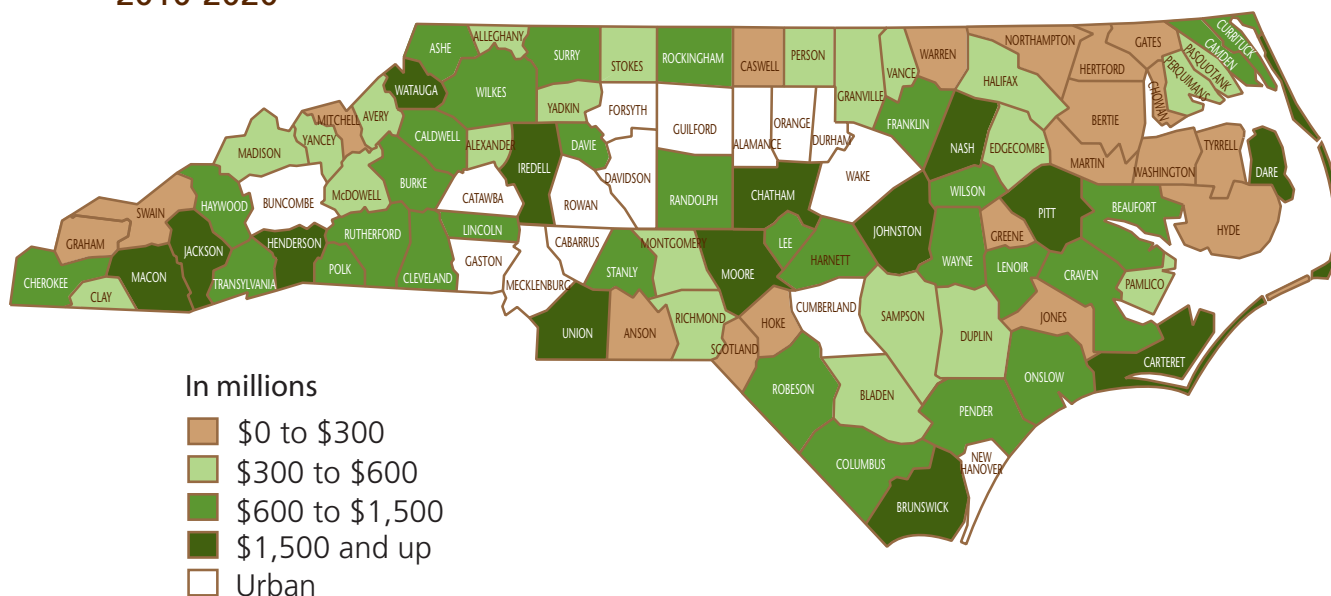
EXECUTIVE SUMMARY

A fascinating story is unfolding around the country. In some of the nation's most remote rural areas – places faced with dwindling populations – families are showing a commitment to the future of their communities. They are pledging a portion of their family's wealth to build endowments that will benefit their communities long after they are gone. The time is right for North Carolina's rural communities to decide whether they will join this growing movement.

Consider that:

- Although rural communities are often classified as low-wealth, there are in fact substantial financial resources in many communities. The current (2010) net worth of North Carolina's 85 rural counties is estimated at \$321.8 billion.
- A sizeable portion of this wealth will pass from one generation to another in the next 10 years. Conservative projections indicate that \$78 billion will transfer between generations by 2020. Over the next 20 years, it could reach \$186 billion.
- Where will this wealth go? To heirs within the community? Within North Carolina? In another state? Given the increasing mobility of individuals and families, the probability is great that, without intervention, financial resources will move out of rural communities and never return.
- Increasingly, rural communities are challenging local residents to designate some portion of their estates for long-term community advancement. These funds become the core of a community endowment.
- In North Carolina rural counties, if just 5 percent of the financial wealth being transferred were placed in endowments, it could produce \$195 million for community use in just 10 years. In 20 years, funds available for use would climb to nearly \$465 million.

Transfer of Wealth Potential 2010-2020



In other words, North Carolina's rural communities have an incredible opportunity to invest in their future. Even tiny inheritances, combined, can add up to substantial sums to be used for projects with lasting value. The legacy that individuals and families leave could be measured not just in bloodlines and memories, but in the vitality of the communities they supported in life.

These findings are part of the Rural North Carolina Transfer of Wealth study, which the Rural Center commissioned in 2009. The following report outlines the details of the study and concludes with county-level data on current wealth and the transfer of wealth potential. It is intended to help local communities recognize the possibilities and determine their own response.

TABLE OF CONTENTS:

Executive summary

Background

Key concepts

Methodology

Statewide findings

Understanding county differences

Moving forward

County table

Maps of county findings

Current net worth by county, 2010

Per household net worth by county, 2010

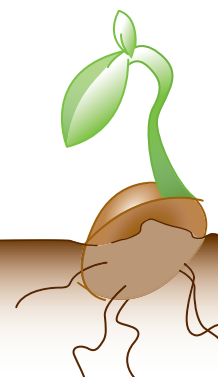
Transfer of wealth potential, 2010-2020

Capture potential for philanthropy,
2010-2020

Transfer of wealth potential 2010-2030

Capture potential for philanthropy,
2010-2030

Appendix



Background

Since World War II, total household wealth in the United States has increased dramatically. Recognizing this trend and its potential impact, researchers from Boston College in 1999 published *Millionaires and the Millennium: New Estimates of the Forthcoming Wealth Transfer and the Prospects for a Golden Age of Philanthropy*. In it, they estimated that \$41 trillion would transfer between generations within the next 50 years and projected a \$1.7 trillion windfall for charitable organizations. Their work in turn stimulated other examinations of the philanthropic potential within the intergenerational transfer of wealth at state and local levels.

In 2009, the North Carolina Rural Economic Development Center commissioned the first transfer of wealth study for this state's rural counties. The study is part of a larger effort to examine the potential for local philanthropy to become a significant source of funding to support long-term economic development priorities.

The center selected the Rural Policy Research Institute's Center for Rural Entrepreneurship to carry out the study because of its extensive experience in the field. RUPRI has led or participated in more than two dozen regional and statewide transfer of wealth studies over the past 12 years.

RUPRI's methodology involves rigorous data collection and analysis, and builds assumptions of future behavior based on historical trends, adopting at each step the most conservative interpretation of the data.

The assumptions center on the overall positive trends in wealth creation since 1945, as reported in the annual Flow of Funds Report of the Federal Reserve Bank of the United States. But economic conditions do change, sometimes rapidly. The recession of 2007-09 resulted in at least a temporary drop in total assets, and the growing concentration of wealth in the hands of a relatively few Americans raises concern about whether the broad-based increase in wealth of the past 50 years will be sustained over the next 50.

Thus, it is important to emphasize that the values reported here for current net worth and transfer potential are projections based on those historical assumptions, not predictions of what will happen.

Key concepts

Four concepts are key to understanding the results of this study.

Current household net worth – at a given point in time, the private holdings of families (such as houses and investments) after any debts are paid off.

KEY CONCEPTS

- 1 Current household net worth
- 2 Transfer of wealth opportunity
- 3 Capture target
- 4 Payout potential

Transfer of wealth opportunity – within a defined period, the amount of household wealth “transferring” at death from the current holder, usually to succeeding generations of the family. This excludes government, nonprofit and corporate wealth.

Capture target – the amount that could be bequeathed to the community based on a targeted amount. This analysis sets the capture target at 5 percent. A community could set its goal higher or lower.

Payout potential – on the assumption that the community’s “inheritance” is placed in an incoming-generating endowment, the earnings available for use. To calculate the payout potential, this analysis uses a 5 percent rate of return, which is a philanthropy industry standard.

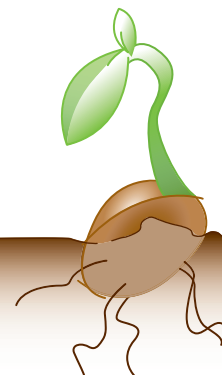
Methodology

Data were developed for each of the North Carolina’s 85 rural counties. These are the counties that, at the time of the 2000 Census, had a population of fewer than 250 people per square mile. The rural North Carolina estimates represent the sum of the county data.

Estimates of current net worth drew on such factors as:

- the Federal Reserve’s Survey of Consumer Finance Report of 2007, the latest year available. The report provides detailed asset and liability holdings by key demographic characteristics, such as age of household, income of household, race, employment type and housing status. (See Table 1 in the appendix for a more detailed look at the relationship between these key variables and current net worth.)
- characteristics of the local community. These included data such as sources of income, age distribution, business ownership and market valuation of real property. (See Table 2 in the appendix for more details.) Consideration also was given to the effects of special populations in the community (e.g., prisons, schools or large numbers of immigrants) and local industries.
- discounting. Net assets were discounted for depreciation (of automobiles, for example), likely consumption of assets during retirement, closely held farms or businesses, or other factors that reduce the probable value of wealth available for transfer. For example, low-income households are likely to consume more of their assets during retirement and thus have less available to pass on at death.

Projected deaths, based on population data and historical trends, were used to estimate when the likely transfer of wealth will take place. The transfer of wealth



opportunity is projected for 10- and 20-year periods. The further out in time the projection, however, the greater the chance for unknown factors to come into play.

Estimates for both current net worth and transfer opportunity represent the conservative, low range from the models developed. As a further cautionary measure, the analysis assumed constant dollars. That is, values were not increased for anticipated inflation.

The capture target of 5 percent is a goal, not a projection, and one leaders in states and regions across the country have found it to be reasonable. Future capture may be influenced, up or down, by changes in tax law and other factors beyond the scope of the model, as well as by changing economic conditions.

The 5 percent payout rate is consistent with requirements of the Internal Revenue Service.

**RURAL NORTH CAROLINA
SUMMARY**

<i>Finding</i>	<i>Total Estimated Value</i>
2010 current	
net worth.....	\$321.8 billion
2010-20	
transfer of wealth	
opportunity	\$78.1 billion
5% capture target.....	\$3.9 billion
5% payout potential ...	\$195 million
2010-30	
transfer of wealth	
opportunity	\$185.9 billion
5% capture target.....	\$9.3 billion
5% payout potential	\$464.8 million

Statewide findings

Based on this analysis, rural North Carolina counties are likely to face a significant transfer of wealth opportunity beginning as early as 2020.

- The projected 2010 net worth of all rural North Carolina households is estimated to be \$321.8 billion.¹
- Over the next 10 years, an estimated \$78.1 billion will be available to transfer between generations in rural North Carolina households – the transfer of wealth opportunity. Over the next 20 years, the transfer of wealth opportunity is estimated to be almost \$186 billion.
- If just 5 percent of the 10-year transfer of wealth opportunity were to be captured by local nonprofit organizations, such as community foundations, for the betterment of rural North Carolina communities, those organizations would realize almost \$3.9 billion. This same 5 percent capture over 20 years is an estimated \$9.3 billion.
- Using a conservative 5 percent annual rate of return on the endowments this capture might build, approximately \$195 million would be generated over the next 10 years to support community economic development and other charitable investments. Over 20 years, approximately \$465 million would be generated. These are referred to as the payout potential.

¹ Rural North Carolina refers to the 85 North Carolina counties that have a population density of 250 or fewer people per square mile.

Understanding county differences

The maps and tables that follow provide detailed summaries of the findings for each of North Carolina's 85 rural counties.

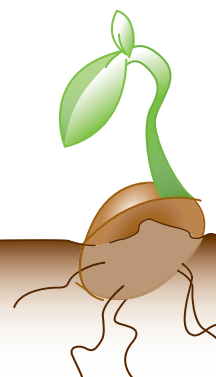
The 20-year scenarios, in particular, show the considerable variation in current net worth and transfer of wealth estimates across the state. For example, Brunswick County has one of the highest 2010 current net worth values at over \$19 billion, with an average per household value of \$425,000. In contrast, Bertie County has a 2010 current net worth value of \$760 million, with an average per household value of less than \$100,000.

Other differences also emerge, and an important question to consider is what accounts for these county-to-county differences. Wealth holding by American households is complicated, but some primary factors provide critical insight into this question. In addition, having a better understanding of the factors that shape wealth holding and transfer of wealth over time is foundational to developing a community or regional strategy for encouraging giveback and capturing a portion of this wealth transfer.

Several basic factors shape transfer of wealth scenario results.

- **Size.** Simply put, places with more people and larger economies tend to have greater current net worth and transfer of wealth values. When adjusted to per household values, however, they may actually have relatively lower values based on other factors.
- **Complexity.** Communities with more complex economies tend to generate more wealth and, as a result, greater transfer of wealth opportunities. There is a strong correlation between economic diversification on the one hand and wealth formation and transfer of wealth opportunity levels on the other.
- **Historic Wealth.** The past has a strong influence on both the present and the future. Communities that have historically created more locally controlled, resident-owned household wealth clearly have higher current net worth values, and these higher levels positively impact future transfer of wealth, particularly during the short term. Conversely, communities that have been historically poor obviously struggle with lower current net worth values and more limited transfer of wealth opportunity.

Other factors also may affect these scenarios. For example, one community with a large population may have lower current net worth values than another community with a smaller population. This could be because the larger community is the location of a large institutional population – college students,



military personnel, prisoners – that adds to the overall population but contributes little to community wealth. This is the type of insight into the scenario values that the technical advisory committee brought to the work.

Perhaps the best way to demonstrate how differences emerge across counties is to focus on specific examples: Avery County in the western mountains; Perquimans County in the coastal northeast; rural but rapidly suburbanizing Johnston County in the Triangle metro region; and Columbus County in the south central region.

Differences in current net worth

Current net worth estimates for these counties in 2010 per household values are:

- Avery – \$317,000
- Columbus – \$137,000
- Johnston – \$127,000
- Perquimans – \$217,000

Avery County's current net worth is 2.5 times greater than Johnston's. To understand this difference requires a better understanding of each county.

Avery County. Avery County is located in a high natural-amenity region in the mountains of North Carolina. It is an emerging employment hub experiencing moderate growth, and a key portion of this growth is composed of retirees. On average, household wealth grows with age: average earnings rise over time, investments grow and assets accumulate. In particular, it is assumed that older Americans who are willing and able to relocate have greater wealth. One indicator of this wealth is income derived from dividends, interest and rent. An estimated 18 percent of all income in Avery County comes from these passive income sources, above both the average in North Carolina and the U.S. In contrast, only 10 percent of all income in Johnston County is derived from dividends, interest and rent.

Johnston County. Compared to Avery County, Johnston has a much lower per household current net worth. The demographic structure and economic development patterns help to explain these differences. Johnston County (population close to 175,000) is located in the Triangle metro region. Communities in Johnston County are undergoing significant suburbanization, and the county has become a bedroom community, from which younger residents

often commute to urban employment centers. On average, these younger households have significantly lower wealth than do older households. Most young households are just beginning to grow their earnings and tend to have lower rates of savings and asset accumulation. Johnston County is likely to transform over the next 50 years. As these suburban communities and households age, they will increase wealth holding, and current net worth will rise. While transfer of wealth values for the next 10 and 20 years will be below average, the pattern can be expected to change in the future.

Understanding factors that can lead to differences in current net worth provides a basis for understanding historic wealth creation in a community. Current net worth is also the most important factor affecting transfer of wealth estimates. A community starting with a higher overall current net worth will likely have a greater transfer of wealth opportunity than will another community that began with a lower current net worth. Growth and demographic changes, however, can alter these basic relationships and result in marginal changes relative to the trend lines.

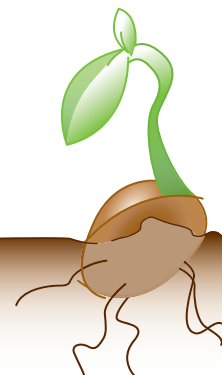
Differences in 10- and 20-year transfer of wealth scenarios

The following are 10- and 20-year transfer of wealth scenario values for these four counties on a per household basis:

- Avery – \$81,000 (10 year) and \$187,000 (20 year)
- Columbus – \$33,000 (10 year) and \$74,000 (20 year)
- Johnston – \$27,000 (10 year) and \$72,000 (20 year)
- Perquimans – \$59,000 (10 year) and \$138,000 (20 year)

Perquimans County's transfer of wealth opportunity in both periods is almost twice that of Columbus County. A deeper look at each county helps to explain this difference.

Columbus. Columbus County's economy is rooted in production agriculture, construction and manufacturing. Its growth rate is slower and its workforce has lower levels of educational attainment. Poverty is significant, and many households depend on public assistance. The workforce tends to be working class, with many commuting outside the county for jobs. With the recent recession, unemployment is high in Columbus County. These factors, combined with relatively low current net worth, contribute to relatively lower beginning levels of wealth to support transfer of wealth over the next 10 and 20 years. Additionally,



given existing overall economic conditions in the county, the potential for new wealth creation is more limited.

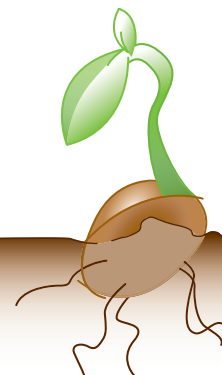
Perquimans. As a coastal county, Perquimans enjoys the advantage of attractive amenities. While it, too, is a bedroom community, the county has a larger share of older residents with significant wealth in farmland as compared with Columbus and most other counties in the state. As with Avery County, Perquimans has a relatively large percentage of income from dividends, interest and rent – 16.4 percent, just under the state average. There is moderate growth, and the recession has had a more limited impact on Perquimans than on Columbus County. Because it is older and wealthier today, there is significantly greater transfer of wealth potential over the next 10 and 20 years.

Although it is important to understand the likely causes for the differences in scenario values across counties, a more powerful way to approach these scenarios is to focus on the opportunities presented. Even economically distressed communities in North Carolina have a significant transfer of wealth opportunity.

Moving forward

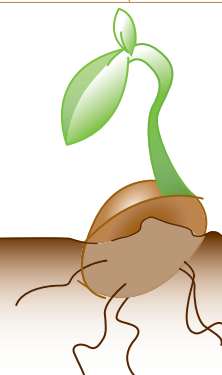
The primary goal of this research is to create a better understanding of the transfer of wealth opportunity. Individuals, communities and even nations can be mobilized in powerful ways when there are clear goals and opportunities for being part of the effort. The transfer of wealth estimates provide not only a good idea of the size of this opportunity, but also the ability to set community philanthropy goals that can translate to endowment building and strategic grant making.

County	CURRENT NET WORTH 2010		TRANSFER OF WEALTH			
	Total (billion \$)	Per Household (\$)	2010-2020		2010-2030	
			Transferring (million \$)	5% Capture (million \$)	Transferring (million \$)	5% Capture (million \$)
Alexander	2.32	159,000	496.64	24.83	1,174.47	58.72
Alleghany	1.26	260,000	347.05	17.35	777.15	38.86
Anson	0.91	102,000	219.12	10.96	500.89	25.04
Ashe	2.75	245,000	737.98	36.90	1,686.13	84.31
Avery	2.23	317,000	567.46	28.37	1,312.85	65.64
Beaufort	3.45	184,000	856.81	42.84	1,917.44	95.87
Bertie	0.76	96,000	188.25	9.41	417.40	20.87
Bladen	1.55	121,000	366.54	18.33	813.68	40.68
Brunswick	19.35	425,000	4,825.90	241.29	11,740.72	587.04
Burke	5.94	170,000	1,339.06	66.95	3,168.63	158.43
Caldwell	5.57	175,000	1,221.49	61.07	2,871.62	143.58
Camden	0.74	183,000	177.54	8.88	428.60	21.43
Carteret	12.53	460,000	3,232.38	161.62	7,247.52	362.38
Caswell	0.89	104,000	216.45	10.82	499.39	24.97
Chatham	7.62	299,000	1,759.45	87.97	4,409.66	220.48
Cherokee	2.90	248,000	815.69	40.78	1,846.16	92.31
Chowan	1.10	197,000	290.43	14.52	634.22	31.71
Clay	1.21	255,000	355.49	17.77	824.58	41.23
Cleveland	5.13	136,000	1,199.61	59.98	2,778.88	138.94
Columbus	2.92	137,000	694.26	34.71	1,575.50	78.77
Craven	5.65	159,000	1,335.73	66.79	3,020.20	151.01



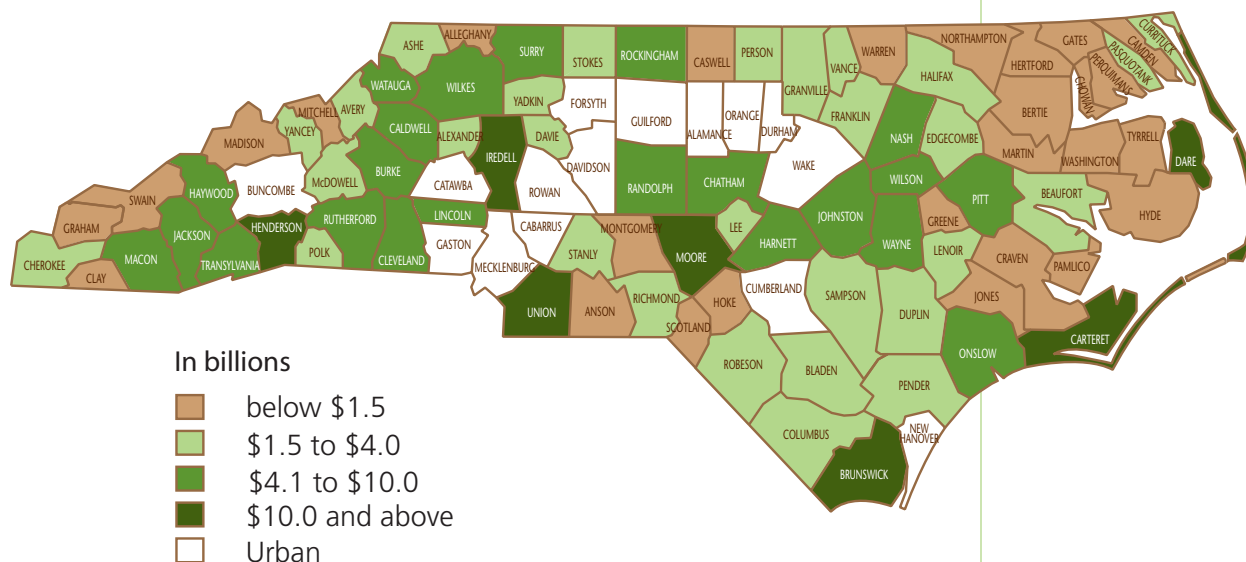
County	CURRENT NET WORTH 2010		TRANSFER OF WEALTH			
	Total (billion \$)	Per Household (\$)	2010-2020		2010-2030	
			Transferring (million \$)	5% Capture (million \$)	Transferring (million \$)	5% Capture (million \$)
Currituck	3.60	388,000	854.35	42.72	2,090.05	104.50
Dare	10.29	726,000	2,563.06	128.15	5,827.26	291.36
Davie	3.85	231,000	870.26	43.51	2,131.47	106.57
Duplin	2.27	114,000	538.05	26.90	1,251.31	62.57
Edgecombe	2.50	135,000	581.96	29.10	1,315.06	65.75
Franklin	3.08	134,000	631.28	31.56	1,607.81	80.39
Gates	0.36	81,000	88.77	4.44	211.74	10.59
Graham	0.68	200,000	184.73	9.24	403.88	20.19
Granville	2.16	106,000	501.80	25.09	1,247.33	62.37
Greene	0.77	102,000	184.42	9.22	446.41	22.32
Halifax	2.39	114,000	567.45	28.37	1,248.95	62.45
Harnett	4.84	111,000	1,114.35	55.72	2,929.36	146.47
Haywood	5.91	242,000	1,453.66	72.68	3,203.59	160.18
Henderson	11.51	262,000	2,871.98	143.60	6,510.69	325.53
Hertford	0.91	96,000	220.20	11.01	489.68	24.48
Hoke	1.14	71,000	215.24	10.76	572.43	28.62
Hyde	0.42	207,000	105.74	5.29	235.96	11.80
Iredell	13.23	212,000	3,128.91	156.45	8,019.51	400.98
Jackson	5.93	386,000	1,575.12	78.76	3,723.57	186.18
Johnston	8.53	127,000	1,795.03	89.75	4,833.40	241.67
Jones	0.51	129,000	126.83	6.34	287.21	14.36
Lee	3.44	156,000	816.03	40.80	2,004.46	100.22
Lenoir	3.03	135,000	710.50	35.52	1,568.19	78.41
Lincoln	4.28	145,000	1,003.30	50.16	2,574.95	128.75

County	CURRENT NET WORTH 2010		TRANSFER OF WEALTH			
	Total (billion \$)	Per Household (\$)	2010-2020		2010-2030	
			Transferring (million \$)	5% Capture (million \$)	Transferring (million \$)	5% Capture (million \$)
Macon	6.24	418,000	506.12	25.31	4,059.01	202.95
Madison	1.41	163,000	1,807.27	90.36	760.31	38.02
Martin	1.04	114,000	326.73	16.34	536.57	26.83
McDowell	2.00	113,000	248.09	12.40	1,204.79	60.24
Mitchell	0.90	136,000	238.96	11.95	527.15	26.36
Montgomery	1.24	121,000	308.62	15.43	704.33	35.22
Moore	12.60	351,000	3,543.45	177.17	8,007.49	400.37
Nash	6.51	177,000	1,554.45	77.72	3,800.56	190.03
Northampton	1.01	124,000	253.40	12.67	547.82	27.39
Onslow	4.80	86,000	1,022.00	51.10	2,599.60	129.98
Pamlico	1.11	216,000	306.74	15.34	668.70	33.43
Pasquotank	2.28	144,000	526.11	26.31	1,222.61	61.13
Pender	3.35	156,000	790.01	39.50	1,992.99	99.65
Perquimans	1.18	217,000	323.44	16.17	751.78	37.59
Person	1.91	130,000	401.87	20.09	931.21	46.56
Pitt	9.30	145,000	2,202.46	110.12	5,750.93	287.55
Polk	2.93	365,000	811.05	40.55	1,770.86	88.54
Randolph	6.34	115,000	1,362.95	68.15	3,304.65	165.23
Richmond	1.62	91,000	366.55	18.33	818.40	40.92
Robeson	3.31	72,000	705.20	35.26	1,681.85	84.09
Rockingham	4.65	128,000	1,003.45	50.17	2,272.20	113.61

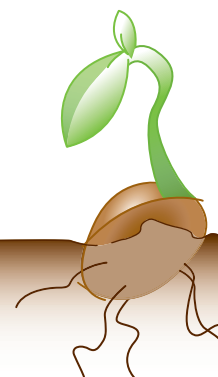
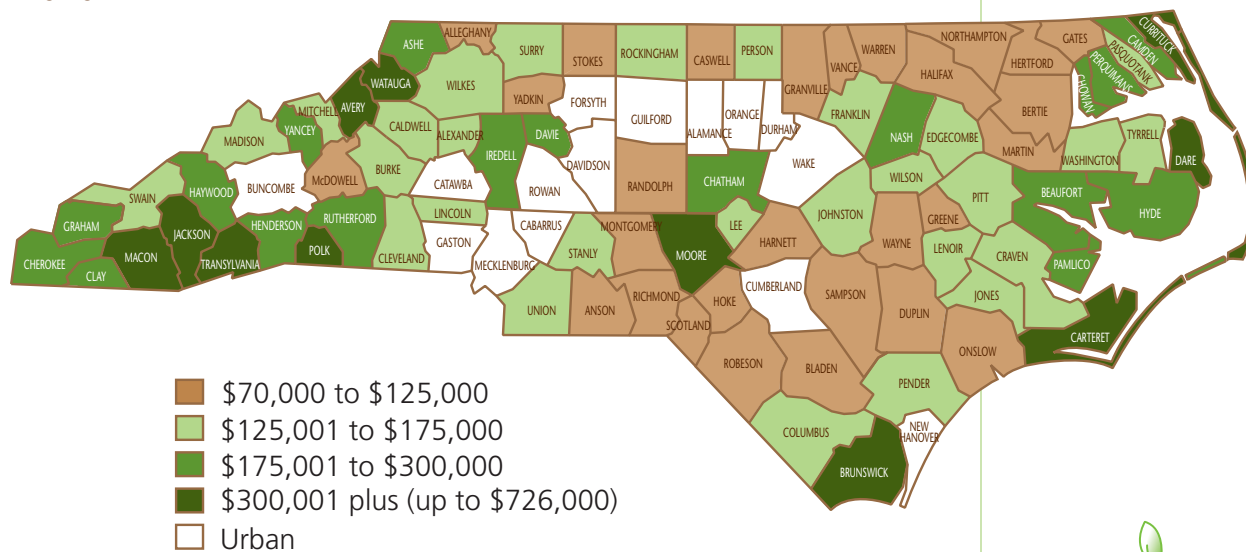


County	CURRENT NET WORTH 2010		TRANSFER OF WEALTH			
	Total (billion \$)	Per Household (\$)	2010-2020		2010-2030	
			Transferring (million \$)	5% Capture (million \$)	Transferring (million \$)	5% Capture (million \$)
Rutherford	5.18	203,000	1,250.63	62.53	2,888.21	144.41
Sampson	2.00	80,000	480.93	24.05	1,149.41	57.47
Scotland	1.28	92,000	285.82	14.29	677.72	33.89
Stanly	3.64	158,000	876.03	43.80	2,034.14	101.71
Stokes	2.21	121,000	462.34	23.12	1,106.19	55.31
Surry	4.14	142,000	1,003.80	50.19	2,297.05	114.85
Swain	0.80	148,000	194.20	9.71	443.84	22.19
Transylvania	4.51	340,000	1,298.59	64.93	2,825.92	141.30
Tyrrell	0.23	143,000	61.21	3.06	142.11	7.11
Union	12.36	164,000	2,986.21	149.31	8,510.19	425.51
Vance	1.92	120,000	424.52	21.23	953.44	47.67
Warren	0.87	113,000	235.12	11.76	514.24	25.71
Washington	0.64	128,000	163.87	8.19	354.06	17.70
Watauga	6.13	334,000	1,583.18	79.16	3,882.72	194.14
Wayne	4.63	107,000	1,072.81	53.64	2,476.16	123.81
Wilkes	4.60	169,000	1,118.17	55.91	2,581.71	129.09
Wilson	5.03	162,000	1,175.19	58.76	2,815.41	140.77
Yadkin	1.78	117,000	397.10	19.86	927.00	46.35
Yancey	1.68	214,000	466.16	23.31	1,061.35	53.07
Rural North Carolina	321.81	179,000	78,091.11	3,904.56	185,934.67	9,296.73

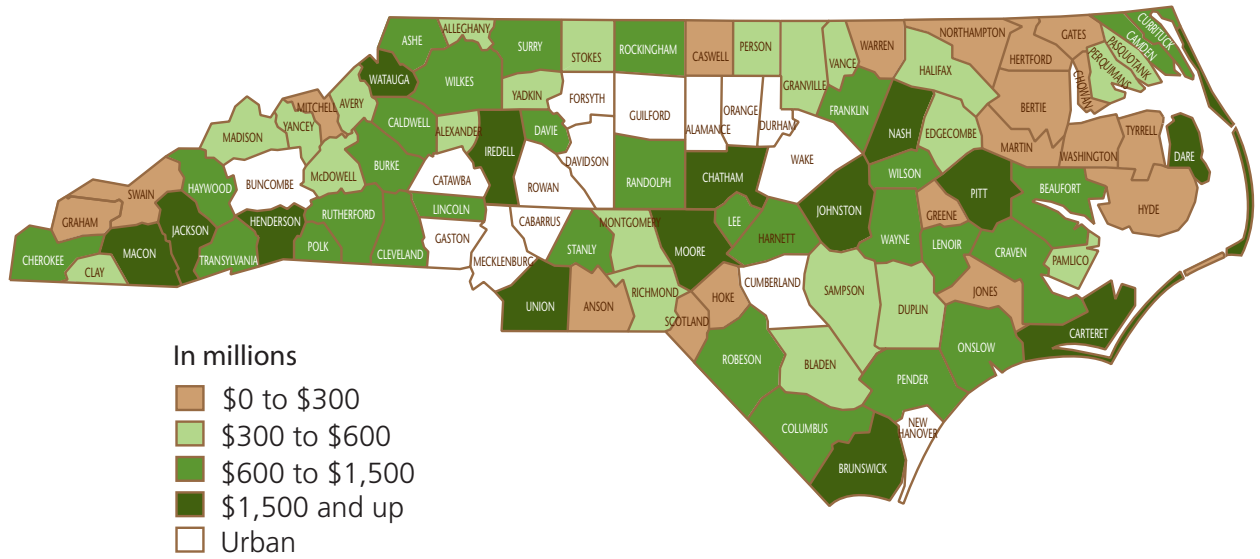
Current Net Worth by County 2010



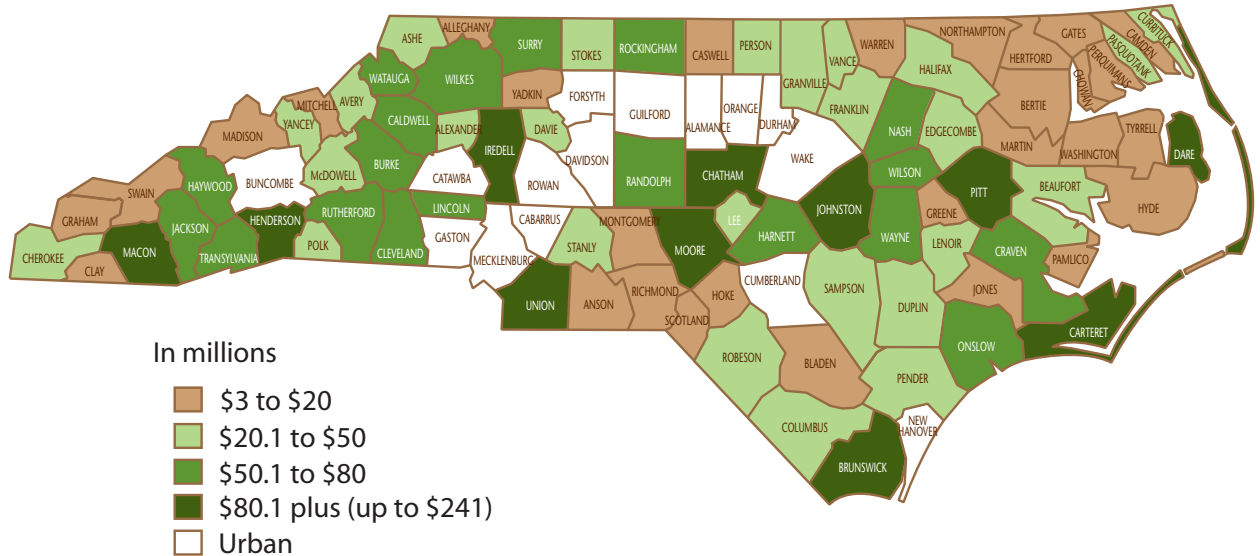
Per Household Net Worth by County 2010



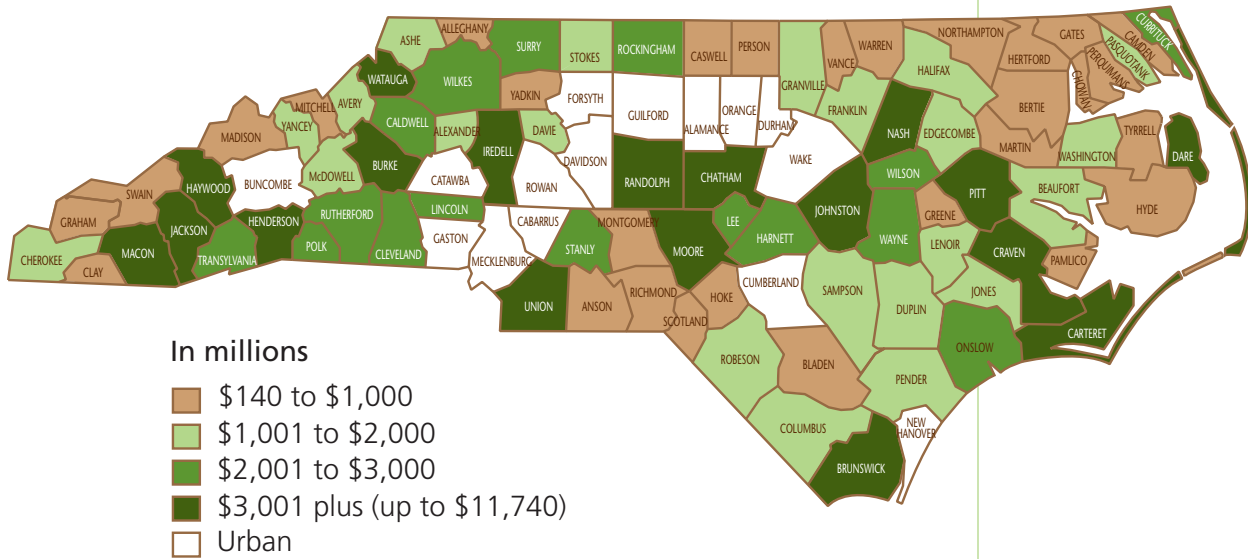
Transfer of Wealth Potential 2010-2020



5% Capture Potential for Philanthropy 2010-2020



Transfer of Wealth Potential 2010-2030



5% Capture Potential for Philanthropy 2010-2030

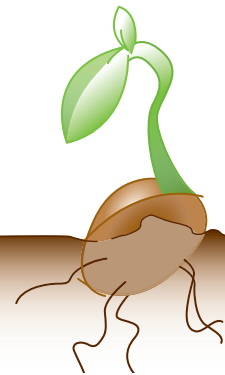
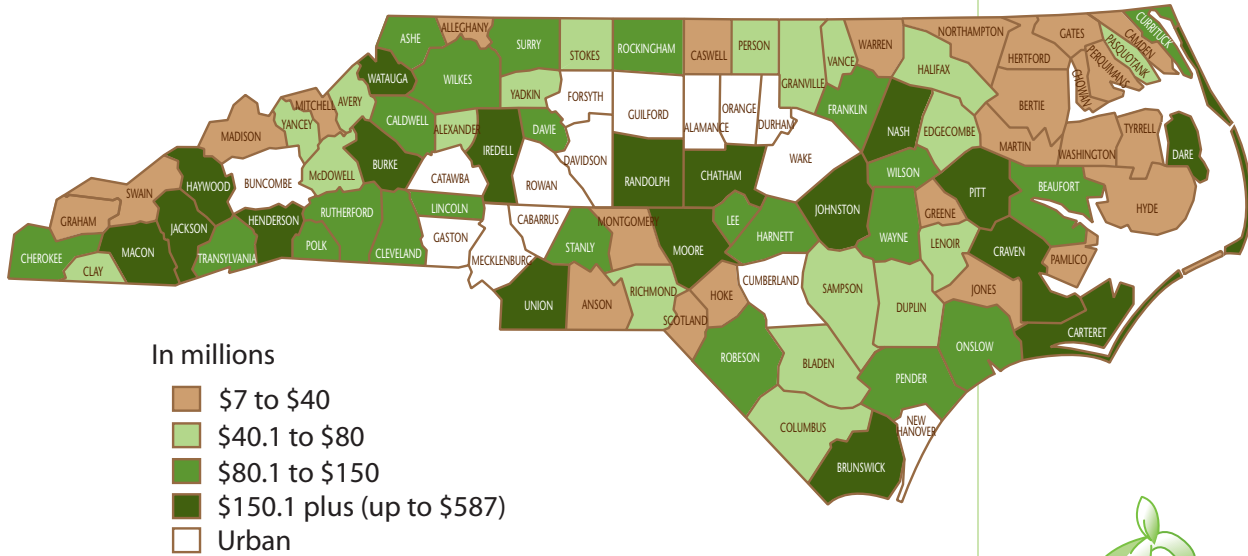
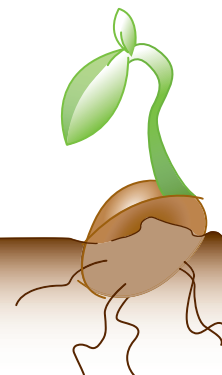


Table 1:
Relationships between key demographic indicators and U.S. mean net worth (2007 values)

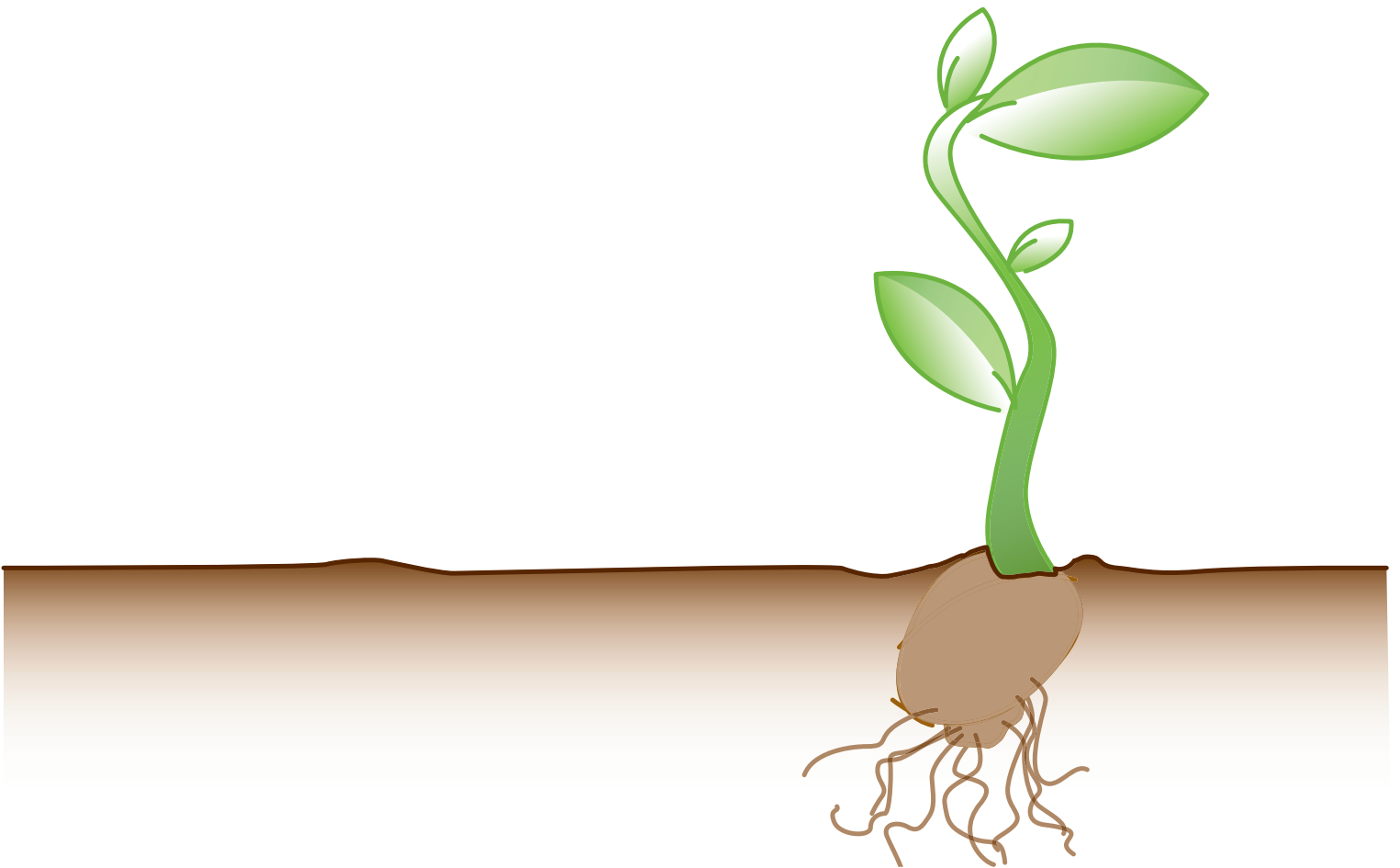
Demographic indicator	Relationship with U.S. mean current net worth
Household income	Strong positive relationship with income <ul style="list-style-type: none"> Top 10% income group – mean net worth = \$3.1 million Bottom 20% income group – mean net worth = \$100,000
Household age cohort	Positive relationship with age, up to peak <ul style="list-style-type: none"> Increasing mean net worth up to \$954,000 peak for 65-74 age group Declining mean net worth beyond age 75
Family structure	Positive relationship with marital status; inverse relationship with children <ul style="list-style-type: none"> Couple with no children – mean net worth = \$756,000 Single with children – mean net worth = \$219,000
Head of household education level	Positive relationship with education level <ul style="list-style-type: none"> College degree – mean net worth = \$1 million No high school diploma – mean net worth = \$135,000
Race or ethnicity	Inverse relationship with communities of color <ul style="list-style-type: none"> White non-Hispanic – mean net worth = \$651,000 Communities of color – mean net worth = \$215,000
Head of household work status/entrepreneurship	Positive relationship with self-employment <ul style="list-style-type: none"> Self-employed – mean net worth = \$1.84 million Employed – mean net worth = \$330,000
Head of household occupation	Positive relationship with professional occupations <ul style="list-style-type: none"> Managerial or professional – mean net worth = \$1 million Other – mean net worth = \$181,000
Housing status	Positive relationship with home ownership <ul style="list-style-type: none"> Owner – mean net worth = \$732,000 Renter – mean net worth = \$67,000

Table 2:
Relationships between drivers of wealth and household current net worth

	Population	Gross domestic product	Personal income	Current net worth
Population	1:1	1:2.45	1:2.60	1:2.62
Gross domestic product	2:45.1	1:1	1:1.06	1:1.07
Personal income	2.60:1	1.06:1	1:1	1:1
Current net worth	2.62:1	1.07:1	1:1	1:1



Profiles of Success in Homegrown Philanthropy



Profiles of Success in Homegrown Philanthropy

Homegrown philanthropy can take as many forms and follow as many directions as the communities from which it arises. The following stories illustrate ways that it can become a tool to help rural communities develop their long-term economic development potential. They show that success springs from even the smallest efforts and institutions.

Widening the umbrella for giving

Restoring communities one piece at a time

Heritage Quilters [page 41]

Modest gifts, big impact

Bertie-Hertford Women's Fund [page 41]

Building philanthropy from the ground up

Shickley Community Foundation, Nebraska [page 42]

Demonstrating civic leadership through philanthropy

Community unites to overcome crisis

Community Foundation of Greater South Wood County, Wisconsin [page 43]

Advancing community through shared culture

Cherokee Preservation Foundation [page 44]

Directing grants to root causes of social and economic problems

Grantmaking with a focus

Chokio Community Fund, Minnesota [page 45]

Seeding a new generation of philanthropists

CREATE Foundation, Mississippi [page 46]

Strong leaders, strong communities

Johnson County Community Foundation, Tennessee [page 47]

Restoring communities one piece at a time

Heritage Quilters

In the case of the Heritage Quilters of Halifax, Vance and Warren counties, community philanthropy emerged from a shared activity. Drawn together in 2001 by their love of quilting, the group of diverse men and women initially set out to support, encourage and document quilting traditions and activities. Many of the members, who had backgrounds in economic development and nonprofits, would discuss the challenges faced by their community as they gathered to quilt.

Similarities between quilting and community philanthropy soon became apparent. Both tasks demand patience and the ability to take a project, bit by bit, to completion. They also combine many different elements in a way that is both practical and beautiful.

Inspired by the idea of using the principles of quilting to build stronger communities, the quilters organized a giving circle in 2007. The idea was to pool resources to address problems in the three-county area. The Heritage Quilters Giving Circle raises money through membership fees, donations and quilt raffles. It distributes its funds through the Triangle Community Foundation and is a member of the Community Investment Network, a Raleigh-based nonprofit that promotes strategic collective giving and community problem-solving.

“Quilters are the most giving people in the world,” said Jereann King Johnson, founding member of the Heritage Quilters. “We have the capacity and skill of taking things that might be discarded, constructing something very beautiful and then giving it away.”

The giving circle’s 21 active members have adopted education as their primary focus. Last year, the group partnered with the Vance County nonprofit Reclaiming Our Youth to award a scholarship to a student attending N.C. Central University. The group plans to fund another scholarship this year.

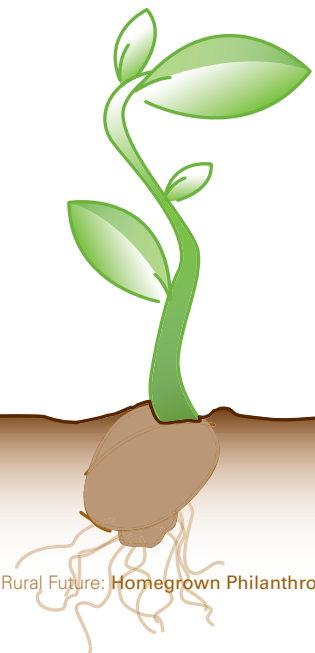
The group’s activities helped members realize that philanthropy was not the domain of large foundations or wealthy individuals.

“It is so important for us in rural communities to recognize the assets we have, that the contributions we make do make a difference and that we have more than we think we have,” said Heritage Quilter Cathy Alston-Kearney.

The Heritage Quilters were featured in a short video at the N.C. Rural Economic Development Center’s 2009 Rural Partners Forum. You can see the video on the center’s website at www.ncruralcenter.org. Follow the Events link to the 2009 forum.

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Modest gifts, big impact

Bertie-Hertford Women's Fund

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Bertie and Hertford counties are two of the most economically distressed in North Carolina. That has not deterred a group of determined women from coming together to pool resources to address common community needs.

Launched in 2006 with \$10,000 from the W.K. Kellogg Foundation through NC Gives, the Bertie-Hertford Women's Fund aims to address critical community issues affecting women and children. The fund, administered by the North Carolina Community Foundation, has 23 members who are active in their communities and represent the diversity of rural North Carolina. Each member contributes at least \$300 a year, \$200 of which goes directly into the grants program. They also come together to discuss community issues and decide which local projects to support.

During its first grant cycle in 2008, the Bertie-Hertford group awarded more than \$2,000 to the Pregnancy Center of Ahoskie and the Food Bank of Albemarle. The funds allowed the food bank to expand delivery in rural areas and helped the teen pregnancy center pay for prevention kits and training materials.

Since that time, the women's fund more than doubled its grantmaking, awarding more than \$4,000 in spring 2010 to the food bank and local Girl Scouts and Boy Scouts programs. A \$1,000 grant went to establish the Opportunity Shop at St. Thomas Episcopal Church in Ahoskie. The church-based thrift store serves a double function. It not only provides clothing and other items for low-income people, but also employs at-risk youth to teach them basic job skills.

"It's an excellent first lesson for them on how to present themselves, how to dress, how to speak to customers," said Peggy Birkemeier, senior regional associate for the northeastern office of the N.C. Community Foundation.

The success of this homegrown philanthropy is measured by far more than the aggregate giving of the group. The very activity of coming together to pool resources and discuss community priorities is itself a powerful force for community building.

"I love being able to sit around the table with a group of women with different backgrounds," member Laura Beasley said. "You have single women, grandmothers and doctors and attorneys and housewives, and you can see how they come together. They see the needs in the community and want to help."

The Bertie-Hertford Women's Fund was featured in a short video at the N.C. Rural Economic Development Center's 2009 Rural Partners Forum. You can see the video on the center's website at **www.ncruralcenter.org**. Follow the Events link to the 2009 forum.

Building philanthropy from the ground up

Shickley Community Foundation, Nebraska

Shickley, a town in southeast Nebraska, has a population of 376 people. At an April 1991 meeting, townspeople made establishing a community foundation one of their top priorities. The Shickley Community Foundation was created that same year. Ten years later, it affiliated with the Nebraska Community Foundation.

In 2001, a local family issued a challenge grant of \$105,000 to the foundation to be matched over a three-year period. This galvanized the community to mobilize resources. More than 100 families contributed, resulting in \$278,000 for the foundation's unrestricted endowment.

Soon after, the release of a statewide transfer of wealth analysis helped the community realize that it had to capitalize on its opportunities. Emboldened by its earlier success, the community set a goal to create a \$1 million endowment by 2012. The idea was to place as much of the endowment as possible in an unrestricted fund with the flexibility to be applied to unknown future needs.

As of fall 2010, the Shickley Community Foundation has raised nearly \$400,000 in permanently endowed funds. Seven planned gifts are in place that will raise another \$1.5 million. More than half the community's residents, including 165 families, are now donors. With the spring 2010 grant awards, the small town community foundation has made more than \$100,000 in grants for education, community improvement and economic development.

Many community foundations focus on older givers, who typically hold the majority of the community's wealth. The Shickley Foundation, however, has set its sights on younger families. In 2006, four families took the lead to create the Longhorn Club, a \$300-a-year funders club that now includes 27 young families.

Another innovative strategy is a grain elevator dedicated to the community foundation. Farmers can donate any measure of grain from their farms. The owner of the elevator then sells the grain and sends the proceeds to the community foundation.

Inspired by what they have done, and the challenge the transfer of wealth analysis presents, the foundation's board has committed to raise \$3.5 million in assets and expectancies by 2013, \$8 million by 2020 and \$12 million by 2030.

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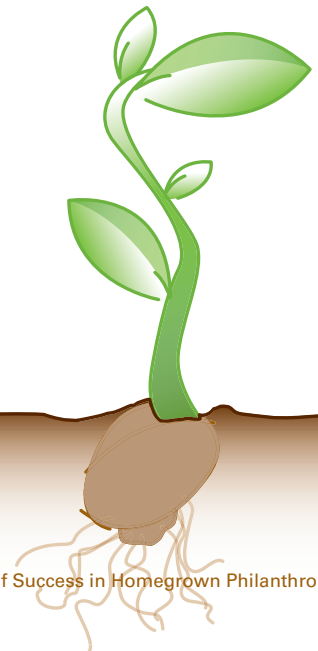
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Community unites to overcome crisis

Community Foundation of Greater South Wood County

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Rural North Carolina and rural Wisconsin may be hundreds of miles apart, but Wood County in central Wisconsin shares a history that many rural North Carolinians would understand.

For more than two generations, the county's economy was driven by the presence of large paper mills and cranberry farms. Ten years ago, however, the area's leading paper mill closed its doors and the cranberry growers experienced a devastating drop in prices – from \$88 a barrel to \$8. The community lost over 4,500 jobs – more than 20 percent of its workforce. Residents, stunned and worried, knew they had to do something.

That “something” was a remarkable partnership that developed between the Community Foundation of Greater South Wood County, which was founded in 1994 to support scholarships and community activities, and the Heart of Wisconsin Business and Economic Alliance. Together, they founded the Community Progress Initiative to create a business-friendly environment, motivate young leaders, build the area's charitable assets and shape a shared vision for the region as a whole.

Through the Community Progress Initiative, the community began to convene local citizens, create industry cluster study groups, develop an innovation lab and engage in entrepreneurship training. The community foundation also started to negotiate with departing companies to establish endowed funds for the community.

The initiative gave rise to the Advanced Leadership Institute, a program designed to train a new generation of community leaders. In a four-year period, nearly 100 local citizens have learned new skills in civic engagement and strategic economic development.

The community foundation also created “progress funds” – place-based funds to address needs identified by specific communities. Grants awarded through the progress funds have helped restore historic parks, foster environmental education programs and support youth activities.

Further, the foundation was instrumental in engaging national and regional funders around workforce and entrepreneurship strategies. In November 2008, the National Fund for Workforce Solutions chose South Wood County as one of three rural areas in the United States to participate in a national effort to move low-wage workers into higher paying jobs.

A community foundation board member reflected, “What we wanted to do was change the culture in the community from one of fear, uncertainty and despair to a more hopeful kind of thing.” By all accounts, they are succeeding.

Advancing community through shared culture

Cherokee Preservation Foundation

In rural communities, successful community philanthropy often takes place outside of an institution organized as a community foundation. The Cherokee Preservation Foundation in western North Carolina is one example.

Funded with revenue from tribal gaming business of the Eastern Band of Cherokee Indians, the foundation supports three strategic areas: cultural preservation, economic development and environmental preservation. Their funding supports projects on the Qualla Boundary tribal land and across a seven-county region of western North Carolina.

The foundation strives to incorporate traditional Cherokee values and culture into the establishment of priorities and program work. In 2006, the foundation introduced Generations Qualla, a grassroots engagement strategy that draws on the Cherokees' respect for nature to promote green building, recycling and energy efficiency.

"Generations Qualla really highlights our connection to Mother Earth, our connection to our people and the value we have in life itself," said Hwineko Walkingstick, community development coordinator for the foundation.

One of the project's primary objectives was to engage local youth in the pursuit of environmental sustainability. Since the Qualla Boundary had no recycling program, the foundation gave the Cherokee Youth Council a \$20,000 grant to place 1,000 recycling containers in the community. Rather than use the conventional recycling logo, the youth consulted a tribal elder who came back with an alternative logo that means "endless." The logo is displayed on all the recycling containers in the area.

The foundation also worked to create a partnership among the area's three community colleges to develop a new green construction curriculum. The foundation provided a \$30,000 grant to fund an online green construction course offered through Haywood Community College in Waynesville. It also continues to support efforts to increase energy efficiency in existing buildings and create green jobs.

Although the Cherokee Preservation Foundation is not a community foundation, it has developed a high-impact community engagement process that guides its strategic grantmaking. This is a success story that community foundations of all sizes, in all communities, can learn from.

The foundation was featured in a short video at the N.C. Rural Economic Development Center's 2009 Rural Partners Forum. You can see the video on the center's website at www.ncruralcenter.org. Follow the Events link to the 2009 forum.

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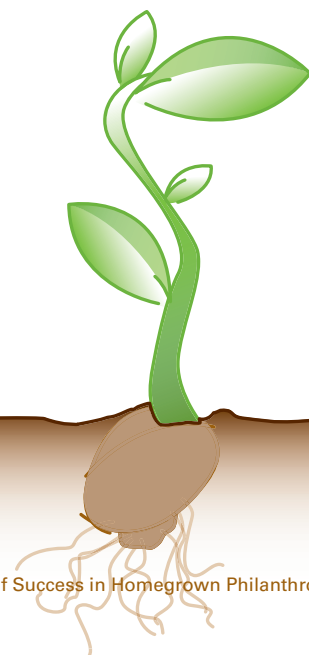
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Grantmaking with a focus

Chokio Community Fund, Minnesota

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The town of Chokio, population 300, is located in Stevens County in rural west central Minnesota. Its community fund was established in 1991 through the West Central Initiative, which manages 39 community funds across a 10-county area. By affiliating with the initiative, the community fund was able to focus on community needs rather than administration and compliance.

About 10 years ago, the prairie town was confronted with a sobering reality. Its only doctor was nearing retirement, and it had a high percentage of elderly residents in need of care.

Elsewhere, many community foundations might have responded by making small grants to help low-income residents travel elsewhere for medical services. In Chokio, community fund leaders thought they needed to do more.

The fund purchased a building in downtown Chokio for \$5,000 and invested an additional \$2,000 to retrofit the building for a medical and dental practice. Fund leaders negotiated with a clinic in nearby Morris, Minn., to arrange for a doctor and dentist to commute to the new facility several days a week. Through lease payments from the dentist, the Chokio Community Fund recovered its costs.

The community fund has benefited the community in other ways. Last year it raised \$50,000 to help preserve a community pool and an industrial arts program in an area high school. As a result of the donation, students were able to receive training in industrial arts without having to commute to the high school in Morris.

Seeding new generation of philanthropists

CREATE Foundation, Northeast Mississippi

The CREATE Foundation is a 35-year-old community foundation serving 15 counties in northeast Mississippi. With total assets of \$44 million, the foundation awarded nearly \$4 million in grants last year.

It has been a catalyst for change on several important levels:

- 1) As with many larger community foundations, it supports county affiliates by raising resources for challenge grants. For each affiliate that raised \$200,000 for its unrestricted endowment, CREATE would add \$100,000. This has helped seed a strong, flexible, locally based community philanthropy network across the region.
- 2) By creating the Commission on the Future of Northeast Mississippi, it helped shape a regional dialogue on how the region can achieve shared prosperity.
- 3) It is investing in youth. Last year it guaranteed each high school graduate in the region a community college education. Students in the 28 school districts are eligible to receive tuition to one of three community colleges.
- 4) And it is creating a new generation of philanthropists through the Northeast Mississippi Youth Foundation. Established in 2001 to teach 11th and 12th graders about philanthropy, the youth foundation is governed by a board of 48 youth from 13 counties. It has an endowment of \$63,000, raised entirely by students. Student leaders engage in fund-raising strategies in the fall and make grants in the spring. As with many other foundations, the youth foundation drafts a press release announcing its grant awards and holds a press conference. In March 2010, the youth foundation made nearly \$3,000 in grants to support food pantries, scholarship funds and a Latino development organization.

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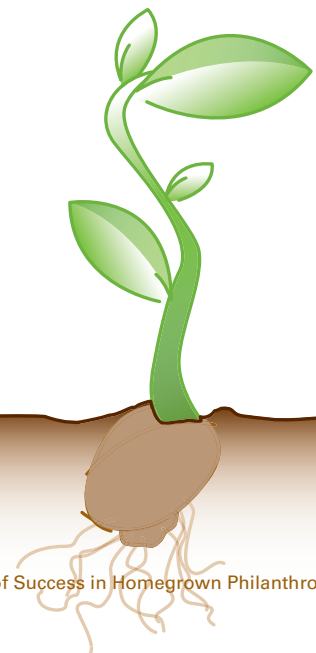
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Strong leaders, strong communities

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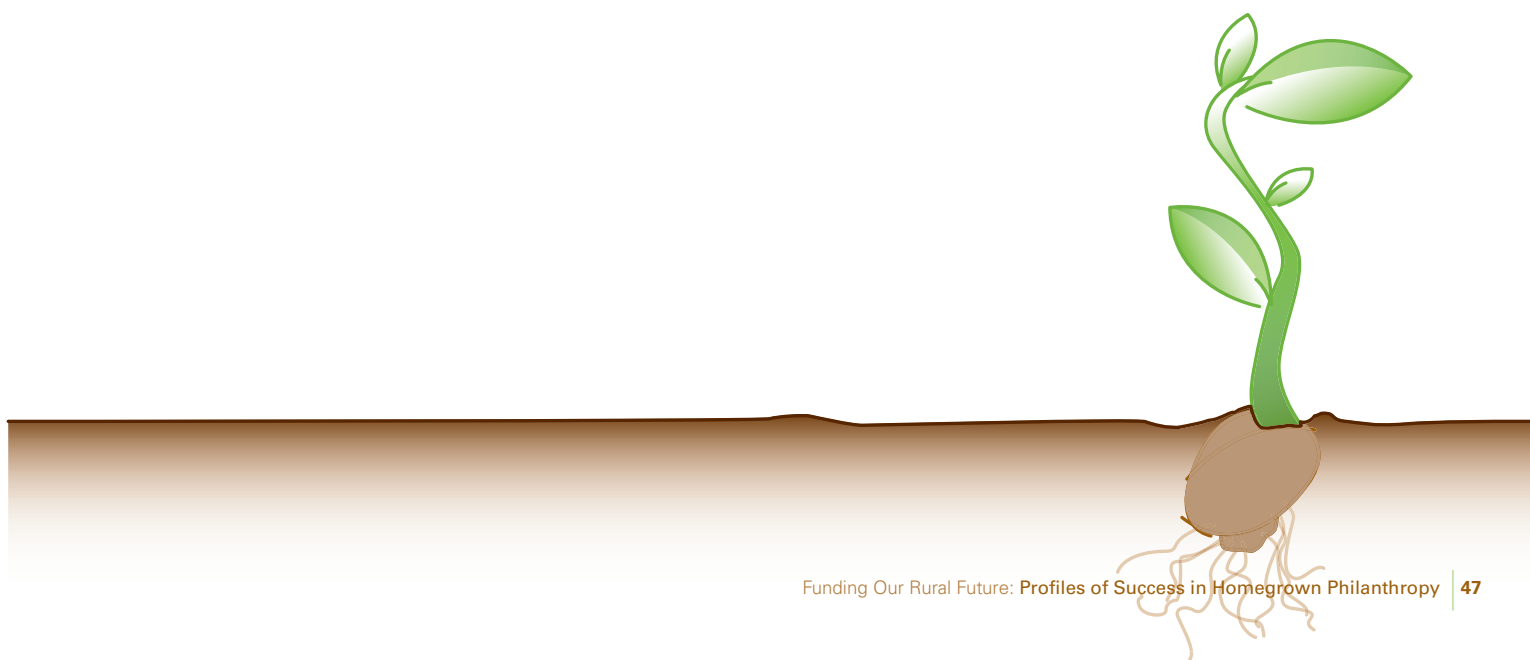
Johnson County, Tennessee, lies just across the state border from Ashe and Watauga counties in North Carolina. The county has a population of 18,000. As in many mountain counties, a high percentage of its population is struggling financially. While the county faces economic hardship, it is rich in culture and has strong civic involvement.

The Johnson County Community Foundation was formed in 2001 as a county affiliate of the East Tennessee Foundation. Located in Knoxville, Tenn., the East Tennessee Foundation supports 12 county affiliate funds serving 25 counties.

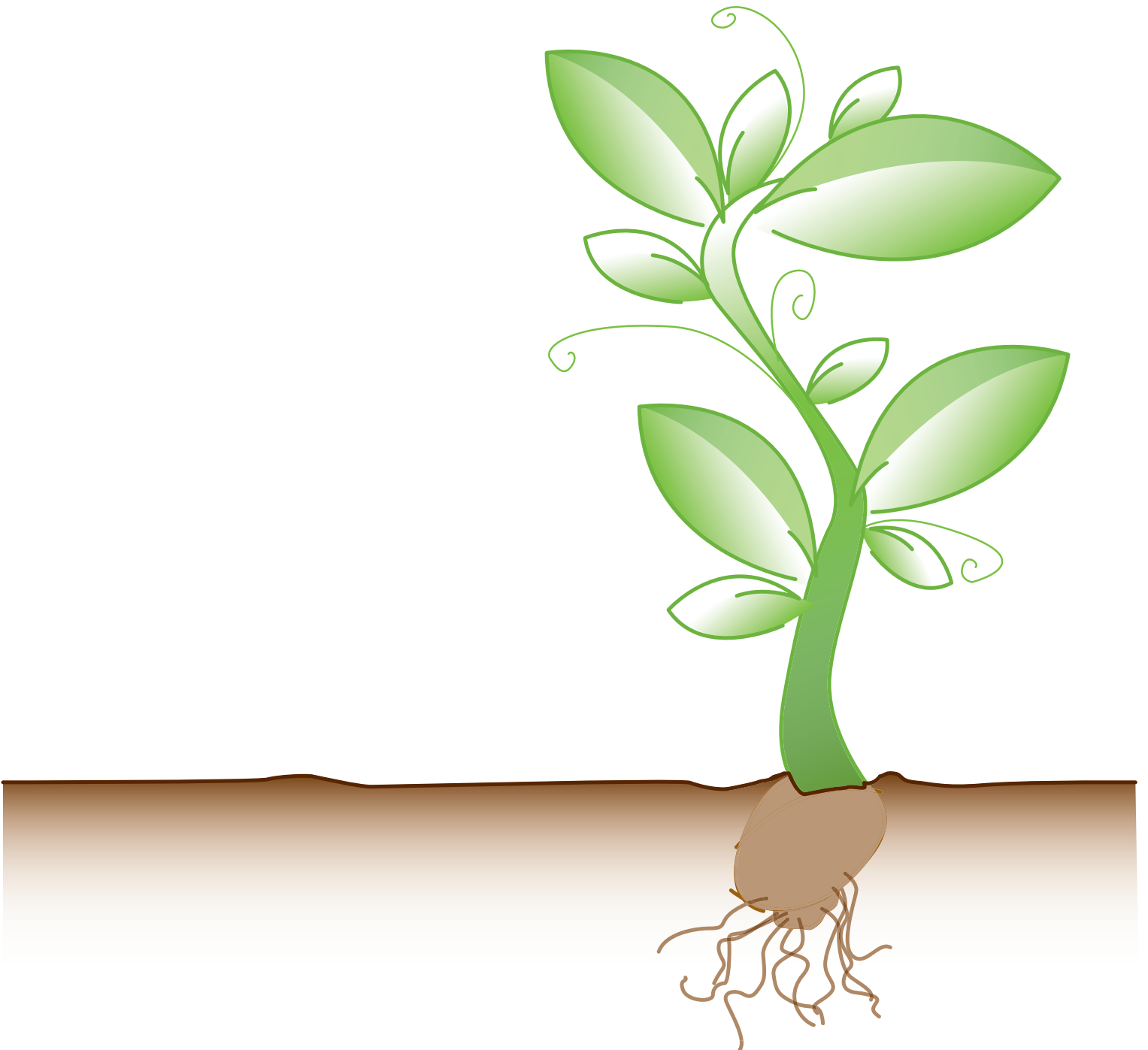
The Johnson County Community Foundation is a rural success story rooted in commitment to finding the right leadership structure to meet the needs of the community. Through coaching and technical support from the East Tennessee Foundation, the Johnson foundation expanded its board and clarified which skills it most needed in board members. It took more than two years of monthly meetings before the board had the ideal structure. The group's executive leadership also rotates on a regular basis to grow and deepen the leadership base.

As a result of these efforts, the foundation engaged in stronger fund development and strategic grantmaking. It boasts assets of approximately \$483,000 (half of which is dedicated to scholarships) and another \$8 million that has been pledged through wills and estates. It has supported a rails-to-trails expansion that will eventually link with an extensive network in Virginia. It has helped transform a former high school auditorium into the Heritage Hall, a performance arts space for traditional music. The foundation also supports entrepreneurship and vocational training competitions.

The board, in addition to beefing up its local fundraising events, is pursuing a strategy of cultivating "expatriate" residents who grew up in the county but moved away. It has come to realize that, even as people leave to find careers, many still keep a part of their heart in the community, and some want to leave a legacy for the place they love.



Resources



Resources

Linking community philanthropy to rural economic development

NATIONAL

Aspen Institute Community Strategies Group. For over 15 years the Community Strategies Group has been an advocate for and resource to rural community foundations choosing to better link their work to healthy rural development outcomes. Its particular strength lies in developing and directing peer learning efforts that lead to action. The Rural Development Philanthropy Learning Network section of its website provides practical material around the themes of rural grantmaking, endowment building and governance.

www.aspenicsg.org/rdp

Center for Rural Strategies: “Donors Ourselves.” With support from the Ford Foundation, Rural Strategies conducted a four-year initiative that documented rural development philanthropy as practiced by the East Tennessee Foundation and the Kenya Community Development Foundation. “Donors Ourselves” tells the story through a video documentary and collection of essays.

www.ruralstrategies.org/donors-ourselves

CFLeads. Community Foundations Leading Change helps community foundations advance the practice of community leadership. It advocates citizen engagement and cross-sector solutions as well as fundraising. The website offers workbooks and other helpful publications. **www.cfleads.org**

Chronicle of Philanthropy. The Chronicle is a print and online news source for nonprofit leaders, fundraisers, grantmakers and others involved in philanthropy. The publication contains fundraising ideas, techniques and statistics; surveys on giving, foundations and executive salaries; lists of available grant opportunities; and charity rankings. **philanthropy.com**

The Community Investment Network. A Raleigh, N.C.-based nonprofit with a national mission to encourage and support strategic collective giving in communities of color to bring about social change. The network aims to demystify institutional philanthropy, create a learning space for participants to share ideas and successful strategies, and develop a new generation of philanthropic leadership in communities of color. **www.thecommunityinvestment.org**

Council on Foundations. Based in Arlington, Va., the council is a membership organization that supports grantmakers in various aspects of foundation management. Its online “What You Need to Know” section contains a series of topical papers on issues of interest to community foundation staff and board members, including finance and administration, development and donor services, communications, and effective grantmaking. www.cof.org

Foundation Center. This national organization connects nonprofits and grantmakers to information resources, offers educational programs, and conducts and publishes research on trends in foundation growth, giving and practice. Its online subscription database, available at 425 cooperating libraries and nonprofits nationwide, provides information about more than 1.7 million grants and 98,000 U.S. foundations and corporate donors. foundationcenter.org

Rural Development Philanthropy Collaborative. This is a network of rural community foundations and support organizations working to make rural community foundations a stronger partner in rural economic development. It has produced documents that explain the rationale for rural development philanthropy, offer a framework for understanding and assessing its characteristics, and describe core competencies community foundations need to carry out rural development philanthropy. www.aspeninstitute.org/policy-work/community-strategies/work-progress

NORTH CAROLINA COMMUNITY PHILANTHROPY RESOURCES

Community Foundation of Western North Carolina. The foundation serves 18 counties – nearly all of which are rural – across western North Carolina. www.cfwnc.org

Foundation for the Carolinas. Based in Charlotte, this is one of the largest community foundations in the Southeast and among the top 10 in the United States. It includes 13 regional affiliate community foundations in North and South Carolina. www.fftc.org

NCGives. NCGives is a statewide organization with a mission of building inclusive philanthropy by women, youth and communities of color through the giving of time, talent and treasure. ncgives.org



N.C. Center for Nonprofits. This is a statewide network for nonprofit board and staff members, an information center on effective organizational practices and an advocate for the nonprofit sector. The center offers services to all sizes and types of nonprofits and works closely with other local, state and national groups that assist nonprofits. www.ncnonprofits.org

N.C. Community Foundation. Established in 1988, NCCF is a statewide umbrella organization established to nurture rural philanthropy. It provides services for 60 affiliates in 66 counties. www.nccommunityfoundation.org

N.C. Network of Grantmakers. Established in 2002, this is a membership organization of more than 80 foundations, corporate giving programs and donor-advised funds that support charitable causes in North Carolina. In addition to facilitating information sharing among funders, the network provides information for foundations, corporations, nonprofits and individual donors. www.ncgrantmakers.org

N.C. Youth Giving Network. The youth network has enabled more than 750 young people from 25 North Carolina counties to take an active role in community philanthropy. Over a five-year period, the network has awarded more than \$300,000 in grants for community projects. www.ncyouthgiving.org

Philanthropy Journal. A publication of the Institute for Nonprofits at N.C. State University, *The Philanthropy Journal* provides information about charitable giving, fundraising, marketing and organizational capacity-building, both in philanthropic organizations and nonprofits. www.philanthropyjournal.org

REPORTS/PUBLICATIONS

Council on Foundations 2009 Rural Philanthropy Conference: Outcomes and Recommendations. In July of 2009 the Council on Foundations sponsored its second rural community philanthropy conference. This link gives a summation of discussion from the conference breakout groups. The conference was designed to advance conversation on increasing impact through synergistic grantmaking between community philanthropy and public sector resources. There were tracks on energy and the environment, education, economic development and building rural philanthropy capacity: www.aspeninstitute.org/policy-work/community-strategies/work-progress

“Economic Devastation, Renewal and Growth: Community Foundations as Catalysts for Change.” This is an in-depth case study of the Community Foundation of Greater South Wood County (briefly described under the Profiles of Success in this publication). The report link is halfway down the publications Web page: www.cfswc.org/page16427.cfm

MDC 2007 State of South Report: “Philanthropy as the South’s Passing Gear.” Chapel Hill-based MDC focused its 2007 annual report on the role of philanthropy in supporting competitiveness and addressing inequities in the South. The regional focus of this report is a useful context for thinking about North Carolina. The report can be downloaded without charge, but MDC requests some information to do so: www.mdcinc.org/knowledge/

“On the Brink of New Promise: The Future of U.S. Community Foundations.” Produced by the Blueprint Research & Design group and the Monitor Institute, this report is viewed by many as the most influential report on community philanthropy to have been released in years. It surveys the history of community philanthropy, examines the current environment and suggests options for maximizing impact in the future. An executive summary and the full report are available at: www.blueprinttrd.com/publications

“What’s Next for Philanthropy.” Released in the summer of 2010, this report from the Monitor Institute can be read as a follow-up to “On the Brink of New Promise.” This report is not specific to community philanthropy, but its insights are relevant. Its findings and recommendations cluster around two themes: 1) acting bigger and 2) adapting better. The report is also available as an executive summary: www.monitorinstitute.com/whatsnext



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