Gateway to a better community
Community Foundation of North Central Massachusetts

Gateway

To a better community

A quarterly newsletter from your Community Foundation

Winter 2005

Foundation funds 17 nonprofits

Annual Meeting includes review of year and MassINC's Ian Bowles

Massachusetts nonprofits contribute substantially to the Commonwealth's economy, according to MassINC's Ian Bowles.

The nonpartisan think tank presented its findings at the Community Foundation of North Central Massachusetts' annual meeting, which was held at the Four Points Sheraton (Thursday, October 6, 2005).

Foundation Chairman Thomas F. Bagley, III said that MassINC's findings mirrored what was occurring locally.

"The nonprofit sector has a strong presence and important role in greater North Central Massachusetts and that is one of the primary reasons that the Foundation created the Institute for Nonprofit Development two years ago and again was funded from our general endowment this year," noted Mr. Bagley.

Mr. Bagley also reported that 14 new funds were established through the Foundation and $624,289 of distributions were made to area nonprofits for their fiscal year ending June 30, 2005.

The Institute for Nonprofit Development,
which was created through a partnership with Mount Wachusett Community College, provides seminars, workshops, peer learning opportunities, organizational assessment, short-term consultation, grant writing technical assistance, and resources and referral for the nonprofit community.

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Foundation Treasurer Steven Stone gives his report at the Annual Meeting.

Two grants from donor-advised funds were highlighted by Mr. Bagley. One was a series of mini-grants made through the Institute for Nonprofit Development and the other was funding to assist lower Cleghorn in Fitchburg.

The mini-grants aim to strengthen the internal capacity of nonprofits, which included: House of Peace and Education, Gardner, $1,650; North Central Charter Essential School, $3,000; Twin Cities Community Development Corporation, Fitchburg/Leominster, $3,000; Children's Aid and Family Services, Fitchburg, $3,000; Habitat for Humanity - North Central Massachusetts,

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Professional Advisor Corner

As a nationally recognized expert in planned giving and family philanthropy, Harvard University's Senior Philanthropic Advisor Charles W. Collier has worked with hundreds of individuals and families to help them discover the meaning of legacy and encourage the principle of generosity beyond the family unit. His book, Wealth in Families, is the culmination of years of research and experience exploring such questions.

In the conversation that follows, Collier discusses how advisors can better serve their clients by helping them focus more on the "whys" than the "how-tos" of their charitable giving.

What are high-net-worth donors looking to achieve through their philanthropic endeavors?

I think high-net-worth clients are looking for philanthropy to serve both a public purpose and a personal value. First and foremost, they want their resources to have an impact on society and effect positive change to make the world a better place. Secondary is the goal of using philanthropy as an activity in which their family works together and through which their children can come together after they are gone. For some families, family philanthropy is indeed a family enterprise.

How can financial advisors, attorneys and other professionals help their clients achieve more optimal outcomes with their philanthropy?

These advisors can do two things. First, they can help a client or family uncover and articulate their philanthropic impulses. I think that is often best done by asking such questions as, "Are you a family that cares

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Inside

chairman's report

In December 2004 the Community Foundation of North Central Massachusetts became the proud recipients of a challenge Grant from the Jessie B. Cox Foundation.

The Jessie B. Cox Foundation has a specific interest in the development and promotion of philanthropy in New England. In particular, they are interested in the development and expansion of Community Foundations by helping them to increase and expand their philanthropic resources in underserved areas such as North Central Massachusetts.

As a recipient of the Jessie B. Cox Challenge Grant the Community Foundation of North Central Massachusetts must raise a total of One Million Unrestricted Dollars ($1,000,000) over three (3) years.

I am pleased to report that we have made excellent progress toward our goal.

These are very exciting times for our Foundation and this challenge Grant will help us further strengthen our community.

It is on behalf of the 32 cities and towns which the Foundation represents that we ask for your generous support.

Your contribution will serve as the foundation of a community wide endowment building campaign.

Benefit of endowments

The impact of building a strong endowment can be immense. They allow communities to invest and grow gifts, paying dividends not only for today but well into the future.

I recently saw an analysis from one of our sister Community Foundations that illustrated the benefit of building strong community endowments.

In the past 10-years it received donations of nearly $34 million and during the same time it distributed back to the community through grants over $92 million, 272% more than it took in.

Building for today and tomorrow

Whether it is our general endowment or one of our regional endowments, these funds will benefit a wide array of nonprofits throughout the region.

By establishing and building this permanent source of grant dollars, North Central Massachusetts will become less dependent upon outside funding sources, thus stabilizing the dollars available in our community.

These endowments will live on in the community ***forever.***

We look forward to your joining us in the creation of this Community Endowment that will continue to make a lasting impact for generations to come.

Thomas F. Bagley, III

Q&A

In this month's Q&A Melissa Maranda, director of gift planning, discusses Katrina Emergency Relief Act of 2005.

Q. How does the Katrina Emergency Relief Act of 2005 affect donors?

A. It includes a number of important charitable giving provisions that will be in effect until December 31, 2005.

Q. For example?

A. Because many individuals may wish to make additional gifts this year that could cause them to encounter charitable deduction limitations, Congress has temporarily suspended limits for gifts of cash to qualified charities made from August 28, 2005 to December 31, 2005.

Q. What is the limit?

A. Donors may deduct qualified charitable gifts in amounts up to 100% of their Adjusted Gross Income for 2005.

Q. I understand there may be advantages to donating IRA contributions as well?

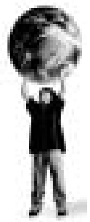
A. Under the new tax law, donors can make a gift to qualified charity of any amount withdrawn from an IRA or similar retirement plan before the end of the year and deduct the entire amount in 2005.

Q. How can a donor make sure they qualify for the deduction included in the Relief Act of 2005?

A. We always encourage all donors to consult their professional advisors before making a substantial gift. And as always, if someone has general questions they can contact me at the Foundation.

Our mission

The Community Foundation of North Central Massachusetts is a nonprofit community



foundation dedicated to helping build a stronger community by providing a means for donors to permanently endow charitable gifts. Individuals, corporations, and nonprofit organizations can establish funds dedicated to a specific cause or contribute to an existing fund.

To learn more, please call Melissa Maranda at 978-345-8383.

CFNCM serves the communities of Ashburnham, Ashby, Athol, Ayer, Barre, Devens, Erving, Fitchburg, Gardner, Groton, Harvard, Hubbardston, Lancaster, Leominster, Littleton, Lunenburg, New Salem, Orange, Pepperell, Petersham, Phillipston, Princeton, Royalston, Shirley, Sterling, Templeton, Townsend, Warwick, Wendell, Westminster, and Winchendon.

Leave a Lasting Legacy -
Remember the Foundation in your will or estate plan.

CFNCM general and regional funds to target a wide-range of needs

The Community Foundation's General or Regional Funds are designed to *addresses a broad range of local needs — including future needs that often cannot be anticipated at the time a gift is made. The Foundation evaluates all aspects of community well-being. The flexibility of an unrestricted gift enables the community foundation's program experts to respond to the community's most pressing needs, today and tomorrow.*

How it works

A donor makes an unrestricted gift of any size to Community Foundation of North Central Massachusetts (CFNCM) or through a bequest in a will. Gifts on any type can be made, including cash, appreciated stocks, real estate, or other assets. The Foundation has established four unrestricted funds, which allow donors to target their gift to a specific region. They include:

CFNCM General Endowment - Serving all 31 communities

- **Greater Gardner Fund**
- **Nashoba Valley Fund**
- **North Quabbin Fund**
- **Twin Cities Fund**

Gifts of any size can be made to the Community Foundation of North Central Massachusetts General and Regional Funds. These funds are designed to address a wide-range of community needs: arts and culture, economic development, education, environment, health and human services, neighborhood revitalization, and more.

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about others beyond the family?" and "Do you care about passing on to your children and grandchildren a legacy of philanthropy and volunteerism?" From there, an advisor needs to make a decision as to whether he or she is going to handle a deeper engagement with the client or hand it off. If the advisor decides to hand it off, there are many wonderful resources to which they can steer their clients. The local community foundation is a great resource—many provide a quite thorough engagement around family philanthropy and grantmaking.

Second, one of the most important conversations advisors can have with wealthy clients is helping them define and quantify what is an appropriate inheritance for their children. If you can do that, wealthy clients can begin to understand that they may have sufficient financial assets such that they can give more to charity.

Every donor has a different appetite for charitable giving, ranging from writing a check at the end of the year to employing planning giving vehicles. How can advisors work with clients to determine and then focus their charitable impulses?

One way to begin is to ask your clients to write down every institution that they gave money to last year and the amounts that they gave. Then, divide those donations into three categories: social or obligation giving; passionate giving, which may include payback to educational institutions or hospitals; and finally, strategic giving.

In many cases wealthy clients will be giving more money to the first two and realize that they don't have a thoughtful, long-term strategy for dedicating part of their charitable money to affect real change in society.

What key questions need to be answered before beginning the process of building a family legacy of philanthropy?

Two questions need to be answered. First, "Do I have enough money on an inflation-adjusted basis to maintain my current lifestyle?" And second, "What is an appropriate inheritance for my children?" Until your client can quantify those two issues, they will not be comfortable giving away substantial financial assets.

Advisors are very good at helping people think about the types of vehicles available for giving away their assets and which assets should be used for charitable giving. But deciding how to give the money away should be the last piece of the puzzle.

I think advisors can best serve their clients by first helping them define the scope and scale of their philanthropy, and then finding the giving vehicle that suits the family. Too many donors set up a foundation when it may not be what they truly need.

How can financial advisors help families address the often-delicate issues of balancing charitable giving with the expectations of inheritance?

Money can be an object of anxiety in a family. Many advisors will encourage their clients to be more open with their children about their inheritance and the role philanthropy can play in their lives.

One way to engage children early on in the process is to have the parents dedicate some of their own charitable dollars to their children's favorite causes. Parents can provide discretionary grant money or matching grant money. That encourages the principal of generosity in the next generation, helps children work together, and teaches the next generation various financial concepts by learning how philanthropic capital is managed.

I like to encourage parents to include their children while they are still in their teens to capture their idealism. Then, when the children are in their 20s, if there is a foundation, they come on the board of the foundation.

Do you have a final thought to help guide advisors as they counsel clients on these issues?

If parents are clear and open around their money and their philanthropic values, that will help develop these values in their children. That's perhaps the most important connection that parents need to understand.

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Leave a Lasting Legacy -
Remember the Foundation in your will or estate plan

CFNCM Annual Meeting

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Fitchburg, $2,190; Athol Bird and Nature Club/Millers River Environmental Center, Athol , $1,000; and the Greater Gardner Community Development Corporation, Gardner, $1,200.

The Cleghorn Neighborhood Center received $195,000 to identify and address issues affecting their community.

Following a report by Steve Stone, treasurer, and the election of trustees and officers, Mr. Bowles shared his research findings from "The Massachusetts Nonprofit Sector: An Economic Profile" with over 100 business and community leaders in attendance.

"The Cleghorn Neighborhood Center received $195,000 to identify and address issues..."

Ian Bowles from MassINC discusses the economic impact of nonprofits

Mr. Bowles said their research found that the nonprofit sector in the Bay State is among the largest in the nation, employing more than 13 percent of the state's workforce – nearly double the national average.

Neddy Latimer (left) and Mickey Guzman (right) from the Spanish American Center in Leominster talking with Sean Boyce from The Cleghorn Neighborhood Center, Fitchburg.

"The nonprofit sector employs more people than most industries in Massachusetts as well as the entire public sector," according to Mr. Bowles. The report also reveals that nonprofit employees are highly skilled, with nonprofit workers more likely to hold four-year college degrees and to work as professionals and managers than the workforce as a whole.

The Foundation currently has 42 donor funds in addition to its general fund, and four regional funds that include the North Quabbin Fund, The Greater Gardner Fund, The Nashoba Valley Fund, and Twin Cities Fund, which benefit a wide-range of community needs, from the arts, humanities, environmental concerns, education, or health and human services from throughout the community.