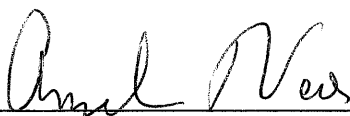
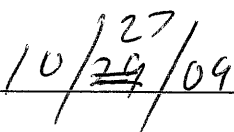


U.S. PROGRAMS
DEMOCRACY AND POWER FUND
Summary of Recommended Grants
Out of Docket - October, 2009

Organization	Requested	Recommended	Term
<u>U.S. Programs, Democracy and Power Fund, T1: 21091</u>			
New World Foundation	\$150,000 / 1 year	\$150,000	1 year
TOTAL RECOMMENDED:		<u>\$150,000</u>	


Approval Signature


Date

MEMORANDUM

To: Aryeh Neier
From: Ann Beeson and Bill Vandenberg, for the Democracy and Power Fund
Date: October 20, 2009
Re: Democracy and Power Fund End of the Year Docket Recommendation

We look forward to discussing our final Democracy and Power Fund docket of the year with you on October 27. One write-up and a docket sheet are attached here.

The Democracy and Power Fund has largely concluded its grantmaking for 2009 and has made nearly 60 grants this year, totaling close to \$12million. In each grant to date we've either recommended funding for an individual organization, an alliance of groups, or an intermediary entity that will regrant to various groups.

Following a six month planning process that was initiated by Democracy and Power Fund staff members Bill Vandenberg and Patricia Jerido, OSI has joined with the New World Foundation and the Stoneman Foundation to develop a response to the economic crisis and its impacts on grassroots advocacy organizations. To this end, we recommend funding of \$150,000 over one year to the New World Foundation to serve as the fiscal sponsor for a joint RFP project to fund organizations and alliances that seek to develop innovative and replicable models of small donor development. We believe that such an effort would surface new approaches to building small donor funding bases and strengthen the ability of OSI grantees and others seeking to weather this economic storm, increase donor diversification and community "ownership," and enhance fiscal sustainability. The RFP will fund three to five model programs nationally that represent a mix of approaches to grassroots fundraising and donor diversification, with an emphasis on community-based organizations. Additionally, selection criteria will prioritize organizations that have existing track records of small donor development and that now seek to identify other, scalable means to increase the financial support that they receive from their community or constituency. The RFP will be targeted to identify best practices and prioritize new strategies in a way that supports the development of replicable models in the field.

Thank you for your consideration of this recommendation.

Name of Organization: New World Foundation

Tax Status: 501(c)(3) public charity

Purpose of Grant: to support a small donor development and funding diversification project

Previous OSI Support: \$100,000
\$20,000 from Chairman's Fund (2002)
\$80,000 from SOF (2005-2006)

Organization Budget: \$7,949,620.00

Project Budget: \$300,000

Major Sources of Support: New World Foundation \$150,000

Amount Requested: \$150,000 over one year

Amount Recommended: \$150,000 over one year

Term: One year, beginning November 1, 2009

Description of Organization

The New World Foundation, a NYC-based community foundation was founded in 1954 to support community activists in the United States and around the world in building stronger alliances for social justice, civil rights, and economic and electoral issues.

In 1994, New World moved from its status as a private national foundation to a public charity in order to leverage additional financial resources. Their grantmaking programs are now collaborative funds and the foundation seeks to engage donors and other foundations to help understand the social justice field, support exemplary work, and develop innovative new ways of working towards social justice.

Description of Program for Which Funding Is Sought

Following a several month long process that was initiated by Democracy and Power Fund staff members Bill Vandenberg and Patricia Jerido as a response to the economic crisis and its impacts on social justice advocacy organizations, OSI, the New World Foundation, and the Stoneman Family Foundation have developed a joint request for proposals for a new effort to support innovations in small donor development for non-profit organizations. With a goal of making grants to a small cohort of community-based organizations that have a proven track record in raising revenue from small donor bases and that now seek to raise the scope and scale of this work, the RFP will be targeted to identify best practices and prioritize new strategies in a way that supports the

development of replicable models in the field. The joint project will identify and fund three to five model programs nationally that represent a mix of approaches to grassroots fundraising and donor diversification with an emphasis on community-based organizations. A priority will be placed on organizations with a membership base that is rooted in the most marginalized communities or on strategic alliances of organizations from a particular issue field or region that include similar bases of membership.

The joint funding collaborative, to be housed at the New World Foundation, would not fund planning or start-up projects but will pick those organizations or alliances that are best poised to offer replicable fundraising models to their peers. Grants would be made in late 2009 and likely be between \$35,000 and \$150,000 for one year. The funding partners will develop opportunities for convening the grantees and disseminating models and lessons learned through this process. If the program is successful, each foundation will evaluate extending funding for an additional year and the partners may invite additional funders to participate in order to provide support to a larger number of organizations seeking to address donor diversification in an economic downturn.

Rationale for Recommendation

The Democracy and Power Fund recommends a grant of \$150,000, over one year, to the New World Foundation for its partnership with OSI to build stronger organizations that have the capacity and the sustainability to be successful advocates for social justice and a more open society. This recommendation is complementary to the work that U.S. Programs' Grantmaking Operations and the Strategic Opportunities Fund seek to do with regard to developing a capacity-building program for OSI's grantees in this challenging economic climate.

The problem of 'who owns an organization?' has long existed as organizations make difficult decisions about which sources of funding to seek, avoid, or reject. Decisions about fundraising emphasis, too, are hotly contested among many organizational boards as groups frequently prioritize foundation grantseeking over membership or donor base development. With the often unhealthy large percentage of funding from foundations that many "community-based" organizations have come to rely upon, questions may appropriately be raised about just who "owns" the organization: the community which it claims to represent or the distant (and often fickle) foundations that provide the bulk of the funding? With the recent ACORN meltdown, too, we witness an organization that perhaps had more than 200 incorporated entities, piles of large foundation checks arriving each year, and – despite a claim to be membership run – little to no community or fiscal accountability. Consequently, fiscal impropriety occurred and bad decisions were made that have now undermined the organization's mission and survival.

With the economic recession, the fundraising climate for many community-based organizations has grown quite dire. We do not intend for this project to prop up organizations that may have needed to close for sometime and which now teeter on the brink or survival. We do seek for this joint funding effort to support innovative models of small donor development and overall donor diversification that can lead to greater

organizational sustainability and capacity in the future. With this sustainability can come greater organizational independence along with an enhanced capacity to maximize mission impact through more community participation in internal governance and external advocacy.

Through this RFP and selection process, three foundations – OSI, New World, and Stoneman – seek to support organizations as they develop new sources of revenue that are critical to their ongoing sustainability of community-based social justice work. The current foundation-heavy organizational funding model has many problems, including creating instability for organizations in times of financial crisis and reorienting accountability away from an organization’s membership base. Through this joint effort, OSI, New World, and Stoneman seek to lift up models and ideas that can inform and inspire the field and funders. Priority funding will be given to projects focused on small donors and membership strategies that seek to engage larger numbers of people.

Final funding decisions will be made at the end of the year and an OSI grant to the New World Foundation, where this effort is housed, would ensure a more efficient allocation of funds to grantees (as opposed to grantees receiving grants from three separate foundations, all with distinct funding processes). New World will provide all administrative coverage for the request for proposal process, including fielding applicant inquiries, providing grant notification, and reporting to OSI and Stoneman. OSI, New World, and Stoneman will review grants and make final funding recommendations.

This RFP would contribute to field learning for organizations that are struggling in this tough fundraising climate while attempting to diversify their base of funding in order to reduce foundation reliance, increase community accountability, and lead to stronger, healthier, and more successful organizations. The time sensitive nature of this effort is clear: The economic recession and subsequent downturn in grantmaking have created high levels of organizational anxiety and there are great needs in the field for successful working models for donor development and diversification. From our field review, we believe that the impacts are most severe in grassroots, people of color, immigrant, low-income, LGBTQ, women’s, and youth-led community organizations, all of which are USP priority constituencies.