

MINUTES

GOVERNOR'S TASK FORCE ON ENDOWMENTS AND PHILANTHROPY

Northwest Power Planning Council Conference Room
June 12, 2003

Members Present:

Sue Talbot (Chair)
Dale Burgeson
Linda Coulston
Judy Held
Fran Galvin
Amy Kelley
Tim McCauley

Galen McKibben
Dennis Peterson
John Scibek
Josh Turner
Judy Wing
Ralph Yaeger

APPROVAL OF MAY MINUTES

Dennis noted that on page 1 of the minutes, under "Success Stories," it referred to "a charitable remainder trust to St. Peter's Hospital in Missoula." It should have read "St. Patrick's Hospital." No other errors or omissions noted, the group approved the minutes by voice vote.

FINANCIAL STATEMENT

Ralph passed out the Task Force Statement of Activities for the period May 1 through May 31, 2003. It showed a beginning fund balance of \$4,228.66 with \$2,500 in total revenues and \$1,112.50 in total expenses for an ending fund balance of \$5,616.16. Contributions received in May included \$500 from St. Patrick's Hospital Foundation and \$2,000 from Davidson Trust Company. Several members thought that some contributions were yet outstanding, and that the Task Force would receive them before the end of the fiscal year. Ralph noted that the balance is enough to fund the Task Force through the summer, since there won't be a great deal of activity. He suggested that further discussion about finances be moved to the discussion of the development plan.

SUCCESS STORIES

Sue reiterated that Ralph, Aidan Myhre, and Sharen Peters had been assigned as the subcommittee in charge of gathering "success stories" to be published on the EndowMontana web site and/or used in upcoming legislative sessions to defend the endowment tax credit. She noted that Sharen is extremely busy right now, getting ready to retire at the end of the month. Sharen said she'd be happy to serve on the committee, but would have to do so by phone. Ralph said that the MT Community Foundation has an inexpensive conference call service that could be used for this purpose. Sue asked all members to think about the best way to get these stories out, whether in the form of a booklet or any other methods, and to pass on ideas to members of the subcommittee. Sue reported that she has a story from Polson, but needs to meet with the subject "in the flesh" to get his permission. Sue reiterated that we'd like to collect a diversity of stories representing rural and urban communities, the small-town humane

societies as well as the universities and hospitals, and all sides of the state in order to demonstrate the depth and breadth of the tax credit's impact.

John noted that the "bargain sale" example mentioned at the last meeting would not qualify for the tax credit, although it does show how the tax credit has helped raise the activity level and interest in philanthropy in general in the state. Judy Held said that example she gave did in fact go through their endowment and therefore did qualify for the endowment tax credit – she consulted with Jim Soft on the gift.

Sue said that the subcommittee will continue to work on this project over the summer, and asked all members to forward their stories to Ralph, who will keep them on file. Ralph added that wherever possible people should try to get photos to illustrate the stories.

DEVELOPMENT PLAN

Judy Wing commented that she felt the Task Force should be doing more than focus on the tax credit. She thought that the "success stories" could be a vehicle for inspiring people to think about giving to their community. She thought we should be developing ways to serve as a magnet for people who don't tend to think of Montana as their home, to make more of a case for part-time residents to give to Montana. She suggested looking at what organizations in other states are doing in this area. Dale noted that more than 65% of their target audience uses the Internet now, and that Internet marketing is the new horizon for fundraising – he'd recently attended a training on the subject.

Ralph handed out a draft of a development plan he'd written for the Task Force (attached). He said that a development plan is extremely helpful in raising money, with the whole Task Force working as the development committee to constantly enlarge the list of people/corporations/organizations that have benefited from the work of the Task Force and should be contributing in return. He added that all Task Force members have been active in fundraising, which is extremely positive. He thinks the group can raise a lot more money than it has in the past.

Ralph noted that while he wrote: ". . .to provide stability for the period July 1, 2003 to June 30, 2005, the Task Force strategy is to raise funds on an ongoing basis to generate a minimum of \$30,000 annually . . ." the Task Force actual expenses have been closer to \$20,000 during legislative years. His thought was that, since we don't really know what things will cost, \$30,000 would keep us from worrying and constantly fundraising.

Judy Held noted that her constituency – the healthcare community – wants to know what others have given. She asked if we could generate a list of all donors without compromising confidentiality. Amy noted that we printed a list in the 2002 "annual report," categorizing donors within contribution ranges (i.e. \$250 to \$999). Dennis said he thought we needed to educate people about why they should give an annual contribution, how it is to their own benefit. Judy Wing added that we should be educating multiple people in the hospital foundations because of recent turnover. Judy Held asked if she could get a list of everyone who gave in this fiscal year (ending July 1, 2003); Ralph said yes.

Sue commented the importance of making sure all donors receive a thank you. She has taken this on as her job, but she needs to be informed when a contribution is made. Judy Held said that Amber at MCF had been notifying her and Dennis when a contribution comes from a hospital, so that they would send a thank you note. Ralph said that Amber is no longer with MCF, but that he could set up a system that would automatically acknowledge receipt of a gift. MCF does this with gifts it receives; he will set this up for the Task Force.

DEVELOPMENT PLAN: FOUNDATIONS

Ralph said he'd like to work on #1: drafting a personal letter to foundations that have supported the Task Force in the past, to update them on our activities and let them know their assistance is still needed. He said he would go to the State Library to work on generating a prospect list, and asked others to use the Internet to do the same. John said that UM has a prospect research team and tools for Internet searches, which could be available to the Task Force if he were given parameters.

John thought that the Cinnabar Foundation might be interested in contributing to the Task Force. He said that, while it doesn't fit their agenda specifically, they are supportive of philanthropy in general, and would understand how the Task Force has raised the level of philanthropic activity in the state. Judy Wing agreed, adding that the message should be leveraging money for philanthropy, not simply about legislation. Ralph also agreed, noting that we could point out how the tax credit has made more money available to nonprofits including environmental groups. John suggested the same message could be used with the Steel Reese Foundation. He said that Jeanne Wolverton lives in Alberton and comes to Missoula frequently. Others suggested the Rocky Mountain Elk Foundation, although Judy Wing noted now is not a good time as they are in a transition period.

Ralph said he could also draft #3 – a “boiler plate” foundation proposal – fairly easily.

DEVELOPMENT PLAN: CHARITIES

Amy suggested recruiting new Task Force members who work for charities not already represented in the group.

There was discussion about fundraising possibilities through the web site. Amy suggested applying for a “Donate Now” button (sponsored by Groundspring.org to facilitate online credit card donations for nonprofit organizations). Galen said that he could set that up; all we'd need is a secure site and a merchant account. He will put together a proposal for the development plan on how to develop an e-commerce approach to fundraising. Josh said that MCF's new web site will have the ability to take contributions, and perhaps the Task Force could link to that once it's set up. Sue thought that, in terms of priorities, the group should focus on other methods of fundraising first.

DEVELOPMENT PLAN: CORPORATIONS & INDIVIDUALS

Ralph committed to doing more work on expanding the list of Task Force past contributors and prospects.

DEVELOPMENT PLAN: SPECIAL INCENTIVES

Ralph urged the Task Force to keep on top of this area, as there is money available. He warned against initiatives that require a commitment to something that the group can't – or doesn't want to – fulfill.

Ralph suggested that the financial statement he regularly prepares for the Task Force be updated to incorporate the development plan, so that rather than receiving financial updates the group receives a development report. All thought this was an excellent idea (although someone noted that Ralph seems to be taking on a fair amount of Task Force projects this summer!)

Josh thought the group should not ignore Government as a source of funding. She suggested having a representative of the Governor's office regularly attend Task Force meetings, especially now that they are realizing the impact of nonprofits on the economy.

Dale mention that he'd recently attended a conference of real estate property and probate attorneys in Washington, and realized that this group had no idea how much nonprofits were involved in writing planned gifts. The Salvation Army is considering presenting to the CPAs for the same reason. He suggested that the Task Force present to the Bar Association in Montana. Judy Wing reminded that someone suggested at a previous meeting that we present to the Tax Institute this fall. Someone confirmed that Conrad Teitell will be presenting to that group.

LEGISLATIVE STRATEGY

There was some discussion about whether there would be a special session in the fall. Judy Held suggested we find out why some legislators voted against the tax credit in the last session – it could affect our strategy, and allow us to address their concerns. Sue said she would call Aidan and ask for her help in planning strategy should there be a special session. Sue thought that the “no” votes were most likely about money concerns or a simple lack of understanding about the tax credit. She thought perhaps the “success stories” would help educate those legislators. Judy Wing suggested we team up with other lobbyists who share our interests, to get them to plug for our issues as well.

Judy Held felt that we should send a thank you to all of the legislators who voted for the tax credit. John suggested we tell them “thank you for helping support the growing enthusiasm in philanthropy in Montana and for making the tax policy consistent in this area.” Sue will draft a letter and ask for feedback from Aidan and Steve Browning.

ROLE-PLAY VIDEO

John explained that in August 2001, Sharen Peters asked him to work on a video to be shown during the “Lunch and Learn” sessions, which would help teach financial advisors how to talk with their clients about planned giving. John interviewed Steve Browning and other professionals, and met with “video guru” Gus Chambers at UM, John Eastman (recommended by Jim Soft), and Kathie Nygaard (Director of Communications at the UM Foundation). The budget would have been around \$2000, underwritten by the UM Foundation and MCF. John said that after he'd completed some of the interviews he realized that it would be difficult to

film role plays. He came up with an alternate format: taping the interviews of how/why professionals talk with their clients (e.g. “I’d consider it bordering on malpractice if I didn’t tell my client about the tax credit”) interspersed with footage of the “success stories” – e.g. the potato farmer in the field talking about a planned gift he made and how it helped him as well as the charity.

All agreed this sounded like a good format – if the video were kept short. Dale suggested it could be done as a Power Point presentation, but others pointed out that this would require a presenter, whereas the video could be copied, easily distributed, and presented by anyone. Sue added that she likes to see the faces of real people.

Dennis asked if we could still create the video for \$2000. John thought so, if he could pull all the people to Missoula and help write the script (John offered to draft the script and solicit comments from the Task Force by e-mail). The group thought we could raise the money, if we didn’t have it outright.

The group made several suggestions to John:

- include a financial advisor explaining how they bring up the subject of planned giving with the client
- include a donor who says, “I’m glad my advisor brought it up because I wouldn’t have known about the tax credit otherwise – it saved me a lot of money.”
- be sensitive to the fact that most donors would want the advisor to tell them about the tax credit but would NOT want him/her to plug a specific charity
- interview someone who has set up their own trust
- have one of the “success stories” be an insurance gift
- have one donor example that is a corporate/outright gift
- have one of the advisors say “Just do it – at some point you have to jump in and start learning”
- a general suggestion that the video be shown FIRST in a “Lunch and Learn” seminar, to set the stage and get people’s full attention

John asked for suggestions on people to interview. The group brainstormed some names of advisors and donors: Tom Boone, Steve Browning, Dick Shull, Bill Wagner, Kristen Juras, Elaine Gagliardi, Bill Bloomendahl, Larry Flannagan. John said that to contain costs he’d need to do most of the interviews in Missoula. Several members felt it would be better to have the “success stories” filmed in their location, not in Missoula. Perhaps community media stations could produce local video tracks. Could people mail the videotape back to John in Missoula? John will consult with Gus Chambers about this, and pursue the video production idea further.

TASK FORCE MEMBERSHIP

Sue reported that Marilyn Frasier asked to resign from the Task Force, as her life has taken unexpected turns leaving her no time to devote to the group. Mike Halligan has expressed interest, but will need to wait until the Washington Foundation is through a period of change. Steve Daniel has never written back; John thought that he was interested and was perhaps waiting to be actually invited to a meeting. John will follow up with him.

Linda suggested George Cole, who lives in Bozeman and is the Development Director for PBS in both Bozeman and Missoula. John suggested adding someone from the Dept. of Revenue as a liaison (NOTE: John met with Jim McKeon, Income Tax Specialist for the MT Department of Revenue and the key architect of the “rules” governing all Montana tax credits, including the Endowment Tax Credit, and he agreed to become a member of the Task Force Advisory Committee.)

OTHER BUSINESS

Josh reported that the Montana Health Care Communications and Development Association meeting is September 17th & 18th in Billings. Debbie Spear called Josh looking for speakers. She said that Jim Soft is already on the agenda. They are interested in legislative issues and philanthropy, and also in how to build an endowment and planned giving. Dale said he would consider it. Josh will have Deb call Dale.

Someone noted that the Task Force directory on the web site is out of date. Amy will provide Galen with an updated directory to post.

SEPTEMBER MEETING

Sue noted that the group will have to be very focused at the September meeting (tentatively scheduled for Thursday, September 11) in order to accomplish:

- Strategy discussion in the event a special session is scheduled;
- Working through the Fundraising Tasks outlined in the Development Plan;
- Discussion of the impact of the CARE Act, should it pass; and
- A Lunch and Learn presentation by Jim Soft.

There being no other business, the meeting adjourned at 1:15.

GOVERNOR'S TASK FORCE ON ENDOWMENTS AND PHILANTHROPY

DEVELOPMENT PLAN July 1, 2003 to June 30, 2005

BACKGROUND

The Governor's Task Force on Endowments and Philanthropy operates with a simple mission of working together to promote charitable giving in Montana. The Task Force is a non-partisan group comprised of representatives of charitable organizations, financial advisors, policymakers, philanthropists and others who volunteer to their time and energy in support of philanthropy. Since its inception in 1994, the Task Force has developed and advocated for innovative public policy at both the state and national levels to encourage philanthropic giving.

Although its members are appointed by the Governor, the Task Force receives no state funding. Rather, for nearly a decade the Task Force has carried out its vigorous philanthropic agenda in conjunction with ongoing fundraising and development efforts. To ensure that the costs of Task Force operations, research, lobbying and advocacy, and educational efforts can be fully funded, its own members have worked successfully to generate dollars from foundations, corporations and individuals.

SPECIAL CONSIDERATIONS

While the Task Force meets monthly to share information, monitor projects and progress, strategize, etc., Task Force budget requirements do not, unfortunately, follow a routine pattern. Uncertainties affecting Task Force budgets include:

- Lobbying costs for regular sessions of the Montana Legislature in which new measures impacting philanthropy may be introduced or effective existing policies may be challenged.
- Special sessions of the Legislature called on short notice and prompted by revenue shortfalls that may make the Tax Credit for Endowed Philanthropy a target for reduction or elimination.
- The necessity for "Lunch and Learn" educational seminars that must be conducted to ensure that financial professionals and nonprofit personnel are able to offer clients up-to-date service and advice following changes in state and federal laws.

Recognizing that Task Force expenses can fluctuate significantly between various years (for example, costs typically are high for a year with a legislative session), to provide stability for the period July 1, 2003 to June 30, 2005, the Task Force strategy is to raise funds on an ongoing basis to generate a minimum of \$30,000 annually, an amount sufficient to fund operations and programs, while maintaining a \$10,000 minimum balance to address unanticipated costs.

FUNDRAISING TASKS

- **With the full Task Force serving as a development committee, devote an entire Task Force meeting to a brainstorming session to develop better lists of prospective foundation, corporate, nonprofit and individual donors.**
- **Utilizing data developed in this session, update lists, develop new funding requests, and make "development" a monthly agenda item in order to monitor fundraising progress, update prospect lists, develop schedules for making requests, etc.**
- **Use the following targeted strategies to achieve fundraising goals:**

Foundations

History: The Task Force has received generous support from private foundations, including Mott, Ruth and Vernon Taylor, Claiborne-Ortenberg.

Strategies:

- 1) Draft a personal letter from the Chair to appropriate program officers at foundations that have previously provided support, updating them on the experience and successes of the Task Force.
- 2) To seek out new major foundation funders, appoint two volunteers to conduct independent research to determine prospects.
- 3) Develop new proposal “boiler plate” that can be easily modified to match the guidelines and requirements of a wide range of foundations.
- 4) Based on prospect research, prepare and submit three proposals for foundation support each year, according to the following schedule (depending on foundation submission deadlines):

FOUNDATION	SUBMISSION DATE
1) _____	<i>Sept. 30, 2003</i>
2) _____	<i>January 15, 2004</i>
3) _____	<i>May 1, 2004</i>

Charities

History: Ongoing support from charities, particularly entities with foundations or permanent endowments (hospitals, universities, United Way chapters, etc.) has played a key role in funding Task Force operations and lobbying efforts.

Strategies:

- 1) Double number of charities contributing to the Task Force-
 - Actively solicit contributions from entities that *should* support our work
 - Develop list of charities that have never been asked
- 2) Improve listserve and website capabilities for funding appeals

Corporations and Individuals

History: Individuals and corporations concerned with philanthropy and incentives for charitable giving have played a significant role in the ability of the Task Force to pursue its mission.

Strategies:

- 1) Double numbers of corporations and individuals contributing to the Task Force—actively solicit contributions from individuals and business that *should* support our work (primarily those we know to have benefited from the Tax Credit.
- 2) Improve listserve and website capabilities for funding appeals

Special Initiatives

History: In 2000, the Task Force participated in a national philanthropic initiative sponsored by a coalition of foundations and philanthropic entities called New Ventures in Philanthropy.

Strategy: Maintain an awareness of national philanthropic initiatives and seek to participate when the goals of the initiative match those of the Task Force.