

F.M. KIRBY FOUNDATION SOLICITATION EVALUATION FORM

DATE: April 13, 2021

REQUEST DATE: March 22, 2021

Last grant acknowledgement: Yes

Program Area: Human Services

APPLICANT:

United Way of the Greater Triangle, Inc.
 Suite 204
 800 Park Offices Drive
 P.O. Box 110583
 Durham, NC 27709-0962

CONTACT: Mr. Eric Guckian, President & CEO

PHONE: (919) 460-8687 x 1142

PAYEE OTHER THAN ADDRESSEE:

AMOUNT REQUESTED: \$250,000 **NATURE OF REQUEST:** For Orange and Durham Counties collaborative partnership support - \$150,000; toward the second 10 to Watch cohort-\$50,000; toward Anti-Racism Community Fund - \$50,000

GRANT HISTORY

LAST GRANT DATE: 4/29/2020

LAST GRANT AMOUNT: \$225,000

FYE DATE: 6/30/2020

AFS DATE: 10/14/2020

2016	\$200,000	12/8/2016	For: General allocation to partner agencies only, of which \$100,000 is restricted to Orange County
2017	\$200,000	12/8/2017	For: Orange and Durham Counties collaborative partnership support-\$160,000; for Orange and Durham Counties Basic Needs support-\$40,000
2018	\$200,000	12/10/2018	For: Orange and Durham Counties collaborative partnership support-\$160,000; for Orange and Durham Counties Basic Needs support-\$40,000
2019	\$200,000	12/16/2019	For: Orange and Durham Counties collaborative partnership support-\$160,000; for Orange and Durham Counties Basic Needs support-\$20,000; for the 10 to Watch initiative-\$20,000
2020	\$225,000	4/29/2020	For: Orange and Durham Counties collaborative partnership support-\$160,000; for Orange and Durham Counties Basic Needs support-\$20,000; for the 10 to Watch initiative-\$20,000; for Rapid Response Fund-\$25,000

LHV endorsement received.

DLK COMMENTS: Financial analysis attached.

JFT COMMENTS: Launched in March of 2020, the UWGT’s Rapid Response Fund raised more than \$1.6M (FMKF supported the fund with \$25K in April 2020) and disbursed funds “rapidly and equitably into the community through multiple rounds of funding according to the most pressing needs that were presented.” The disbursements resulted in more than 500K healthy and nutritious meals, helped more than 4K individuals with housing or rental assistance, assisted over 37K

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individuals with necessary healthcare/medications, and supported more than 23K children with resources needed for education. Those are impressive stats.

UWGT has an extraordinary volunteer workforce. In addition to the applications for support from the Rapid Respond fund, they received 284 applications for Community Impact funding for the for the next fiscal year, which are all reviewed by their volunteers prior to review by UWGT's Community Investment Committee.

FY20 Community Impact funding in Orange and Durham Counties totaled \$1.63M allocated to 37 partners and Rapid Response funding disbursed through the counties totaled \$518.5K. Four collaboratives remain in the Community Impact Funding initiative, and it's good to see that Durham Children's Initiative, Center for Child and Family Health, and Housing for New Hope remain participants in the collaboratives. Additional FMKF grantees to benefit from Community Impact Funding include Students to Scholars, the Emily K Center, Student U, Orange Congregations in Mission, and future FMKF grantee Book Harvest.

It's good to read of the success and exposure of the 10 to Watch initiative. Not only have the participants reported "feeling better prepared to lead their organizations," but 80% of the cohort reported an increase in revenue. I know the original program began with 10 organizations, but I wonder if the next cohort will be larger.

The request's Anti-Racism Community Fund narrative lays out a comprehensive approach (in partnership with the Justice Love Foundation) that will focus on catalyzing "philanthropic activism" that includes data collection, cohort selection, problem definition, solution framing, solution weaving, implementation, target outcomes, and execution. The objective of this fund is to "build the capacities of local communities and grassroots organization by investing in leaders of color and invest in anti-racism systemic change. This initiative is all about knowing the needs of the community and meeting those needs. At a 2/10/21 meeting, JJK and I met Nick Allen, Chief Program Officer, who spoke of his role in not only "investment strategies" for programs but marketing and storytelling. Nick spoke of how good, anecdotal accounts from community members "move the needle." Ending systemic racism and eradicating poverty go hand in hand and Nick has the required "pulse" in the community that enables strong communications that can enact change. He conveyed that \$600K has been raised for their Anti-Racism Community Fund (launched in the summer of 2020) which will be disbursed in grants of between \$5K and \$25K. Organizations applying for "core" (Community Impact) funding (under one of the 3 pillars which are Cradle to Career, Equity in Leadership, and Healthy Families) may also apply for an ARC-Celerator (Anti-Racism Accelerator) grant at the same time. When asked of an organization that fits into both categories, for example Cradle to Career and an ARC-Celerator grant, Nick provided Student U as an illustration.

Not noted in the proposal is that in November of 2020, the UWGT had been selected as one of only two United Ways in the US to be named a partner site with Peter Buffett and his NoVo Foundation to create a plan to become a "Resilient Community." They'll be awarded a \$500K investment to create a long-term plan to establish economic and educational pathways to thrive. Their "Bold Vision" document that lays out their vision is on file for reference. This is a one-year project to execute a long-term plan. Kenan Charitable Trust has indicated a \$400K commitment to the project, and they also recently learned that they were awarded a \$200K Bank of America Neighborhood Builders grant.

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Regarding the MacKenzie Scott award, Eric informed us that the UWGT received \$5M in unrestricted support. The only requirement is a report of no more than 3 pages be provided annually.

I note that the 2020 Annual Report lists 40 Tocqueville Society Members, including Mr. & Mrs. Eric Guckian.

While we can get a pretty good feel for the important work at the UWGT through the proposal, one only needs to speak to Eric, who (in my opinion) exudes dedication, enthusiasm, and determination in achieving the objectives put forth by the UWGT, to feel optimistic about FMKF support.

We asked Eric to request funds for which he felt held the highest priority (no basic-needs funding requested as in the past). I trust his judgement and recommend support as requested and noted below. A grant of \$250K represents a \$25K increase over 2020 FMKF funding. The 10 to Watch initiative and Anti-Racism Community Funding definitely fit into the FMKF DEI investments.

JJK COMMENTS: We have been shepherding this grant request over the course of the past six months, staying in touch with Eric and meeting with the broader team there on several occasions. First with their Covid Rapid Response Fund and later with their Anti-Racism Community Fund, UWGT has been a leader among our United Way grantees for responsive, community-engaged, and strategic grantmaking. Furthermore, the rather prescient 10 to Watch program, which launched in 2019, addressed historical discrepancies in funding to minority- and women-led non-profits.

The current year's request opened my eyes to how the 10 to Watch program provides not just funding but a sizable platform for each cohort's leaders to be introduced to new audiences as well. For example, the proposal mentions that "these leaders had the opportunity to speak in front of many leading Triangle corporations including several Fortune 500 companies." Moreover, as these leaders gained visibility, they also were "fine-tuning and crafting their stories." It is good to read of positive outcomes for the majority of leaders, including 100% of leaders feeling better prepared to lead their organizations.

The Anti-Racism Community Fund empowers local leaders and community members in its grantmaking process. The ARC Fund is designed to empower local leaders "to advocate for causes they identify with and applying the solutions they deem viable." Furthermore, they seek to "bring forward and fund transformative ideas born from the residential leadership ecosystem." In other words, there seems to be a very directed target here on grassroots, community-led investing. You can note this too in UWGT's approach of using community volunteers to help evaluate community impact grant applications. The "ideal grantee" profile provides further elaboration. According to the request, the ideal ARC Fund grantee will be led by people most affected by the issues the organization is working on, will build leadership from within its own community, will work to understand root causes of issues and will bring people together to build consensus and power, power that will be used to create system change, including altering unjust power relations. Since Eric cited Student U as an example, I am thinking of how, in addition to its core goals of providing academic enrichment and college readiness, Student U is also working to strengthen and improve the Durham Public School system.

Nice to see some new and prospective FMKF grantees among the 2021 program partners, including Students to Scholars and Book Harvest.

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I see this 2021 grant as a signature investment of our Diversity & Justice Initiative, especially given the ability, through one grant, to empower a broad range of non-profits. It is re-assuring to know that our enthusiasm is shared by nationally recognized philanthropists, like Mackenzie Scott and the NoVo Foundation. I recommend \$250K, as designated below. Let's earmark the additional \$25K in our 2021 D&J investment tracker.

SDK COMMENTS: I don't think LHV was really pushing for a further increase after last year's bump up (and now at a grant level above UW Northern NJ), but at least to remain steady and participate in the Anti-Racism Community Fund. But JJK/JFT provide compelling reasons to do so.

FM KIRBY FOUNDATION
Financial Statement Analysis

Grantee Name:	United Way of the Greater Triangle	Date:	<u>4/6/2021</u>
Prepared By:	DLK		
Grant Request Amt.	\$ 250,000	Type of Financial Report Submitted	<u>Audit</u>
Budgeted Amt.	\$ 225,000	Period Covered in Financial Report	<u>FYE 6/30/20</u>
Audit Firm	<u>Cherry Bekaert LLP</u>	Date of Report Issuance	<u>10/14/2020</u>
Opinion	<u>Present fairly</u>		
Basis of Acctg.	<u>GAAP</u>		

Current Ratio (Liquidity Ratio/Working Capital Ratio)	1.47	Amount of Unrestricted Net Assets (Operating Reserve)	\$ 1,861,134
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Note: A current ratio measures an organization's ability to pay short-term and long-term obligations. The higher the ratio, the more capable the organization is of paying its obligations. A ratio under 1 indicates that the organization's liabilities are greater than its assets.

Allocation of Functional Expenses	FYE 6/30/20	%	Must Read Financial Statement Notes
A. Program Service Expenses	\$ 5,969,285	76%	Ideally program expenses should be at least 70% of total budget.
B. Management and General	\$ 856,574	11%	
C. Fundraising	\$ 1,071,902	14%	
D. Total Expenses	\$ 7,897,761	100%	

Comments/ Notes:

Budget: Please note that the FY20 were projected totals as of 5/24/20. The FY21 budget is projecting a \$1.1M surplus vs a surplus of \$11K for FY20. They have a campaign revenue goal of \$8M vs \$7.5M for FY20. Total revenues are budgeted to increase \$669K (7%). Project expenses for FY21 are budgeted to decrease by \$778K (11%) primarily due to the winding down of the Rapid Response Fund (from \$1.0M to \$100K in FY21). Their request asks for \$150K towards the Orange/Durham collaborative, \$50K towards the 10 to Watch program and \$50K towards the Anti-Racism Community Fund. This would equate to 3.2% of their program expenses. The 10 to Watch program is budgeted at \$300K so FMKF would fund 16.7% of that program. I was a bit surprised that the Anti-Racism Community Fund was not broken out in their budget. I'm assuming it falls under the Other line. Administrative and capacity expenses are budgeted to increase by \$394K (17%).

Audit: United Way of the Greater Triangle had a deficit of \$48.5K for FY20 vs a surplus of \$221K for FY19. Net campaign revenue grew by \$1.2M (20%), with current year campaign revenue increasing \$767K (9%) and donor designations to other agencies declining by \$277K (11%). Grant revenue has continued its downward trend (\$481K for FY20, \$683K for FY19, \$927K for FY18), perhaps due to a focus on campaign revenues? Other income grew by \$250K (800%). The F.M. Kirby grant of \$225K equates to 47% of UWGT's total grant revenue for FY20. Program expenses grew \$1.2M (26%), while administrative and fundraising expenses grew \$191K (11%) from FY19. United Way had investments of \$217K, of which \$197K were endowment-related, as of June 30, 2020. In April 2020, UWGT received a PPP loan for \$307K. It recognized \$282K as miscellaneous income and \$25K as deferred income. There were no red flags as a result of my review.

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DISPOSITION:

- Declination
- Hold for review on/about:
- Approval for: **\$250,000**
- Hold for Board Review
- Insert Information: **For: Orange and Durham Counties collaborative partnership support-\$150,000; for the 10 to Watch initiative-\$50,000; for the Anti-Racism Community Fund-\$50,000**
- Other:

Initials: JOK Date: 4/13/21

Check #: _____ Date: _____