

F.M. KIRBY FOUNDATION SOLICITATION EVALUATION FORM

DATE: April 11, 2022

REQUEST DATE: March 18, 2022

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 Healthy Families and Cradle to Career impact pillars in Orange and Durham Counties-\$150,000; for 10 to Watch and Anti-Racism Community Fund initiatives within our Equity in Leadership pillar-\$100,000

GRANT HISTORY

LAST GRANT DATE: 5/3/2021

LAST GRANT AMOUNT: \$250,000

FYE DATE: 6/30/2021

AFS DATE: 11/10/2021

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
2021	\$250,000	5/3/2021	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

LHV endorsement received.

DLK COMMENTS: Initial concern regarding the FMKF grant accounting for a large portion of their grant monies on the audit may be moot as, per their budget, their grant monies for FY21 were \$5.4M (versus the \$358K on the audit). JoAnn – can you confirm that the auditors are categorizing

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the monies differently? (**JJK: JFT responds below**). Based on the large increase in contributions received that the MacKenzie Scott \$5 million grant was recognized in FY21 under current year campaign revenue. Financial analysis attached.

JFT COMMENTS: Another well-done request from the UWGT. The narrative notes that they have “revamped the application and evaluation process to be more equitable and community led” for local nonprofits, and they have increased their investment last year to those organizations “to a total of \$5.1M, a 44% increase year-over-year increase in Community Impact funding, as well as a 64% increase in grants awarded to BIPOC-led organizations.” And the three remaining “collaboratives” (Durham Collaborative to End Family Homelessness [DCEF], Durham Children’s Initiative, and Durham’s Early Learning Two-Generation Alliance) continue to thrive. From a historical perspective, there were 24 collaboratives (multi-agencies working together toward a common goal) in 2017, 17 in 2018, 10-12 in 2019, and since then they’ve whittled down to the current 3. In 2018, Eric informed us that though there were several collaboratives that were working well, there were many that were not proving successful, and some organizations within those collaboratives wanted out. Feedback included describing what feels like “a forced marriage,” and not enough funding for the effort required. He also stated that he did not feel comfortable “pitting” basic needs organizations against collaboratives (funding-wise).

The Anti-Racist Community Fund [ARC Fund]) to which the FMKF contributed in 2021, made its first disbursements last summer, granting \$600K to 29 nonprofit organizations in the form of Anti-Racism Accelerator grants and Anti-Racist Capacity Building grants.

Ten new leaders were welcomed to the 10 to Watch cohort (with 80% of the leaders serving Durham and Orange Counties). This is the second cohort of the initiative, and, based on lessons learned from the first cohort, this year, in addition to leadership development training for each director, the entire staff is participating in capacity building and team-based training.

Through their three pillars (Cradle to Career, Healthy Families, and Equity in Leadership), the UWGT serves more than 250K in the community. The Community Impact Fund (Cradle to Career and Healthy Families) supports individuals’ educational needs from early learning programs to college and workforce development and strengthens wraparound services to support families experiencing hunger, housing instability, health/mental health needs, and general safety. They accomplish this through the support of more than 90 organizations, altering the “inherently inequitable housing, food, healthcare, and educational systems that perpetuate poverty.” The UWGT is committed to ensuring that at least 50% of Community Impact funding is distributed to agencies under the leadership of someone who identifies as Black, Indigenous, or a Person of Color (PBPOC).

The Equity in Leadership pillar notes FMKF grantee Triangle Land Conservancy receiving support for its Good Ground Initiative, “which uses its conservation tools and resources to increase land ownership, retention, and economic opportunities for people of color.” The US News and World Report article noted in the request states, “Until 2021, the Triangle Land Conservancy would not have qualified for funding from the UWGT.” UWGT is continually thinking outside of the box and is always aware of community needs.

I would like to share a little additional information provided by Eric and his team at our Zoom meeting in February. He highlighted their Neighborhood Impact work, a project that came out of a previous \$500K grant from Peter Buffet and the NoVo Foundation for local community resilience

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building. From that grant, they designed the "Bold Vision" document (on file), which eventually gave rise to the Neighborhood Impact project, which just received an additional \$2.25M, three-year grant from the NoVo Foundation (the project will also be supplemented by \$2M of the Mackenzie Scott grant – the balance of Scott’s \$5M grant will go towards their traditional collaborative partnership organizations.) Chief Program Officer, Nick Allen told us, “The Neighborhood Impact project is a local attempt to "reimagine philanthropy," by putting a community and their needs front and center in the philanthropic process. The project has three buckets: people, place, and proximity. On the "people" side, the project will be investing in community organizers and leaders, in some cases not associated with 501(c)3s, and will provide resources, financial and non-financial, for helping them address needs and set up infrastructure for continued service. For "place," UWGT is pouring resources into specific communities across the Triangle, with Nick and Eric mentioning the Hayti neighborhood and the MacDougall Terrace neighborhood as examples. Finally, the "proximity" bucket features getting people who are interacting with systems (housing, food, schools, etc.) to the center of the grantmaking process. Eric emphasized the trust-building that has been accomplished over the last few years, noting how differently United Way is perceived now. Finally, Eric mentioned that UWGT is engaging in a five-year strategic plan and is doing its own anti-racism staff development, with a company called FrontLine Solutions (a Black-owned and led consulting firm).

UWGT published an impressive 2020/2021 Book of Impact that revealed \$5.1M allocated for the 2021/2022 funding cycle to 85 organizations under their 3 pillars:

- **Healthy Families:** \$2,420,000 total annual investment - Focus areas include affordable housing, food security, health (including mental health), and safety
- **Cradle To Career:** \$1,980,000 total annual investment - Supports individuals and families from birth to and through the workforce
- **Equity In Leadership:** \$675,000 total annual investment - Focuses on amplifying under-represented leaders and preparing the Triangle for the inevitable success of marginalized communities.

Three hundred thirteen local volunteers read and scored more than 284 applications based on potential impact, as well as focus on equity and anti-racism. Requests for funding totaled \$11.2M. It's worth noting that though the UWGT is no longer a “pass-through grantmaking” organization (or just basic needs funder), it does “direct agency” funding and provided \$3.1M in funding for nonprofits in Durham and Orange Counties in FY21 vs \$1.63M in FY20 (including support for FMKF grantees Book Harvest, Center for Child and Family Health, Compass Center, Durham Children’s Initiative, El Futuro, Emily K, Habitat for Humanity of Durham, Habitat for Humanity of Orange County, Housing for New Hope, Congregations in Mission, Student U, Students to Scholars, and Triangle Land Conservancy). I note that members of the “collaboratives” can request funding for the collaborative as a whole (and then decide who gets how much), and they can also apply for separate funding. **(JJK: Interesting model. I wonder how well it works when collaboratives decide for themselves...)**

The Board saw 6 members transition off and added 7 new members. David Reese, president and CEO of Durham Children’s Initiative and Alexandra Zagbayou, former executive director of Student U and now an associate professor at Duke, remain on the Board.

I followed up with Director of Foundation and Individual Philanthropy, Addie Moody and CFO, David Mills regarding DLK’s financial comments and categorization of grants. David let me know

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that he joined the UWGT team in June of 2021, and he would be categorizing grants (such as the Scott gift and Novo Foundation grants) as just that...grants (for audit purposes). He let me know that previous financial management was more inclined to represent those funds as “campaign revenue.” DLK asked me to inquire how many grants were received from private foundations in FY21. David provided the following, “Grants from private foundations: Mackenzie Scott, \$5,000,000; NoVo Foundation, \$250,000; John Rex Endowment, \$107,922; William Kenan Charitable Trust, \$400,000; F.M. Kirby Foundation, \$250,000. We have not fully reclassified all of our grants from FY21 because of issues with how our funding is reported to United Way Worldwide. Going forward we will fix this.”

Since I had mentioned the workplace campaign in my United Way of Wyoming Valley evaluation, it occurred to me to look on UWGT’s website where I found an application for employees. UWGT does indeed have a very active workplace campaign. Per David, “Last year our Workplace giving campaign brought in \$6.58M in contributions overall. That number is a little fluid because campaigns are generally two years long and include a combination of pledges and payments. I would add that the \$6.58M figure includes corporate support.”

Though the workplace campaign suffered some during the pandemic, “white-collar” employees from companies such as Deloitte, Bank of America, and PNC to name a few, continued their contributions. UWGT also has a workplace campaign presence at Publics (food chain) throughout the area, and Addie let me know that Publics has the largest UW workplace campaign in America.

I have much respect for the UWGT team and all they accomplish. I think they know best how to allocate their grant, so I recommend continued support at the budgeted \$250K as requested.

JJK COMMENTS: I am continually impressed by this United Way and the team we have met. They are innovative and fast-moving. One reads through the report with a palpable sense of the role they play within the Greater Triangle non-profit ecosystem. One of the more striking differences, I find, between this UW and its Northern NJ “cousin” is that UWGT, while focusing on the three pillars of Healthy Families, Cradle to Career, and Equity in Leadership, also exerts its influence by building the entire non-profit industry’s capacity through the ARC Fund and the 10 to Watch program. UWGT’s workplace campaign is another sign of its strong role (and recognition) within the community.

JFT notes all of the FMKF grantees that are *also* supported by UWGT. What’s more, as one looks at the list of their supported organizations, there are others that have been on our radar or we have considered, but for our own restraints, have been unable to bring into the fold on an individual basis. However, through our support of UWGT, we are able to support – quite efficiently, I might add – organizations we have considered, such as Durham Public School Foundation and Refugee Community Partnership.

Each time I speak to UWGT, I feel I learn something. They are creative, innovative, and entrepreneurial. They refuse to abide by the old rules of UWs while also refusing to stand by idly when help is needed.

I recommend \$250K, as budgeted and designated.

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FM KIRBY FOUNDATION Financial Statement Analysis

Grantee Name:	United Way of the Greater Triangle	Date:	3/31/2022
Prepared By:	DLK		
Grant Request Amt.	\$ 250,000	Type of Financial Report Submitted	Audit
Budgeted Amt.	\$ 250,000	Period Covered in Financial Report	FYE 6/30/21
Audit Firm	Cherry Bekaert LLP	Date of Report Issuance	11/10/2021
Opinion	Present fairly		
Basis of Acctg.	GAAP		
Current Ratio (Liquidity Ratio/Working Capital Ratio)	1.90	Amount of Unrestricted Net Assets (Operating Reserve)	\$ 4,385,614

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 6/30/21	%	Must Read Financial Statement Notes
A. Program Service Expenses	\$ 6,814,998	73%	Ideally program expenses should be at least 70% of total budget.
B. Management and General	\$ 1,407,963	15%	
C. Fundraising	\$ 1,143,254	12%	
D. Total Expenses	\$ 9,366,215	100%	

Comments/ Notes:

FY 22 Budget: The FY22 budget is projecting to break even vs a \$2.9M surplus FY21. Total revenues are budgeted to decline by \$3.1M (21%) from FY21. I note that on the budget they list \$5.4M in grants for FY21 whereas the audit shows \$358K in grant revenue so some must be residing in the campaign revenue line in the audit. The request asks for \$150K towards the Healthy Families and Cradle to Career programs (approx 3% of total program expense) and \$100K towards its Equity in Leadership program (approx 14% of total program expense). General operational expenses are budgeted to increase by \$697K (16%).

FY21 Audit: United Way of the Greater Triangle had a surplus of \$2.9M for FY21 vs. a deficit of \$48.5K for FY20. Total support and revenue grew by \$4.4M (56%). Net campaign revenue grew by \$4.7M (67%) - JoAnn was the MacKenzie Scott grant officially received in FY21? Grant revenue has continued its downward trend (\$358K for FY21, \$481K for FY20, \$683K for FY19, \$927K for FY18), perhaps due to a focus on campaign revenues? The F.M. Kirby grant of \$250K equates to 70% of UWGT's total grant revenue for FY21. Total expenses were up \$1.5M (15%), with program expenses increasing \$847K/14% and administrative expenses up \$551K/64%. Distributions to community agencies grew by \$482K/10%. United Way had investments of \$587K, of which \$238K were endowment-related, as of June 30, 2021. The Organization has a \$350K line of credit. As of June 30, 2021, there was no outstanding balance. In April 2020, UWGT received a PPP loan for \$307K. It recognized \$282K as miscellaneous income and \$25K as deferred income. The balance of \$25K was recognized as miscellaneous income in FY21. 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: Healthy Families and Cradle to Career impact pillars in Orange and Durham Counties-\$150,000; for 10 to Watch and Anti-Racism Community Fund initiatives within the Equity in Leadership pillar-\$100,000**
- Other:

Initials: ggk Date: 4/13/22

Check #: _____ Date: _____