

Shifting Landscape of Philanthropy

June 3, 2022

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LIZ ARNETT: My name is Liz Arnett, and I'm with the League of American Orchestras. I am currently working with the development team right now, and it's my fourth week here, so be fair with me.

Before we get started though with this incredible session, I would like to take a moment and introduce our sponsors, DCM. For 25 years, DCM has provided customized tele-marketing and tele-lending [?] campaigns with the orchestra fields. Their includes include many orchestras large and small, get excellent service, [UNINTEL] partnership, and most important-ly, results. DCM has continued to be wonderful supporters of the league. [UNINTEL] in which to thank them for their generous support. I'd like to introduce Will Lester, VP of new business and marketing for DCM to say a few words.

WILL LESTER: Good morning, folks. Liz said everything I was going to say, so I'll keep it re-ally brief. We're really excited to be sponsoring this year's league conference, and it's great to be back in person with everybody after the time away. The pandemic was an interesting chal-lenge for our company, trying to get ourselves back on the phones and back in front of your pa-trons. But we were especially excited to support this session, because engagement with your pa-trons is — has become more vital than ever, [UNINTEL] and hearing what they have to say, and being able to communicate directly the message about how your support is vital to sustaining the organization is what [UNINTEL].

And we believe what helped a lot of you provide vital funding through that really — real powerful time. So anyway, I'm going to stop talking, and I'm really hearing excited to hear what Chris and the rest of the panel have to say. But thank you everybody. Safe travels home tonight or tomorrow.

LIZ: Thank you, Will. I would now like to introduce Chris Looney, he is the principal managing director of CCS Fundraising. He has been a member and involved with the Giving Institute and Giving USA Foundation for over a decade. So I would like to introduce him and he'll introduce our panelists.

CHRIS LOONEY: Great, thank you so much. Good morning everyone. I hope everyone is doing great. Good. I want to make sure that you're all ready to participate, because part of this session is to include a pretty significant amount of time for discussion, dialogue, for you to ask your questions, and for our [UNINTEL] panel to answer those and provide you with their perspectives. It's an interesting topic, the shifting landscape of philanthropy. The only constant is change, right?

And I think we've all seen more changes than we were prepared for over the last several years. The only guarantee is that we'll see even more change, and different ways to approach fundraising in the future. And hopefully today's session provides a little bit of a lens into strategies that you might want to contemplate and employ in the work that you're going to do. I was actually asked to participate in this because of that relationship with Giving Institute and Giving USA. Those two organizations are responsible for publishing the Giving USA Report that many of you probably see coming out in June.

It's coming out in just a couple of weeks. So we'll have all new numbers reporting back on 2021. You'll have to bear with me when I kind of report a few of the numbers that were most recently reported in the last publication covering 2020. But importantly, there's also just some trends that I wanted to highlight, that we were able to discern from a survey that we recently completed just several months ago. [520 8th Avenue, Suite 2005, New York, NY 10018](https://www.americanorchestras.org) [1602 L Street, NW, Suite 611, Washington, DC 20036](https://www.americanorchestras.org)
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ago. But I am very privileged — let me see if I can advance the slide — to be joined today by fellow panelists, Antonia Hernandez and Susan Feder. We have a very in depth introduction of both of them in just a minute, so bear with me.

But I can assure you that those are very well positioned to provide the right sort of mindset and framework of a donor and a donor's perspective as we contemplate some of the things that we're going to be talking through today. But I do welcome our panelists, and we're all very ex-cited for what we're going to share. So let me just talk for a few minutes, I'm going to go through a bunch of slides very rapidly, but I want to cover a lot of ground just about the philan-thropic landscape today, specifically in the culture space, and hopefully position the conversa-tion that will follow, which is a period of time, of some facilitated questions that I'll ask, and then we'll open it up to everyone else.

So keep an open mind, and open ear, and be thinking about some questions that might come up to your mind as we go through this. But let me just start with the good news, that philanthropy continues to grow. You probably all know this, you saw the results from the last publication of Giving USA, giving at that \$471 billion mark. A substantial increase from the year before. An increase from the year before that. Philanthropy seems to be going great, except for the fact that we are dealing with the fact that, while raising more money, we're doing it through fewer do-nors. The reality in the landscape nationally is that fewer donors are just giving more money.

We're all struggling a little bit with how to acquire, how to retain, how to steward donors so that we don't lose those donors and can have the double win of raising more money from a smaller number of [UNINTEL] donors, but also generating substantially more [UNINTEL] participation levels. And it's important that we know from the effectiveness, giving effectiveness project, the fundraising [UNINTEL] project that was recently completed just last year, that from over 9,000 organizations

that were sampled, that giving in the last year and early this year is expected to have grown at least by a percent and a half or more.

So the signs are still very encouraging, that continued growth and giving is underway. But the devastating news I think for all of us was in that last report, that giving in arts and culture in that particular sector saw a 7.5% decline. And so while we can celebrate the fact that it was the eighth largest share of all of the different nonprofit sectors in terms of giving, and it was nearly \$20 billion in aggregate giving reported, it was one of the few areas that actually declined year over year.

And so it would be very interesting to see if that trend has continued in '21 or is continuing even this year, and I'm sure you all have your theories and thoughts about what that number might be reported for this past year '21, and what you're currently seeing now. But that's a challenge, to know that there is more money being given in aggregate, fewer donors, and within the arts and culture sector we're seeing a little bit of a downturn. So let me just kind of riff a little bit on this fall [?] survey that I was talking about earlier.

We were able to receive nearly a thousand responses from different organizations, 100 of which came from arts organizations. And it was important for us to kind of understand what was really going on on the ground late last year in philanthropy. And it was very helpful to us to understand what people were seeing, and we were able to then kind of more accurately refine the findings and some of the thoughts and thinking to the arts and culture sector specifically.

Of the 100 that participated in this fall survey, nearly half were performing arts organizations, which is important. And there were some major themes that came out of this survey that we conducted.

One is that there were certainly important, lasting impacts from the pandemic that are still being felt
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today. There was great optimism about fundraising in this current year, 2022. There were specific opportunities that were identified as we emerged from the pandemic, and start thinking about how we do things better, or build back better.

And clearly, there was the reality that DEI [?] was on the minds of every single participant that we have. So let's start with the lasting pandemic impacts. And we recognize that some things are likely to fade in terms of the approaches of institutions during that time. But I think that there are certainly things that will continue to be beneficial and last throughout. Like the fact that we can, today, have a meeting that is both in person and virtual, as I understand that we're streaming right now, live-streaming via Zoom.

So that wasn't necessarily something that we had contemplated that we should do previously, and now it just seems so common. And as a matter of fact, like of course you would. Like, why would you not? So things we took for granted we certainly won't going forward. But I think one of the major highlights of the pandemic was how important it became, or was thought to be, to have reserves, and endowments during these times of uncertainty.

And there was this great quote, at the beginning of the pandemic our organization had next to no cash reserves, so we made cash reserves a priority and assuring we can handle whatever comes our way. And I think too many organizations, especially in the arts world, were caught flat footed, and devastated by the fact that so much of the earned revenue was disappearing. So clearly, this is going to be something that we believe is a lasting impact of the pandemic, the focus of providing for reserves or assuring that reserves exist, and growing endowment dollars.

And over half of these arts institutions reported that COVID itself really changed that for them. And we're going to be continuing to focus on that going forward. Obviously we know that most arts organizations pivoted to virtual programming. Nearly all respondents hosted virtual programming during the pandemic, virtual events, performances, exhibits. And among those who produced virtual programming, about two-thirds plan to continue it concurrently with in person operations.

And this also includes the more fundraising focused events, friend-raising events, and other events that would allow for cultivation activities. And there was this understanding that those virtual events really did have extraordinary benefits. There was 86% of respondents felt like these virtual events helped retain their donors, and another 82% felt like it had helped expand their reach, and then another nearly 60% said that these virtual events helped them retain sub-scribers.

So I certainly understand and feel like virtual opportunities help you gain greater participation levels from a broader audience. And I was surprised to see the level of engagement and participation at the board level, that — to find the increases in board participation during the pandemic because of a virtual offering where there wasn't a requirement to travel, there wasn't a requirement to at least logistically think about how to make a board meeting in person. It doesn't mean that board meetings aren't necessary and important in person, but I was obviously surprised by how effective board meetings became during this more virtual environment.

And obviously I think we all appreciate the fact that in this new era there is an expectation that there will be more hybrid work. A combination of in person and virtual work, which I don't believe that there is a sense of concern necessarily about that, but a lot of flexibility and optimism about what can happen when there's the opportunity to potentially more efficiently work when commute times are

eliminated somewhat. I know the concern though, of course, is just what happens when you're not eyeball to eyeball with a prospective donor.

So I think that there's probably some very different rules for those individuals that are working at the [UNINTEL] major gifts [?] level, and the expectations that they might have in terms of their more in person work versus some of the other functions that exist in development, where it's more reasonable and feasible to spend that time virtually. But there is extraordinary optimism about the future in fundraising, and what I wanted to report out is that the most optimism really seems to be in the area of mid-level giving, where about 63% felt like that was a great opportunity. Another 56% from events now that they were able to return to in person. And 55% in major gives.

And I'm happy to flip this deck over to anyone following the events so you can have some of these statistics, and obviously we'd love to make this fall survey available to you as well. And fourthly, most organizations are contemplating campaigns. So a huge number, nearly 70% are either planning for, involved in, or coming out of a major campaign. That is historically way above what you would normally have seen in a typical year, pre-pandemic. But because of the sort of pent up demand that exists because of a failure to launch campaigns during the pandemic, substantially more organizations are about to [UNINTEL] campaigns.

The prioritization of DEI is obvious to all, and I think one of the themes that will come out or emerge from these conversations is the significant number of donors that expect to be hearing more from your institutions about how you are making your DEI planning and priorities a reality. And that DEI prioritization comes in many forms. The first is the importance of having those strategies within your overall strategic plan. The expectation that most organizations are, in fact, including DEI concepts, DEI objectives in their strategic plans.

But also the reality that almost all organizations are talking to their donors today at some level about DEI and the work that the organization is doing to improve in those areas. What was interesting is the fact that most participants of the survey mentioned that they believe that the boards themselves are among the greatest places to see change within DEI, that if you're going to really put effort into DEI, it needs to start with leadership, and you need to be better representing the community through your boards.

So a lot of effort and a lot of work being done at that level to see change. So what are the opportunities? I want to be real quick so we can transition to our conversations, but what are those opportunities? Importantly, the list here, you can see or maybe not see because it's pretty small, but the top three or four areas where folks thought there was greatest opportunity for fundraising success in the future, and the greatest need that existed for fundraising within the arts and culture community was first and foremost with donor acquisition.

How to acquire new donors. Secondly, retention and stewardship. Third, the hiring and retention [UNINTEL]. Then leveraging data to help make better decisions. And then the list goes on. They're all important, and all things that I think should be on the top of your mind as well, including DEI, including gift planning, including data management issues, the shifting interest of donors, which I think speaks directly to the topic of conversation.

How we're pivoting to more of a digital world in our space of the arts. How to deal with budget cuts. Securing major gifts that don't include cash assets, and a number of other priorities. So with these as food for thought, let's get into more of a dialogue, more of a conversation with our funders, our panelists. And we start with Susan Feder. So allow me to introduce you briefly. Susan, as you

probably all know, is a program officer with the Mellon Foundation in the arts and culture program space. And obviously works specifically with performing arts and related organizations. And has been with them for many years.

SUSAN FEDER: Fifteen.

CHRIS: Fifteen. Many, many years. And when not working on behalf of Mellon, is vice president of the Amphion Foundation, sits on the board of grant makers in the arts, the Kurt Weill Foundation, and the Charles Ives Society, and is on the advisory council for the [UNINTEL] Fund, among other incredible achievements and also activities.

But what we wanted to do was just ask for your general thoughts and impressions and ideas of [UNINTEL] specifically, what can you share with the audience, what would you want them to know about the current philanthropic landscape.

SUSAN: Thank you. It's great to be here, and I'm delighted to talk about this. I thought just to start by making a distinction between donors and [UNINTEL].

[OFF-MIC CONVERSATION]

SUSAN: Okay, sorry. I want to begin just by making a distinction between funders and donors. Now, when I put my QR code in for the League Giving Day yesterday, it's as a donor. And these are emotional decisions, they are built on relationships. Funders [UNINTEL] and my officers, and so I

make very different plans and evaluations when deciding whether to [UNINTEL] or not. And it's not my decision to make at the end of the day. So I just wanted to put that forward.

I was asked to provide a national perspective, and relative to orchestras that's a small group, as you probably know. I've worked closely over the years with the National Endowment of the Arts, just to [UNINTEL] funding projects. But the other national funders are not primarily in the orchestra space. Think about the [UNINTEL] Charitable Foundation with missions defined by its founders, and [UNINTEL] jazz and theater and dance, but not music. The [UNINTEL] Foundation is also another funder that I've worked with closely over the years, but they fund [UN-INTEL] cities.

So no one in the NEA are, to my knowledge, [UNINTEL] in the national space. Building on your remarks, I just want to say that one of the big headlines in the changing landscape of philanthropy has been relative to the [UNINTEL] distribution. And it was a pandemic bright spot that many of the national funders looked at their distribution processes, and realized that this was a moment of emergency, that we were coming [UNINTEL] market, and could afford to put more than the five percent.

Mellon is a foundation with approximately eight point something billion dollar assets. Our grant making budget had been about \$300 million a year, in 2020 that became \$500 million, that's across all of our program areas. And our trustees have kept that going for the past two years. And I would wager that, unless there is a huge continued market downturn, that this will persist, that there's a feeling that we shouldn't be holding on to all of our assets, even those of us that are in perpetuity foundations.

And I think another thing that funders have learned over the time I've been at Mellon is that organizations need to budget to surplus. And I remember being on a panel like this [UNINTEL] some years ago, and saying this. [UNINTEL; LAUGHTER] you don't want to give us money for budgeting surplus. And I think it's been — this was led by grant makers in the arts, but a real education for funders about the need to think about the difference between climate and weather, that the weather was the day to day, and the climate was the long term, and that adding, as I said, cash reserves and other forms of capitalization were very important [UNINTEL] help the organization [UNINTEL] funding.

And we have made a number of cash reserves grants particularly. We had a trustee who felt that endowment funds was not where Mellon should be, and [UNINTEL] endowment campaign, but that the feeling [UNINTEL] could invest our assets more strategically and more effectively than organizations with small endowments. So we have encouraged capitalization [UNINTEL] over the past decade or so. Trustees [UNINTEL; LAUGHTER] toolkit. I guess you talked about DEI. We talk more about social justice, and our president, Elizabeth Alexander, prioritized this. This is something she said to our trustees, that had to happen if she was going to take the reins.

And this means that we are lifting up the stories of artists, scholars, writers, curators, researchers, and cultural advocates who have too long been ignored or even silenced in the fields of big fund, and many of whom work with nonprofit organizations that have been made financially precarious by our ongoing global crises. But DEI, in our minds, is a verb, it's not a noun. It's a process, not a goal. And it's not a numbers game. [UNINTEL] grantees, equity is the driving force, culture is the frame, and belonging is the goal.

So when we talk about putting more people on our board of color, or put more on our stages, or more programming, belonging, inclusivity, making people feel welcome, is a very important part of what we look for. We talk about being authentic. Everyone can put out a statement that DEI [UNINTEL] living its values. So as I say, in the kind of due diligence we do as a funder, these are the kinds of questions we are asking, [UNINTEL] platform for this, but how is it mani-festing in your organism, across your organization.

So I think one of the questions you posed is how do the grantees compete with [UNINTEL] pri-orities, and I think it's, again, demonstrating value [UNINTEL] including meeting with them where they are, programming that reflects our contemporary cultural experiences and de-mographics, helping educate the next generation of cultural omnivores to the beauties and de-lights of orchestral music. And the other thing that [UNINTEL] changing spotlight of philan-thropy. That even with increased assets, we have been asked to look across our portfolios and we are constantly saying, okay, how long have we been with this fund, this grantee, are they do-ing work in alliance with our strategic values and priorities.

Who are we missing who is not at the table. And that's resulted in a real rethinking and refresh-ing of our portfolio, which is very exciting. We do have the capacity to take long term [UNIN-TEL]. Multi-grant — multi-year grants in multiple cycles. And I think we're best when we are catalyzing activity, and showing [UNINTEL; BACKGROUND NOISE] helps fundraising on a local level. I just want to close by saying I'll be spending the week partly here, and partly fur-ther downtown at the Latino Theater Company. We are developing an initiative representing Latino theater, and mimicking — not mimicking, complementing a grant we made in 2020 to establish the [UNINTEL] theaters. And that was from — in each case [UNINTEL] five million dollar investments on our [UNINTEL] grants for us.

But listening to the Latino Theater Companies to say — they told us, and this has stuck with me, we make something out of nothing. They came from nowhere, they built in communities, not owning their spaces. [UNINTEL] Latino Theater Companies, \$2.3 million. These companies have been around for 50 years. And I wonder, 50 years after Mellon made endowment grants to the 30 largest symphony orchestras, what if we could follow with endowment grants to theater companies, ballet companies, small dance companies, [UNINTEL] companies, would our sector be [UNINTEL] doing that.

So as most of you know, we've been thinking more about the future of orchestras, and their presence, and the work we're doing with young musicians of color, in a pre-college and training here is to try and make the landscape more inclusive and more competitive. But when you say the arts and culture sector is large, performing arts are the largest giving area, that it's a growing landscape, and to me that's very exciting. So thank you.

CHRIS: Terrific. And what a great introduction, and I know that the questions are just formulat-ing in people's heads. So be prepared. But before we get to questions, let me next introduce a personal hero of mine, Antonia Hernandez. And I say that because I should have mentioned that Los Angeles is my home, I'm born and raised here in Southern California. And so I get a lot of opportunities to work with organizations not just in the arts, but across the full spectrum. And the California Community Foundation is sort of always there, always present, always playing a role in the elevation of the nonprofit space and the work that [UNINTEL].

And so Antonia is, as I mentioned, president and chief executive officer of the California Community Foundation. And is nationally regarded for her expertise in immigration, civil rights, and philanthropy, and has spent more than four decades advocating for social justice, and improving the lives of the

underserved communities in Los Angeles County and beyond. Since 2004, Antonia has served as president and chief executive officer of the foundation, which is one of Southern California's largest and most active philanthropic organizations, which has served Angelenos for more than 100 years.

So the foundation partners with more than 1,600 individual, family, and corporate donors, and holds assets of more than \$1.7 billion. So there's a lot going on at the California Community Foundation, and we're very fortunate to have her here to share with us a little bit more about the sort of local perspective, and how that also needs to be considered as you think about your own fundraising efforts. So welcome Antonia, and please share with us some opening remarks.

ANTONIA HERNANDEZ: Well, thank you very much. And it's a pleasure to be here. I wanted to sort of amend what Elizabeth said. Prior to being the head of CCF, for 23 years I was the head of a national civil rights organization, and I was advocating social justice, and particularly immigration and other issues that were not extremely popular with philanthropy. And the road is very narrow. The number of national philanthropies that are focused on certain issues has narrowed, and more and more.

So the good news for me is that when I [UNINTEL] the California Community Foundation, I came to it because I wanted deep roots in the local level. And I will tell you, that's what the future is for [UNINTEL]. It's at the local level. Let me tell you a little bit about CCF. Our piece of dirt, that's what I call it, my piece of dirt, is LA County. All 10 million people. It is the most diverse place in — on earth. If it exists on earth, it's here in LA County.

And if you include Orange County, San Bernardino, Riverside, and Ventura County, you're talking about an [UNINTEL] population of 17 million people. And if you folks have traveled LA, LA is a state of mind. You don't know on the freeway when you cross into Orange County or when you go up into 520 8th Avenue, Suite 2005, New York, NY 10018 1602 L Street, NW, Suite 611, Washington, DC 20036 americanorchestras.org

Oxnard or whatever, it's just this perception. So — and I'm not an An-gelino by birth. I came here in 1956. So with the exception of six years when I lived in Wash-ington, D.C., this is my imperfect paradise.

We have challenges [UNINTEL] you can see walking down the streets, but it's one of the most exhilarating, exciting places here. So I'm going to touch on sort of five points that I want you to sort of keep in — you know, sort of in the back of your head. First of all, local donors. I have over 1,600 donors. From donors who have a fund of \$100 million to a donor who has \$50,000, which is our minimum. And so I can see the range. One of the challenges that I had when I started at CCF, and you know, one of the reasons that I wanted to sort of run a community foun-dation, is I wanted a change.

And listen to this, the perception of the givers and the perception of the takers. Think about that. Because I knew that I had to diversify the donor base. That was my goal. And when I looked in my donors when I joined CCF, basically they looked like the audience here today, right? And I knew that I couldn't grow CCF. And when I took it over, I had \$550 million. Today we're at \$2.6 billion, okay? And it's been very focused. Very focused. And one of the interesting things about CCF, which makes it very unique, is that we have about 49% donor directed, and about 45% unrestricted.

You know, and from a local community foundation, I'll give you some statistics. Last year, we raised over \$635 million. We gave out close to \$400 million. And I would say about 75% of that came from donors, local donors. I would say that 95% of my donors are locally based. And what Elizabeth said is absolutely true. It's a relationship that gives. Donors give to people, and donors give to place. And you've got to keep that mind. People and place. And after people and place, then it's sort of a — whatever their passions are. But you've got to keep that in mind.

And we focused on the poor and the vulnerable. That's what we focus on. And we do have fund-ing from the arts. But my second point is arts donors are very siloed. Very, very siloed. Only visual, only performance. I have a donor who had gave us a legacy for fixing organs [UNIN-TEL; LAUGHTER]. So that endowment is going to last a very long time. [UNINTEL; LAUGHTER]. But if you have an organ to fix, you know, [UNINTEL; LAUGHTER].

The other point is DEI. I don't talk about DEI because it's the right thing to do, or it's the hu-mane thing to do, or the in thing to do. It's more than social justice. In LA County, wealth is very dispersed. And if you travel into LA County, and you're going to the San Gabriel Valley, most of the wealth is in the Asian community. If you look close to UCLA, it's in the Iranian community. If you go into, you know, mid-Wilshire, it's in the Korean community, and the La-tino community, and you name the communities.

Wealth is becoming very diverse. And one of the challenges that you have here is that you say that the numbers of donors are getting smaller, and they're giving more. Well, they're getting smaller because the white population's getting smaller, okay? And if you don't seek out and know and understand your demographics, and go after those demographics, it ain't going to grow, okay? And so DEI to me is a necessity. I have to have a board that looks like LA County, I have to have a staff that looks like LA County, so when I go and reach out to these donors, they see themselves in the organization.

They see themselves as they belong in the organization. So to me, it is really important as to how you look at this whole issue of DEI. It's not okay for you to put one or two people on the board, it's a necessity that you put more than that. Because those are the people who are going to open the

doors for you to new funders. So you know, as we talk about sort of the changing demographics, demography doesn't lie. The United States of America will be a very diverse population, even if not a single immigrant comes into the country today or tomorrow. That's our future and that's where [UNINTEL] are.

And then, the final point is this. Think about your audience. You have a perception, we have a perception problem. Who goes to Stephanie? Population is [UNINTEL]. And the challenge is how do you diverse — you know, diversify. But the second one is, you've got to go to them. They're not going to come to you, okay? You've got to perform and have, you know, concerts that are relevant to the communities, that respect and respond to the demographics of your community.

And if you do that, you go to the — you go to where the people are, they will come to you. And you know, for better or for worse, culture is an expensive thing, you know, talking about eco-nomics. I'm on a board, and we offer services, and we know that in order to attract a person, that [UNINTEL] has to earn over \$50,000, otherwise we're wasting our time. Understanding the value and how you're going to make it affordable to a certain part of the population. And I think that that's something very important.

So it's not just going out there in the community, being seen, being heard, but also affordability. Because, you know, if you don't, you're going to limit — and they said that the biggest giving was in the mid-level. Well, if you want an audience, you've got to think about a program that attracts that income population. You know, as far as donors are concerned, if you don't ask, they're not going to give to you. It's so simple, and it's so basic. And if you don't maintain your relationship, it's not going to work. You know, once in a while, hi, how are you — I tell my husband that I'm so tired of events. Oh my god, am I tired [UNINTEL; LAUGHTER].

And you know, even tonight we have an event, and I have to host [UNINTEL] board members and my donors. We're in the people relation business, and we have to just accept that that's what we do, and understand that from a donor's — let me just tell you a funny story. One day I got a check, unsolicited, by this individual that had saw me at a program at, you know, like two o'clock in the morning on some public, you know, program. And he sent to me a \$50,000 check.

And I — you know, as a fundraiser, I had to know who that person was right away, right? I was on it in no time. It was this nerdy mathematician. Over a 15 year relationship he gave me \$257 million. Not me. You know, CCF. But it took that relationship, and it was not just after the [UN-INTEL], at first it was [UNINTEL]. But I loved building that relationship, understanding this nerdy, you know, awkward mathematician whose social skills were not exactly up to par.

But a wonderful human being. And if you saw him off the street, you would have never known he had the capacity to give me \$257 million. So don't judge, just build that relationship, offer good service, be reflective of the community you represent, and you're going to succeed at fundraising. Thank you.

CHRIS: We've got some questions. Do we have some questions? Okay, so I'm going to come down and grab the mic, and then go [UNINTEL] questions for the next 15 minutes or so. And if there's a lull, I'll just have to jump in, and ask some questions of my own.

FEMALE VOICE: [UNINTEL] orchestra. I just wanted to [UNINTEL PHRASE; LAUGH-TER]?

FEMALE VOICE: What?

FEMALE VOICE: Does she [UNINTEL; LAUGHTER]?

[OFF-MIC CONVERSATION]

FEMALE VOICE: Equity is the driving force. Culture is the frame. Belonging is the goal.

FEMALE VOICE: Thank you.

CHRIS: All right. Who's next?

FEMALE VOICE: [UNINTEL]. My question is for Susan. We have a [UNINTEL] endowment for our company, and [UNINTEL] been very, very restrictive. And what you said about increasing your availability to do your mission, is there a number that you would recommend for organizations? You know, we're all saving for rainy days, for the future [UNINTEL] future. But how much of that should we be sending now?

SUSAN: It's a great question. I think that there are a lot of factors at play, and I think it's how is it invested, and what your returns are. I think you want to make sure your returns are more than your distribution so that in a [UNINTEL] market, you have some flexibility. But you are presumably in perpetuity institutions, and you have to think about that long game, and that — and your endowment as that tool. I remember back in the 2008 recession, and [UNINTEL] when we give the number about distributions, and that's a short term response.

So I agree with Antonia, that you should be instead looking to diversify and build up that donor base, and put money into that endowment. Some institutions [UNINTEL] look at something, they call it a quasi-endowment or a spend down endowment, but I think you're better off having a healthy cash reserve and drawing from that rather than your endowment and then replenishing it [UNINTEL].

FEMALE VOICE: I'm [UNINTEL] for the [UNINTEL] Symphony Orchestra in Orange County. We have a specific diversity, and how do you get out of [UNINTEL] — how do you get out into an area that is more diverse when you're in a specific area that is, you know, mostly [UN-INTEL] for the most part?

ANTONIA: I don't have the specific numbers for Orange County. Is that Orange County?

FEMALE VOICE: Yes.

ANTONIA: Okay. Orange County has the same level of diversity as LA County. It is as diverse. And so the challenge is how do you get to know those communities. They exist. And in fact, I will tell you, Shelly [?], Shelly was my counterpart in Orange County, she runs the Orange County Community Foundation, would give you a very good sense of that diversity. I just wanted to sort of, as an aside, June 1st we celebrated our 107th year birth day.

But you know, and we have — we try now to — as a community foundation, we try not to [UN-INTEL]. So if I have someone from Orange County who wants to come to us, we first give it to Shelly. The same thing, there's — there are 30 community foundations, and every one of them has a community foundation in your community. And you should have a relationship with that community foundation,

no matter how small, no matter how large. And one of the value adds — you know, sort of — I have all these donors, they could go to Fidelity and the fees are a lot cheaper. They can go to Schwab, and the fees are a lot cheaper, okay?

So what's the value added that a community foundation offers? Knowledge of the community, knowledge of that piece of dirt. And so I would suggest that all of you get to know your community foundation. Because they might not have money for your specific — but they have a very good understanding of that — the community that they represent. The community foundations are place based institutions, and that's the value added that we bring, is knowledge of my community.

You know, when I put a board member on our board, I tell them by the time [UNINTEL] you will have the equivalent of a PhD of LA County, okay? That's what they get. So I would say Shelly Hoss, that's her name, Shelly Hoss, and she has a very good sense, and would tell you where those diverse communities are.

FEMALE VOICE: How do you spell her last name?

ANTONIA: Shelly?

CHRIS: H-O-S-S.

ANTONIA: H-O-S-S, there you go. Her last name. Shelly Hoss. Orange County Community Foundation.

MALE VOICE: [UNINTEL] Jackson, New Jersey Symphony. How do you help boards move through the fact that diversifying the board and network and wealth of that individual [UNIN-TEL] are not mutually exclusive?

ANTONIA: It's a perception problem. And I will tell you, bringing in one diverse person on to your board ain't going to change your board. Okay, I'm bringing two people, and you can't put the onus or the burden on this one person, you know, to represent that totality of big community. Once again, is really — unfortunately the onus is on the executive director or the head of what-ever — of your institution, to understand and know that — where the wealth is.

And it's not that hard. You have to think about it from a perspective of — that wealth is also diversified. And so understanding your community. And then, you know, one of — let me back-track. The interesting thing is like, okay, they would come to me. "Where are the wealthy Lati-nos?" Like I had a directory of [UNINTEL; LAUGHTER]. And that's not the approach, okay? It's — if you know the community, if you know the businesses, like I said, you know, wealth is very deceiving.

You know the wealthy people who exhibit the wealth, but you do not know the wealthy people that do not exhibit the wealth. And I think that that's where you battle with this [UNINTEL].

SUSAN: I'll just add to that, I was nominated to be trustee of my alma mater some years ago, and I was like, I can't give. And they said, "Well, look at your time, talent, and treasure." So I think there are various assets that potential board members can give [UNINTEL]. I believe it was the LA [UNINTEL] that some years ago, that endowed two of its board seats so that [UN-INTEL] the more diverse members could be at the table, and not feel pressured to cut those large checks. So there are creative ways to approach this problem.

ANTONIA: You know, the other thing I could tell you, when I ran the civil rights organization, and this is harsh, okay? So I had a philosophy. Give, give, or get out. And you have to, in a very nice, polite way, enforce it. But from a board perspective, they have two responsibilities. Governance and fundraising. If you're in a nonprofit board, that's why you're there. And it's the capacity to give. It's the capacity to give. I'm on the [UNINTEL] board, I'm not there [UNIN-TEL] and I know that.

I'm there because I have access to wealth sometimes, okay? So understanding why you're on that board, and your obligations. The worst thing that you could do to a person that cannot give [UNINTEL] whatever it is, putting them on the board, is very humiliating, okay? It is very humiliating. You know that they're giving what the others give, and if you don't know why you're on that board, it's not an easy feeling. I can tell you this, I've been there.

FEMALE VOICE: [UNINTEL]. This question is for Susan. Why do you think that national funders for music have been narrowing in the past [UNINTEL] decades [UNINTEL]? And then where [UNINTEL] opportunities for [UNINTEL] music in the foundation space?

SUSAN: It's a great question. I don't think they were ever large in the first place. And [UNIN-TEL] as a 53 year old foundation, the endowment grants I referenced earlier [UNINTEL] legendary [UNINTEL] sixties and we followed in the seventies with [UNINTEL] grants. [UNIN-TEL] are a symbol of [UNINTEL] pride, privilege and wealth historically. And I think that orchestras got very comfortable with that, and I think that they rely on that kind of narrow donor base, performing a — with wonderful excellence stay largely western, white male, classic repertoire. And if you [UNINTEL] orchestras to respond to the 21st century, not the 19th at this point, I think the LA Phil does that magnificently.

And that it's, you know, obviously — and money follows [UNINTEL]. The LA Philharmonic doesn't have the largest orchestral endowment because it does most effective fundraising, it's because it has these relationships and responds to their community to understand [UNINTEL] 21st century. And that's not necessarily in its concert halls [UNINTEL]. [UNINTEL] was a risk when [UNINTEL] started, and I think it's core to — I think Chad said this the other afternoon, it's core to everything about the LA Philharmonic. And that's authentic relationship.

And donors and funders will sniff out if it's an authentic relationship. How long have you been in this game, are you doing it because it's coming from the internal, or are you only doing it because you're getting funding.

MALE VOICE: Good morning, my name is [UNINTEL] symphony association [UNINTEL]. [UNINTEL] most important session for me having been in the development space for 30 years, and seeing trends change and shift. So my question for you is, what are your thoughts about trust based philanthropy, and how and when are foundations and institutions going to shorten the length of time that it takes from request of need to money received?

ANTONIA: Now, that's something we've been working on for quite some time. First of all, I'm from Pasadena. We give multi-year, we give general operating. And this is the way I look at philanthropy. I'm an enabler on behalf of CCF. The real work happens with you folks. If I'm funding orchestras, that you're the worker. So I see my relationship as a partnership, and that's all that it is. It's a partnership where there has to be trust between both of us.

And you know, you talk about a relationship with a donor, so the relationship with my grantees. And the space on trust and understanding, minimizing the data requirements, minimizing like the time in 520 8th Avenue, Suite 2005, New York, NY 10018 1602 L Street, NW, Suite 611, Washington, DC 20036 americanorchestras.org

which, you know, you [UNINTEL]. And you know, when I was at [UNINTEL], I had a fantastic relationship with the Ford Foundation. 25% of my budget came from the Ford Foundation.

[UNINTEL] board member, every program officer. I mean, people thought I lived in New York, okay? Because I was there, and you know, I had all of — you know, Carnegie, you name it, all those. And I had that relationship where I wasn't always putting a pretty face, everything's peachy keen, oh, I'm just doing wonderful, my budget is perfect. No, I'm barely making pay-roll, and really need that money now, okay?

Or this is not going well. Because it's a partnership. And the more that the grantees trust you so that you can give them the real scoop, that's the authenticity that [UNINTEL] was talking about. That relationship. So from a community foundation perspective, our success comes from the success of our grantees. Because you know, I'm just a fiduciary of funds that somebody else gave for the good of LA. [UNINTEL] money, and sometimes funders and philanthropy program officers think it's their money, but it's not their money, okay? They're just vehicles for giving.

And so, you know, I don't know how you define trust based philanthropy. I defined it as a partnership. And in order for me to succeed, my grantee has to succeed. And that's the way I look at it.

MALE VOICE: [UNINTEL].

SUSAN: Yeah, I think that it's a learning process for us all. I can speak for Mellon in that we have tried to become more flexible in the timing of our grant making. The emergency grant making we did in 2020 I think was very educational. And we converted most of our grants that year to general

operating. We just said, we know you can't do your projects, and we know you need the money now, and we're going to do that. And I think that was an education for our trustees. It's like, oh, this is okay, we can trust our grantees to get on with the things they need most.

We are simplifying our proposal processes, we're simplifying our board presentations. Many of our grants don't even go before our board anymore, they're decided by our officers and our board chairs so we can get the money out the door 10 times a year rather than four times a year. And we're trying to make our reporting processes easier. Bear in mind that some of the people that we're looking at now have disabilities that make it — or they don't have access to the technology that makes an online application easier. And so we're trying to be responsive.

I have 300 active grantees, it's hard to be as responsive as I'd like to be, but we're doing our best. We've increased our staff size, and we have simplified our processes. But our trustees, you know, are custodians of that money also. It's not their money [UNINTEL]. So trust base is a complicated concept.

FEMALE VOICE: Hi there, I'm Lindsay [UNINTEL]. I'm [UNINTEL] orchestras in Pittsburgh, Pennsylvania. And about two years ago I was doing a session with about 40 arts organizations in Pittsburgh, and the [UNINTEL] was awesome. And all those board members, and it was fantastic, and he says, "Do you know what universities do? They have 40% overhead on their grants. You should do that. You should stand up for yourself and your needs with your funders and ask for 40% overhead." And I stood up and I said, "Can you do that? Can you go tell them that?" And he said, "Oh no, I can't do that. [UNINTEL]."

So my next meeting, I walked in there, and I said, “So he said I should ask for 40% [UNIN-TEL]?” And they said, “Oh no, [UNINTEL] 80%.” And I just am curious about this conversation about overhead, because I feel like, you know, when you’re talking about programming grants versus general operating, and I think that one of the shifts I saw during the pandemic at least was like [UNINTEL] suddenly we’re valuing people and payroll because it takes people to do programming. I’m just wondering if you can speak to the national conversation at the funding level about overhead, and the appropriate amount, because sometimes it feels like dirty to ask for overhead, like I’m so sorry I had to turn the lights on [UNINTEL; LAUGHTER].

SUSAN: We’ve had lots of conversations at [UNINTEL] about overhead and indirect costs, and [UNINTEL] diversity, which is our [UNINTEL] we do not get 40%. [UNINTEL; LAUGHTER] and when I make a grant to a university, and they ask for an administrative overhead fee, I say, “No, this money is going to my grantee, the department that we’re working with.” With that said, overhead can feel like a black hole, but you know real expenses. And I think if you are transparent about what those real expenses are, which includes sometimes renting space, or you know, your accountant’s involvement in working this, and I think if you’re transparent about that — what that is rather than saying I need 20% or I need 40%, you can build it into a grant, direct administrative costs. [UNINTEL] again, I think people are increasingly sympathetic to that need.

CHRIS: And last question? That’s okay, because it’s 9:13. And I think you all know that. But let me do this, let me just really quickly wrap up with a couple of concluding thoughts. But as I gather my thoughts [UNINTEL]. Let’s thank our panelists for [UNINTEL; APPLAUSE]. I’m glad we had that opportunity. The answers were amazing too, and I’m sure they will welcome any follow up questions immediately following. But let me just give you a couple of takeaways, and then we’ll adjourn. Susan, would you mind sharing and quoting again, equity is the driver, okay? Because I thought it was so good. And if you have — okay.

SUSAN: I will do so, but this time I will need to attribute it. I came from the Oakland Department of Cultural Affairs. And we have put cultural activists, [UNINTEL] strategists into departments across Oakland. And it was just last night I was reading the press release announcing this. So I believe it's Roberto Bajoyo [?], who is the culture affairs commissioner, and quoted, "Equity is the driving force, culture is the frame, and belonging is the goal."

CHRIS: Super important, and I'm sure that it would be important to exhibit that sentiment and reality through your proposals, and in your work with your donors. But Let's remember some of the things we heard. Giving is local. It's a relationship that gives. Arts donors are siloed. We need to understand and know those demographics. DEI is more than just something we need to do, it's an imperative.

Organizations need to be more inclusive. The future is diversity. Wealth is certainly becoming more diverse, as they said. Money follows vision. Money follows vision. So there's a lot of real-ly great takeaways. Hopefully these or some others were important to you. I'm so grateful for you just spending a little bit of time with us. Thank you so much. I hope everyone has a great rest of the conference. And just one more time, if you wouldn't mind thanking our panelists. [UNINTEL; APPLAUSE] adjourned. Thank you all.