

BARRINGTON AREA COMMUNITY FOUNDATION

Winter Newsletter 2005

PRESIDENT'S COLUMN



Norval Stephens

I expect that you get appeals this time of year that say "we need...." I tend to respond, as you may, to those that tell us what their programs are, not just what they *need* to do.

That is why BACF focuses laserlike on helping the charities that have identified an unmet need *and tell us how they have plan to address that need.*

On November 16, our Grant Review Committee met with our local charities to explain the process we use to *invest* your donations for the betterment of the community. You will find a report from that meeting in this newsletter.

Bob Jensen, chair of the Grant Review Committee, emphasized that we do not get into programming. We will provide seed money for their programs. As he told the leaders, the more successful they are in addressing unmet community needs, the more successful we will be in raising money for them.

As we close the year, we can proudly report having more than \$1.5 million in *your endowment*. We seek to warrant your support and hope you will take advantage of the envelope in this newsletter to include BACF in your year-end giving. Thank you.

GRANT APPLICATION REQUESTS FOR 2006 ARE AVAILABLE NOW

Each year, BACF grants 5% of its net assets averaged over the trailing 12 quarters based on requests received from local charities. For 2006, the amount will be approximately \$61,000, up from \$45,000 in 2005, an increase of 35%. The final amount will be calculated and released in February. Grant applications are now available on our website www.barringtonareacommunityfoundation.org. Instructions for completing the applications are also on the website. The deadline is April 15, 2006.

NEW TAX LEGISLATION ON YEAR-END GIVING

Congress passed legislation raising the tax-deductibility of cash contributions to charities, from 50% of Adjusted Gross Income to 100% for such gifts made before December 31, 2005. Congress wished to encourage hurricane relief contributions but the change applies to all IRS-recognized charities, such as BACF. Consult your tax advisor on how best to use this option.

Directors: Young Chung, Kim Duchossois, James Fitzgerald, Kay Gillespie, Laurence Gott, Jonathan Hamill, David Hirsch, Robert Jensen, Sue Kainz, H. Michael Kocmond, James Lancaster, Gerald Nadig, David Nelson, William Noyes, Marilyn Patrick, Glenn Reed, Gilbert Reich, Frederica Smith-Pederson, David B. Smith, Donna N. Smith, Norval Stephens, Gillian Stoettner, Charles Sweet, David Waring, George Yapp

I'LL MAKE A BIGGER DONATION "SOMEDAY"

by David Hirsch

There is an old Hindu proverb that reads:

*"They who give have all things;
they who withhold have nothing."*

Most people want to give more, but maintain an inherent fear that holds them back.

Throughout one's life most hold back on giving, with the thought that "I'll get around to it *someday* when I'm more financially secure." Those who do donate, typically do so in modest amounts and to charities they have a connection with. This connection could be an alma mater, a hospital or organization that cared for a loved one, an organization seeking a cure for a debilitating disease, or a charity doing work that is aligned with a donor's religious or philosophical beliefs. Keep in mind, most charities need more money, NOW.

As one approaches retirement, and hopefully that 'financially secure' point in time, new thoughts begin to arise. "Will I have enough to live comfortably?" "Do I have a cushion in the event of unforeseen emergencies?" "What if I outlive my assets?" In summary, the loss of earnings power obscures their goal of being more generous.

For generations, the common wisdom has been "live on your income and avoid invasion of principal." This financial philosophy has merit, but is a bit flawed when accompanied by the competing objective of being more generous. It presupposes one should die with his or her portfolio intact. If we knew with some precision how long we were to live, it would be easy to calculate how much we could afford to spend on ourselves, donate to the causes or charities we want to support, and leave a specific amount for our heirs.

As a result and historically, very few get around to making larger gifts, when in fact they could well afford to donate 1-2% of their principal every year for at least the last 30 years of their life. That would equate to an additional \$10-20k more per year for every \$1 million of assets available.

There is no time like the present. We all know you can't take it with you. And remember, someday is NOT a day of the week.

David Hirsch is a BACF board member, a SRVP with Smith Barney, and did a fellowship with the W.K. Kellogg Foundation where he studied what motivates people to be philanthropic.

COMMUNITY FOUNDATIONS REPORTED STRONG GROWTH IN 2004

Of 637 community foundations in the US reporting, BACF ranked 557 in terms of assets. Here are some of the other comparisons based on 2004, the latest reporting year.

The 637 community foundations received \$4.2 billion in gifts, a growth rate of 9 %. BACF received \$349,600, a gain of 35%.

The foundation field granted \$3 billion, an increase of 14%. BACF granted \$45,900, up 44% over 2003.

The field's net assets increased to \$39.4 billion, an increase of 13%. BACF had an increase in net assets to \$1.4 million, a gain of 35%.

Now, we are quick to point out that a very small, new foundation will probably have a growth rate greater than larger, more well-established foundations. BACF is just now seven years old.

The three largest community foundations:

New York Community Trust	\$1.9 bil
The Cleveland Foundation	1.6 bil
The Chicago Community Trust	1.3 bil

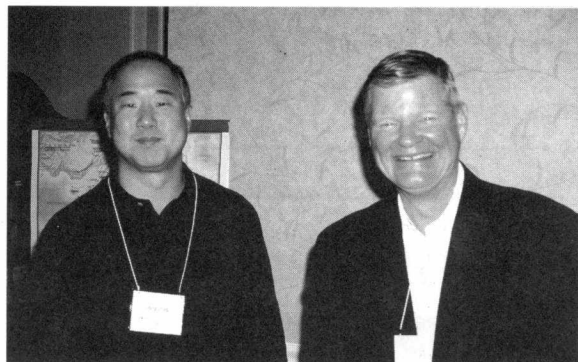
The three foundations receiving the most gifts:

Tulsa Community Foundation	\$271 mil
Peninsula Community Fdn (CA)	156 mil
Comm. Fdn. of Silicone Valley (CA)	137 mil

The three leading foundations in terms of grants:

New York Community Trust	\$187 mil
Peninsula Community Foundation	116 mil
Greater Kansas City Comm. Fdn.	97 mil

CHARITY REPRESENTATIVE HEAR HOW TO APPLY FOR A GRANT—AND REPORT THEIR FUTURE NEEDS



Young Chung, Foundation Director, and Dick Hicks, Barrington Career Center

On November 16, at the Barrington United Methodist Church, 30 local charity representatives met with directors of BACF to hear an explanation of our grant procedure, receive answers to their questions, and to share what they believe will be their future needs.

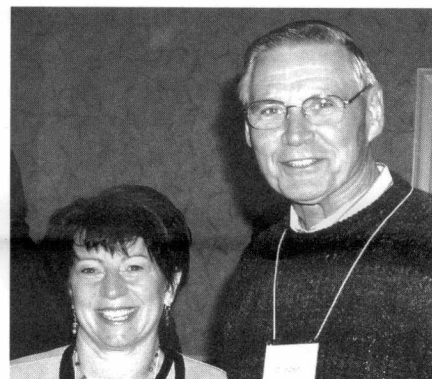
The BACF board felt we needed the meeting as much as the charities did. After all, if we are going to address unmet needs, we should listen to those organizations at work in the community, the ones to which we have been granting your funds.

Bob Jensen, chair of the Grant Review Committee, walked the participants through our one-page grant request form and reviewed how the seven-person review committee evaluates each request on its purpose, the need it will

meet, its uniqueness and the expected results. Grants will not be made for programs that are duplicative of other programs, that are for on-going operations rather than to address an unmet need, or that come from organizations that are primarily tax-supported.

However, if the grant is for a computer, phone system or other device that would help the charity better meet its goals, we will consider this as we have for the Career Center, the LaFarge program, Barrington Area Council on Aging and the Little Sisters of the Poor, as examples.

Several charities said their needs were for on-going funding. Our answer is two-fold: on-going support is the province of the Barrington Area United Way, but we would help by counseling on fund-raising. A number of other local and area sources of funding were also mentioned.



Monica Keane and Bill Zeplin, Barrington Career Center



(Left to right) Rebecca Darr, WINGS/Junior Women's Club, Chrissie Mena, Junior Women's Club, Shari Worrell, Auxiliary Good Shepherd Hospital, Wini Schenzinger, Auxiliary Good Shepherd Hospital

We also heard that new members on boards and committees often lack the skill and knowledge needed to be an effective board member. That may be an area in which we could help, but we noted that the Barrington Area Development Council presents a very valuable Leadership Academy for board and committee members in March of the even years.

Dick Hicks, Barrington Career Center, called the meeting "very valuable for us now and for our planning." Joyce Wisniewski from Family Service of South Lake County wrote "We look forward to working with you and accessing your experience. This was a very informative meeting."

BARRINGTON AREA
COMMUNITY
FOUNDATION

107 Fox Hunt Trail
Barrington, IL 60010

RETURN SERVICE REQUESTED

COMMUNITY FOUNDATION WEEK

The Village of Barrington and all the villages combined in the Barrington Area Council of Governments (BACOG) proclaimed the week of November 8-12 "Barrington Area Community Foundation Week," following the national proclamation of that period as Community Foundation Week in the United States.

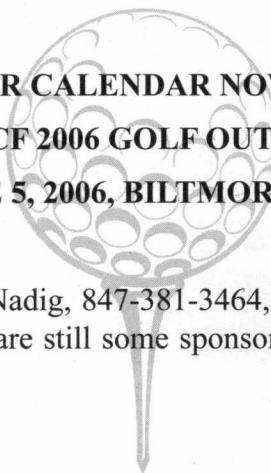
We were proud to have this recognition from our local governments. Community foundations are the fastest growing form of philanthropy in the country.

IN THIS ISSUE

- Report on our Charity Forum
- Plans for 2006 Grants
- Some new slants on giving
- Tax benefits of giving cash this year

**MARK YOUR CALENDAR NOW FOR THE
BACF 2006 GOLF OUTING
JUNE 5, 2006, BILTMORE CC.**

Contact Jerry Nadig, 847-381-3464, for more information. There are still some sponsorships and four-somes open.



BARRINGTON AREA COMMUNITY FOUNDATION
(Federal Tax ID #36-4244673)

Please accept this addition to your endowment (which you will never spend, only the proceeds based on distributing 5% of net assets averaged over 12 quarters)

\$ _____

- ☐ I have enclosed a matching gift form from ___ my or ___ my spouse's employer.
- ☐ I have publicly-traded stock to donate, please contact me.
- ☐ I want to make a multi-year pledge. Please send the form.
- ☐ I would like to discuss a restricted fund within the Foundation.

Name _____ Phone _____

Address _____ e-mail _____