ANNUAL REPORT

2018

Ann Arbor Area
Community Foundation
The Ann Arbor Area Community Foundation (AAACF) is a nonprofit organization with a broad community mission: enriching the quality of life in Washtenaw County. More than half a century ago, residents established the foundation as a permanent source of community capital. Think of us as a savings account for the community, with proceeds from our endowed funds distributed as grants for local nonprofits and scholarships.

AAACF connects people—advisors & their clients, individuals & families, groups and organizations—to accomplish their charitable goals, especially through the power of endowment.

AAACF AT A GLANCE

- 17 Trustees
- 12 staff
- 400+ volunteers
- Classified as a public charity
- Among 10 largest of Michigan’s 63 community foundations
- Fastest-growing foundation of any type in Southeast Michigan

AAACF connects people—advisors & their clients, individuals & families, groups and organizations—to accomplish their charitable goals, especially through the power of endowment.

SINCE OUR 1963 FOUNDING:

$127M+
total assets

12,000+
grants & scholarships, totaling

$57M+
Our Community’s Continued Generosity

Having a strong source of permanent community capital ensures our community’s continued vibrancy through uncertain futures and allows us to leverage our endowment for sources of funding beyond grants, such as low-cost loans for nonprofits.

In 2018, we began implementing the initial impact from two extraordinary acts of community generosity from 2017: the estate of Helmut Stern ($16.2M) and establishment of the Glacier Hills Legacy Fund ($18.3M). We also saw another strong year for local philanthropy: $7.2M.

Funds of all types were created by individuals & organizations, from current gifts & realized bequests, to honor & memorialize, and to support specific nonprofits & the entire community.

A directory of funds is available on our website: aaacf.org

IN 2018:

$7.5M+

in grants & scholarships, an all-time record

$7.2M+

in gifts & pledges, including

30
new funds
By 2040, the number of adults age 60+ in Washtenaw County is projected to double from 2010, to 110,000—with the portion of seniors living in poverty doubling also—and our age 75+ population will triple. **Life for everyone in the future will be shaped by how we respond now to these demographic opportunities.**

**The Glacier Hills Legacy Fund**

The Glacier Hills Legacy Fund at AAACF benefits senior adults in Washtenaw County—especially those at-risk and with low incomes—in perpetuity. It was created through the intentional generosity of Ann Arbor’s Glacier Hills Senior Living Community and Trinity Health Senior Communities of Livonia, Michigan. 2018 marked the first year of grants from the Fund, projected to distribute more than $650,000 annually toward local senior initiatives.

The Glacier Hills Legacy Fund Committee wanted to build upon the strengths of our growing senior population by encouraging innovation in serving them. The committee had the foresight to provide a large infusion of capital into our local community immediately through the **Vital Seniors: A Community Innovation Competition.**
Vital Seniors: A Community Innovation Competition

The $2.5M initiative, the largest of its kind in North America, was designed to catalyze high-impact innovation and create enduring outcomes for vulnerable seniors and their caregivers in Washtenaw County. The competition named 10 Washtenaw County nonprofit finalists that each received $20,000 capacity-building grants, mentorship and workshop opportunities. More than 8,000 people voted in the People’s Choice Awards in October after viewing videos from the finalists.

In total, six awards were announced at the Vital Seniors Community Celebration in November 2018:

- **Vital Seniors Grand Prize of $500,000:** Ypsilanti Meals on Wheels, in partnership with Habitat for Humanity of Huron Valley

- **Ralph C. Wilson, Jr., Foundation Caregiver Prize of $250,000:** Area Agency on Aging 1-B

- **Vital Seniors Innovation Award of $100,000 for a Small Organization**: Chelsea Senior Center

- **Vital Seniors Innovation Award of $100,000 for a Large Organization:** Jewish Family Services of Washtenaw County

- **Vital Seniors People’s Choice Award of $50,000 for a Small Organization:** Chelsea Senior Center

- **Vital Seniors People’s Choice Award of $50,000 for a Large Organization:** Jewish Family Services of Washtenaw County

* Small organization > $1M budget; large < $1M.
Youth Empowerment

**YOUTH COUNCIL:** Ann Arbor high schoolers determine $80,000+ in grants annually to support local youth programs, services, and projects, and conduct a community-wide needs assessment every three years. Look for news about Youth Council celebrating its 30th Anniversary beginning in Fall 2019 and expansion of membership County-wide!

**YOUNG CITIZENS AWARDS:** These scholarship awards—supported by the Robert Bruce Dunlap Memorial Fund and in partnership with *The Ann Arbor News*—recognize Washtenaw County high school students who demonstrate outstanding community service.

Giving Circles

Giving Circles harness the power of collective giving as members pool their resources and make grant decisions, drawing upon AAACF’s community knowledge. The Community Foundation has three giving circles that represent a range of young professionals and families with young children.

**NEXT GENERATION PHILANTHROPISTS (NGP):** AAACF’s giving circle is creating a permanent named endowment fund and continuing current grantmaking.

**ANN ARBOR SOCIAL CAPITAL FUND:** Children of the members also meet to learn about philanthropy and to make their own grant decisions.

**TREE TOWN:** AAACF’s newest group continues a giving circle tradition of members volunteering as well as contributing financially.
AAACF through its Cultural Economic Development (CED) program is committed to growing our local economy through the Washtenaw County nonprofit arts & culture sector, which annually produces more than $100 million of direct economic activity.

We recently sought to understand how residents across Washtenaw County view the arts & culture landscape by holding six community conversations and art-making gatherings involving more than 100 people. Based on this direct input from residents—what we term “community voice”—our Board of Trustees expanded the CED strategy to focus on (1) Activating the artistic & cultural identity of all people in the County and (2) Ensuring a fundamental level of access to arts & culture for everyone. We partnered with CultureSource to award new grants of up to $30,000 each, renewable once for such initiatives “In Our Neighborhood.”

**Our Opportunity:** Arts and Culture is the connective tissue of community whose well-being depends on risk-taking, diverse expression, and representation of the many and varied identities in Washtenaw County.

**VISION**
1. Activate the artistic and cultural identity of all people in Washtenaw County.
2. Ensure a fundamental level of access to arts and culture experiences for all people in Washtenaw County.

**FOCUS AREA: Neighborhoods**
Centers of activity, identity, and connection within Washtenaw County that can be based on geography, identity, vocation, & more.

**Strategies**
- Connecting
- Convening

**Collaborators**
- Navigators
- Nonprofits
- Artists & Culture Makers

**IMPACT & OUTCOMES**
1. 100,000 new audience members and/or participants are catalyzed in nonprofit arts and culture events in Washtenaw County, MI.
2. $115M in annual economic activity is catalyzed by arts and culture nonprofits in Washtenaw County, MI.

CED grants have catalyzed 59,000+ new audience participants = $1.6 million in new local economic impact!
The majority of Helmut’s $16.2 million gift has been established as a permanent endowed fund—the Helmut Stern Community Legacy Fund—that will be distributed in perpetuity through annual competitive grants and support for nonprofits. To incentivize others in the community to follow Helmut’s example of estate planning and philanthropy, AAACF allocated $2 million of his gift to be distributed through the Stern Legacy Challenge: two matches that both honor the intentions of endowment, broad community impact, and philanthropy in perpetuity.

Several nonprofit endowment funds were created in 2018 to benefit beloved organizations, including:

* A full list of our 125 nonprofit endowment funds is available on our website: aaacf.org

The Stern Nonprofit Endowment Match

In August 2018, AAACF launched the first challenge, which matched new gifts to existing nonprofit endowment funds held at AAACF at 50% up to $50,000 per nonprofit. In just 5 months, 145 donors and 50 nonprofit organizations raised $1 million for these permanent funds—augmented by an additional $500,000 in matching dollars!

AAACF is proud to partner with 125 nonprofit organizations to host their endowments.* This arrangement allows nonprofits to focus on their core missions while drawing upon ours: endowment management expertise. Nonprofit endowment funds help diversify revenue streams and provide sustainable annual income.
The Stern Legacy for Community Impact Match

AAACF has allocated $1.5 million of Helmut's gift to match new documented planned gifts (future gifts made through your will or estate, also termed legacy gifts) to benefit permanent funds of AAACF at 50% of the projected gift value, up to $50,000 per donor, through a new Community Impact current fund named for you (the donor) or a loved one.

Simply by discussing and finalizing your future plans with us, you can know that Washtenaw County is being helped currently (and forever!) through unrestricted grants from a permanent fund you named! Essentially, we are renaming dollars that would be distributed annually under the Stern name with the names of others who follow his example in legacy planning. By all accounts, Helmut was so humble and generous and wanted to see others be philanthropic that he would welcome this “sharing” of recognition.

We term our named, unrestricted endowment funds (which start at just $5,000) “Community Impact Funds” because unrestricted resources produce the greatest possible impact and future flexibility as our community evolves. Our competitive grantmaking comprises 150+ of such named permanent funds that are collectively pooled for greater impact and distributed as a percentage annually to nonprofit grantees, as determined by a committee of community volunteers.

AAACF awards general operating support grants to nonprofits that demonstrate strength in leadership, finances, and programs so that they can continue to excel, and also awards capacity-building grants. Search all our awarded competitive grants through aaacf.org!
The Community Scholarship Program

Since anonymous donors kick-started the Community Scholarship Program (CSP) in early 2016 with a $1M gift to create the Level the Playing Field Fund under the CSP umbrella—along with a $250,000 match to encourage broad community support for this local scholarship program, the community has indeed responded! In addition to the Level the Playing Field Fund, CSP is now supported by 19 other named funds,* including several significant funds established in 2018 as new scholarships or as conversions of existing funds to support CSP.

The Community Scholarship Program provides multi-year scholarships for local students from low-income families; students of color; and first-generation college students. Because the goal is not to distribute scholarships but to graduate students, CSP provides a dedicated “success coach” for recipients to encourage successful navigation through their educational journeys.

* See the full list of CSP funds: aaacf.org/CSP-Funds

EMU professor, Dr. Carmen McCallum, is conducting a four-year evaluation of the college success coach component of CSP and spoke at our 2018 CSP Luncheon sponsored by Dykema.
The Community Scholarship Program represents many wonderful partnerships for its administration and funding, including two significant partnerships created in 2018, its largest fund to date and its first corporate named fund:

**The Virginia A. Forshee Scholarship Fund for Women of Washtenaw County**

Community Scholars already demonstrate retention and persistence rates that exceed those for the target population. **In 2018, 33 scholars from the 2016, 2017 and 2018 cohorts collectively received more than $85,000!**
Total Assets

Total Assets December 31, 2018 ................................................................. $127,367,298
Total Assets December 31, 2017 ................................................................. $134,906,037

Revenue, Gains, and Support

Gifts and Pledges ........................................................................................................ $7,243,872
Adjustment for “Assets Held for Others” ............................................................... $(993,329) (1)
Net Investment Revenue and Other Income .............................................................. $(6,149,611)
Total Revenues, Gains and Support ........................................................................... $100,932

Expenditures

Grants and Scholarships ............................................................................................ $7,551,726
Adjustment for “Assets Held for Others” ............................................................... $(188,442) (1)
Administrative Expenses ........................................................................................... $1,890,669
Total Expenditures .................................................................................................... $9,253,953

Notes to Financial Information

(1) Every year AAACF receives gifts and makes grants associated with funds defined under accounting rules as “assets held for others.” Although these are actual community transactions, AAACF’s audited financials exclude them from gift and grant totals.

Investment Returns (Annualized)

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<th>1 YEAR</th>
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Accountability

We are pleased to make available more detailed information regarding our operations upon request. AAACF’s operations are governed by a volunteer Board of Trustees composed of community members who bring a broad range of professional expertise in guiding AAACF’s work.

An independent financial audit, conducted each year, currently by Plante Moran PLLC, will be finalized and approved by AAACF’s Board of Trustees at their June 2019 meeting.
Asset Allocation (at 12/31/18)

The Power of Endowment

Over time, the power of permanent community capital produces amazing returns. Through diligent stewardship by AAACF, our permanent funds have consistently maintained their inflation-adjusted value over time while granting out well over their original gift values.

THE OSCAR REIMOLD FUND

Established in 1980 with a bequest from local businessman Oscar Reimold, this field of interest fund awards grants to support seniors who live in Ann Arbor. Priority is given to programs that address basic needs support for seniors—including food, clothing, shelter, and medical care.

Original Gift: $448,000
Current Fund Value*: $1.4M
Total Grants Awarded*: $1.4M

*As of 12/31/18
The May 2019 AAACF Annual Community Meeting marks the transition of several outgoing members from the 2018 Board and new Trustees and Board Officers.
AAACF is proud to host the Ypsilanti Area Community Fund (YACF) as its only affiliate. *The Ypsilanti Area Community Fund* was established in 2001 by leaders of Ypsilanti who wanted a permanent source of community capital, an endowment devoted to the Ypsilanti area that could be used to enhance the community in perpetuity. After celebrating its 15th anniversary in 2016, leaders of YACF helped define a vision for the “foundation within a foundation” for the next several years.

**YACF Impact Statement**

Every family in the Ypsilanti area will thrive by gaining access to programs and services through collaborative partnerships across sectors that measurably increase health outcomes and educational attainment leading to economic well-being.

To help realize its powerful vision, YACF adjusted its grantmaking in 2018 to support collaborative projects through two large multi-year grants. These two efforts are led by Community Action Network and the Family Learning Institute. The YACF Advisory Committee is evaluating the impact of these grants and ways to further expand its impact across the Ypsilanti area.

*In 2018, AAACF transitioned administration of its Plymouth affiliate, the Community Foundation of Plymouth, to the Canton Community Foundation to focus solely on our mission of serving Washtenaw County.*

YACF celebrated its endowment for the Ypsilanti Historical Society with a joint reception in September 2018.

YACF welcomed several impactful new funds in 2018:

- Arts-in-Ypsi Fund
- LaRue Clarke Family Fund
- Arthur G. Erickson & Louis P. Porretta Educator Impact Fund
- Vicki L. Reaume & Family Fund

YACF Advisory Committee, led by co-chairs Lynette Findley, PhD, and Eric Geiser.
2018 AAACF STAFF

Neel Hajra  
CEO  
nhajra@aaacf.org

Shelley Strickland  
VP—Philanthropy  
sstrickland@aaacf.org

Katelyn Videto  
Philanthropic Services Manager  
kvideto@aaacf.org

Zac Smith  
Business Intelligence & Systems Coordinator  
zsmith@aaacf.org

Jillian Rosen  
VP—Community Investment  
jrosen@aaacf.org

Chris Lemon  
Sr. Community Investment Officer  
clemon@aaacf.org

Maryellen Ferro  
Community Investment Officer  
mferro@aaacf.org

Katie Van Dusen  
Community Investment Associate  
kvandusen@aaacf.org

Jamie Hunter  
CFO & VP—Operations  
jhunter@aaacf.org

Janis Holloway  
Staff Accountant  
jholloway@aaacf.org

Diann Moses  
Gift & Records Coordinator  
dmoses@aaacf.org

Rachel Huang  
Coordinator  
rhuang@aaacf.org

Ann Arbor Area Community Foundation
301 North Main St., Suite 300, Ann Arbor, Michigan 48104
734.663.0401  |  info@aaacf.org  |  aaacf.org