

2011 ANNUAL REPORT



Fertile Ground

Defined by the Cambridge Dictionary as

“a situation or place which produces good results or a lot of ideas.”



Mission

We honor the legacy of our founders, Jay & Rose Phillips, by supporting efforts that address the unmet human and social needs of individuals, families and communities that have the least access to resources.

Grantmaking Priorities

1. We concentrate on efforts that help people in poverty attain economic stability through:
 - **Employment** – helping low-income individuals advance toward stable, living-wage careers
 - **Housing** – helping low-income individuals access quality affordable housing
 - **Education** – expanding access to high quality childcare for working families, and helping high school students transition to post-secondary options,
 - **Transit** – ensuring access to and availability of quality affordable public transportation.
2. We address anti-discrimination efforts focused on:
 - **Advocacy for LGBT rights**
 - **Advancing equity for all races and religions**
 - **Access to affordable reproductive health services**

Dear Friends,

At the end of our 2010 Annual Report, we described our community as fertile ground where we were committed to seeding good work and watching as new life sprouts and grows. In that same report we also described how the Foundation had refocused its priorities and shifted to a more entrepreneurial style that would provide our staff with more flexibility to solicit cross-sector partners and leverage our resources to test out new approaches to help people in poverty attain economic stability, while also incenting systems change efforts where barriers created obstacles for people working towards betterment for themselves and their families.

With this annual report, we present the first in what we believe will be many “good results or ideas” as newly sprouted seeds that are firmly taking root and showing great promise to advance our priorities. On the following pages you will read about what’s happened and what we’ve learned after our first year of the Phillips Sectoral Employment Initiative (PSEI), a new effort focused on supporting five leading nonprofit workforce development organizations to expand and improve their industry-focused job training programs. We also share some preliminary reflections on a number of policy and systems change efforts funded by the Foundation that address supportive housing, racial disparities in employment, and the need for a 21st century transit system. And we continue our involvement in the Start Early Coalition, a multi-funder effort to improve early childhood efforts in Minnesota to ensure all children and families thrive, and the Central Corridor Funders Collaborative, a collection of local and national funders working with others to unlock the transformative potential of the new light rail transit line between Saint Paul and Minneapolis. Finally, we continue to support a number of anti-discrimination efforts aimed at fairness and equity for many of the most disenfranchised of our community.

It has been a fertile and productive year, but we only accomplish what we do because of the many community partners and grantees who actually tend and nurture the soil in which these seeds are planted. Our gratitude and thanks goes out to them, too many to name here, but many are mentioned in the articles that follow or in the grants list towards the end of the report. We also thank our staff – Patrick Troska, Joel Luedtke, Tracy Lamparty and Alana Stimes – who do the heavy lifting and keep the Foundation focused on identifying the right seeds to plant in the most fertile fields.

There is still much work yet to be done. Un- or under-employment among the poorest in our community continues to be high; access to quality affordable housing remains a challenge in these tough economic times; and the public transportation system remains grossly inadequate for low-income and transit-dependent people seeking to take advantage of opportunities throughout the region. We remain steadfast in our commitment to nurture ideas that work and explore partnerships with stakeholders who share our values and strive to build a community where everyone has the opportunity to build their best possible life.

With Sincere Gratitude,

The Trustees and Staff of the Jay & Rose Phillips Family Foundation of Minnesota

Phillips Sectoral Employment Initiative

Grantees & Targeted Sectors

Transportation
HIRED

Healthcare
International Institute of Minnesota
Project for Pride in Living
Resource INC

Construction
Summit Academy OIC

2011 Preliminary Results

Increase in number of individuals being trained through PSEI for in-demand jobs:
109 New Trainees

Increase in PSEI grantee funding from other sources: **\$1.2 million**



Advancing stable, living-wage careers

The Phillips Sector Employment Initiative (PSEI) strategy we began pursuing in 2011 is perfectly suited to this moment and this market. Jobs are still hard to come by and employers are demanding more skills and better credentials—even from entry level employees. PSEI works for two reasons:

- It matches supply to demand, aiming job training programs directly at economic sectors with the most job potential, and
- It includes employers in program design to ensure graduates have precisely the skills most needed.

At graduation, participants can walk right into jobs...and employers are glad to get them.



Female graduate, Summit Academy OIC

Last year, we saw promising growth from the seeds we've planted. Our five PSEI grantees began to hit their stride—aided by eight AmeriCorps VISTA members we placed with them through a partnership with the Corporation for National and Community Service. As data show, the programs we're supporting have clearly expanded their reach. There are more classes, more seats, and more students benefiting from high-quality job training. It's still too soon to claim significant

increases in graduation rates and employment rates, but we are carefully tracking those numbers and have high hopes for the next few years.

Sector employment work takes a long-term commitment—it requires time to season and mature. Not only does organizational capacity have to increase, trusting relationships have to be built with employers and training curricula have to be finely honed to meet their needs. For a program to be efficient and thrive over time, there also have to be strong connections with higher education institutions. A great example of how powerful those connections can be is HIRED's bus driver training program in the northern suburbs of Minneapolis, where individuals get trained at an adult education facility, then licensed by the state and hired by bus companies at that same place. That kind of service integration really helps workers get off to a quick start.

"By developing programs with stackable credentials and partnering with technical/community colleges, we can help adults enter career paths where they can not only obtain employment but continue life-long education."

Jane Samargia, executive director, HIRED

"This year at Summit Academy, 202 of our graduates found living-wage employment. Two-thirds of them found their jobs themselves because of the training and support they received."

Louis King, President and CEO, Summit Academic OIC

The rigor, quality, and timeliness of our grantees' training programs open up new job prospects in fields hungry for workers, such as healthcare, transportation, and manufacturing. These programs also reach populations with high barriers to employment, which was one of our big goals. For instance, Summit Academy's most recent "Women Wear Hard Hats Too" construction course had the highest number of participants yet, with a completion rate of 80% and a job placement rate of 100%.

Because we believe PSEI is a smart investment, it's gratifying to see other Twin Cities public and private funders now supporting these grantees as well. That's just what we hoped for, to achieve greater scale. One thing we pay close attention to is a grantee's ability to find other funding sources that support PSEI work, and we're seeing that in the past year they've become more aggressive, resourceful, and well positioned to do just that.

Some of that new energy comes from the AmeriCorps VISTA members. These individuals provide additional capacity so grantees can seek more funding, extend their reach, and improve their services. Summit Academy's VISTA member made great strides in outreach, organizing weekly brown bag lunches for prospective participants, recruiting industry professionals for presentations, and coordinating a field trip to a job site. VISTAs have helped the International Institute of Minnesota to not only increase the number of its placements last year, after years of decreases, but also to reduce the time between graduation and placement by 24%. That means one less month graduates have to wait for their first paycheck.

The Foundation will continue to support and track these kinds of powerful impacts as PSEI moves forward and will report these results to the community in the coming years.



Nursing program classroom, International Institute of Minnesota

Improving Supportive Housing Access & Availability

Supportive Housing is a proven model to help struggling and homeless families and individuals stabilize their lives. In Minnesota, an estimated 14,600 adults are served through supportive housing programs annually, a staggering number to be certain, but one that falls woefully short of demand. While convening supportive housing providers in 2010, we heard two things loud and clear: We need more supportive housing and we need better ways to connect those needing it to appropriate housing. As a result, the Foundation decided to respond in two ways.

Since early 2011, we have been convening representatives from Ramsey, Dakota and Washington Counties, the state of Minnesota, Heading Home Minnesota, HousingLink and independent consultants to explore the idea of a centralized system of referral to supportive housing. Our discussions have been productive, helping us examine the pros and cons, efficacy and need for a centralized system that could provide better access for prospective users while collecting quality data on demand that could drive future policy discussions. We have now engaged a technical design firm to work with us to design and build this system, with a projected roll-out date of late 2012 or early 2013.

To address the shortage of affordable housing, we supported a number of policy efforts to pump more funding into the system. During the 2012 legislative session, our support helped Minnesota Coalition for the Homeless, Minnesota Housing Partnership, the Metropolitan Consortium of Community Developers and others coalesce around a shared campaign that resulted in \$37.5 million in bonds for affordable housing, foreclosure prevention, supportive housing and the preservation of privately owned federally subsidized housing. This is a record one-time investment that will serve between 2,100 and 4,300 Minnesotans in need.

Addressing Inequities in Employment

We are learning many hard lessons from the recent recessionary years. Chief among them is that race still means a lot when it comes to economic, housing, education and transportation opportunities. We are not living in a post-racial nation. Racism didn't fade away with the election of our first African American president – quite the opposite. African Americans, Latinos, and Native Americans have experienced disproportionate job losses, foreclosures, and declines in median wealth during and after the Great Recession.

These negative trends will not continue forever- not for the community at large and not for people of color in particular. Yet as we look to the future with optimism, we also know that a rising tide won't lift all boats equally. Effective, targeted public policies will be needed to ensure that people of color benefit from future economic growth.

An encouraging recent example is the state Department of Human Right's decision to raise diversity hiring and contracting goals for future state-funded projects like the new Vikings stadium. Thanks to the outstanding advocacy of the HIRE Coalition and others, these kinds of policies will create thousands of new job opportunities for skilled workers of color. We're very pleased to support HIRE through grants to the Alliance for Metropolitan Stability and remain on the lookout for new opportunities to promote racial equity through community organizing, research, and advocacy.

Advocating for a 21st Century Transit System

Too many low-income people in our region rely on a grossly underfunded and inadequate public transportation system that was built for a different era and a different economy. While good jobs are created outside the core cities of St. Paul and Minneapolis, cross-town or off-hour commutes make accessing these jobs by low-income people nearly impossible. Owning an automobile costs the average Twin Cities household 20% of their annual income. For low-income households, this is unaffordable. A world-class, 21st century transit system would provide access to opportunities throughout the region for all citizens and increase the economic stability of those with low incomes. However, the resources and the political will to expand the system are not adequate at this point in time, a challenge we decided to embrace.

In 2011, we funded two efforts focused on increasing funding for transit in order to build and operate the 21st century transit system we need to move people throughout the region. Transit for Livable Communities is focused on organizing the citizenry to educate and put pressure on policy makers to increase funding to build and operate an expanded transit system. The Minneapolis Regional Chamber of Commerce in partnership with the St. Paul Area Chamber of Commerce is working to educate and mobilize the business community to call for additional investment in a transit system that supports and grows regional access to economic opportunities for all people. Over the next two years, these two efforts will work hand in glove to build the political, civic and economic case for additional resources and an expanded transit system that meets our region's needs far into the future.

Policy & Systems Change Work

Cultivating Long-Term Impact

Over the last year, the Foundation has placed greater emphasis on public policy and systems change work in our efforts to help people in poverty attain economic stability. These three examples provide an insight into ways we believe our limited resources can have long-term impact to benefit those among us who are the most disadvantaged. None of these efforts is finished, but we are committed to supporting them for the long haul.



Grantee Organization	Project Title	Amount
ACLU Foundation of Southern California	general operating support	\$3,500.00
Aдах Jeshurun Congregation	a customer relationship management system	\$14,000.00
African Medical & Research Foundation	general operating support	\$9,000.00
AIDS Project Los Angeles Inc.	general operating support	\$2,500.00
Alliance for Metropolitan Stability	HIRE Minnesota	\$25,000.00
Allina Health System	The Backyard Project	\$50,000.00
Alzheimer's Disease & Related Disorders Association	A Night at Sardi's	\$5,000.00
American Jewish World Service	general operating support	\$10,000.00
American Red Cross Twin Cities Area Chapter	Minneapolis Tornado Relief	\$25,000.00
Amicus	general operating support	\$25,000.00
Arc Greater Twin Cities	general operating support	\$25,000.00
Asian Economic Development Corporation	Transit organizing in North Minneapolis	\$15,000.00
Athletes Committed to Educating Students	general operating support	\$3,000.00
Baby's Space A Place To Grow	general operating support	\$5,000.00
Beit T'Shuvah	general operating support	\$2,000.00
Bet Tzedek	general operating support	\$3,500.00
CARE	general operating support	\$7,166.00
Century College Foundation	Scaling-Up the PACE Program	\$60,000.00
Child Care WORKS	general operating support	\$40,000.00
Children of the Night	general operating support	\$10,000.00
City of Lakes Community Land Trust	affordable homeownership opportunities	\$25,000.00
CommonBond Communities	Open 4000 Doors Capital Campaign	\$5,000.00
Compassion & Choices	general operating support	\$2,000.00
Courage Center	general operating support	\$35,000.00
Courage Center	Phillips Awards	\$40,000.00
Didi Hirsch Community Mental Health Center	Erasing the Stigma Leadership Awards	\$1,000.00
Didi Hirsch Community Mental Health Center	Suicide Prevention and Intervention work	\$9,000.00
Downtown Women's Center	capital support- Jill's Place	\$15,000.00
El Nido Family Center	general operating support	\$3,000.00
Equality Minnesota	Business Outreach for Equality	\$20,000.00
Family Housing Fund	rental assistance for north Minneapolis tornado relief	\$15,000.00
Family Housing Fund	Supportive Housing Central Referral System development	\$30,000.00
Family Housing Fund	Expanded Acquisition/Disposition/Land Banking Program	\$45,000.00
Family Housing Fund	Supportive Housing Central Referral System development	\$100,000.00
Feminist Majority Foundation	general operating support	\$2,000.00
First Children's Finance	Supporting the Business of Minnesota Child Care	\$30,000.00
Friends Outside	Re-Entry Services	\$5,000.00
Goodwill Industries Inc. Easter Seals Minnesota	Minnesota Workforce Consortium Start-Up	\$20,000.00
Greater Metropolitan Housing Corporation of the Twin Cities	Home Ownership Opportunities	\$25,000.00
Greater Twin Cities United Way	Start Early Funders Coalition	\$3,000.00
Greater Twin Cities United Way	Skills@Work	\$15,000.00
Group for the Advancement of Psychiatry	general operating support	\$10,000.00
Guttmacher Institute	general operating support	\$2,000.00
Harrison Neighborhood Association	Transit Equity Partnership	\$35,000.00
Harvest Preparatory School	general operating support	\$21,500.00
Headwaters Foundation for Justice	African American Leadership Forum	\$15,000.00
Herzl Camp Association	for the Jill Rosenberg Memorial	\$1,000.00
Herzl Camp Association	general operating support	\$50,000.00
Hillel The Foundation for Jewish Campus Life	general operating support	\$3,000.00
HIREd	Sector Employment Initiative	\$75,000.00
Housing Preservation Project	Twin Cities Affordable Housing Policy Advocacy	\$35,000.00
HousingLink	Supportive Housing Central Referral System development	\$50,000.00

2011 Grants



The Foundation does not accept unsolicited applications for grant funds. Please contact the Foundation for more information.

2011 Grants Continued

Grantee Organization	Project Title	Amount
International Institute of Minnesota	Sector Employment Initiative	\$90,000.00
Jewish Community Action	general operating support	\$2,000.00
Jewish Community Action	Tzedek (justice) Institute	\$30,000.00
Jewish Community Relations Council of Minnesota & Dakotas	Discrimination by Design	\$25,000.00
Jewish Family Service of Los Angeles	Shelter Programs, Freda Mohr Multipurpose Center, Parenting Center, Pico Robertson Family Resource Center	\$90,000.00
Juvenile Diabetes Foundation		
Los Angeles Chapter	general operating support	\$1,500.00
Juxtaposition Arts, Inc.	general operating support	\$5,000.00
Kipp Minnesota	general operating support	\$21,500.00
Latino Economic Development Center	Industry Oriented Training Development	\$25,000.00
Little Brothers-Friends of the Elderly	general operating support	\$6,000.00
Los Angeles Gay and Lesbian Center	Transitional Housing program and marriage equality efforts	\$12,000.00
Los Angeles Regional Food Bank	general operating support	\$4,000.00
Maryvale	Supportive Housing	\$15,000.00
MAZON	general operating support	\$8,000.00
Midtown Greenway Coalition	Transit Discovery and Fact Finding Project	\$5,000.00
Midwest Health Center for Women	general operating support	\$30,000.00
Minneapolis Community Kollel	general operating support	\$7,500.00
Minneapolis Consortium of Community Developers	Corridors of Opportunity Affordable Housing Advocacy Project	\$15,000.00
Minneapolis Foundation	Hubert H. Humphrey Capitol Memorial Fund	\$10,000.00
Minneapolis Regional Chamber of Commerce Development Foundation	Infrastructure for Economic Development	\$25,000.00
Minnesota AIDS Project	general operating support	\$5,000.00
Minnesota AIDS Project	general operating support	\$30,000.00
Minnesota Coalition for the Homeless	Housing Trust Fund Advocacy Project	\$35,000.00
Minnesota Council of Nonprofits Inc.	Field Realignment Project	\$20,000.00
Minnesota Council of Nonprofits Inc.	public policy efforts	\$35,000.00
Minnesota Home Ownership Center	homeownership efforts	\$25,000.00
Minnesota Housing Partnership	Federal Housing Policy Advocacy	\$25,000.00
Minnesota Medical Foundation	The Dr. Harold M. Wexler Endowed Professorship in Internal Medicine	\$40,000.00
Minnesota Private College Fund	The Phillips Scholars Program	\$125,000.00
Minnesota Spay Neuter Assistance Program	general operating support	\$2,000.00
Multiple Myeloma Research Foundation Inc.	general operating support	\$10,000.00
NARAL Pro-Choice Minnesota Foundation	general operating support	\$20,000.00
Natural Resources Defense Council Inc	general operating support	\$1,000.00
Nexus Community Partners	the Community Engagement Team	\$20,000.00
Northside Residents		
Redevelopment Council Inc.	Bottineau Transitway Community Engagement	\$15,000.00
One Heartland, Inc.	general operating support	\$5,000.00
Opportunity Partners Inc.	Certified Learning Platforms	\$34,000.00

Grantee Organization	Project Title	Amount
ORT America	general operating support for the Los Angeles campus	\$15,000.00
Parents Families and Friends of Lesbians and Gays Inc.	general operating support	\$2,000.00
PEACE Foundation	Northside Achievement Zone	\$50,000.00
Phillips Eye Institute Foundation	5th Annual Urban Cocktail party in support of the EYE program	\$50,000.00
Phillips Eye Institute Foundation	start-up support for the Early Youth Eyecare Community Initiative	\$50,000.00
Planned Parenthood Los Angeles	Sex Education Initiative	\$10,000.00
Planned Parenthood of Minnesota North Dakota South Dakota	Capital support for the new Planned Parenthood Center	\$50,000.00
Plymouth Church		
Neighborhood Foundation	Nicollet Square Supportive Services	\$20,000.00
Pro-Choice Resources	general operating support	\$25,000.00
Project for Pride in Living Inc.	Sector Employment Initiative	\$75,000.00
Ready4K	general operating support	\$20,000.00
Rebuild Resources	general operating support	\$5,000.00
RESOURCE, Inc.	Sector Employment Initiative	\$85,000.00
Rise Incorporated	Midwest Ticket to Work Partnership Program	\$40,000.00
Saban Free Clinic	general operating support	\$5,000.00
Saint Paul Foundation	Central Corridor Funders Collaborative	\$5,000.00
San Francisco Foundation		
Community Initiative Funds	Eastern Horizons	\$10,000.00
Second Harvest Heartland	general operating support	\$2,500.00
Second Harvest Heartland	general operating support	\$5,000.00
Sholom Foundation Inc.	capital support for the new Sholom East Campus	\$50,000.00
Simpson Housing Services Inc.	general operating support	\$5,000.00
Step Up On Second Street, Inc.	Daniel's Place in memory of Audrey Greenberg	\$1,500.00
Summit Academy OIC	Sector Employment Initiative	\$90,000.00
Teenwise Minnesota	general operating support	\$25,000.00
Temple Israel	general operating support	\$40,000.00
The Link	general operating support	\$5,000.00
The Superior Hiking Trail Association	technology	\$2,500.00
The Trevor Project	general operating support	\$1,000.00
Thomas-Dale District 7 Planning Council	Frogtown Neighborhood Liaisons	\$25,000.00
Torah Academy	general studies program enhancement	\$30,000.00
Transit for Livable Communities	Campaign to Sustain and Expand Public Transit	\$75,000.00
Twin Cities LISC	Financial Opportunity Centers	\$25,000.00
UCLA Foundation	David Geffen School of Medicine- Dear Abby scholarship	\$12,500.00
United Nations Foundation	UN Foundation for AIDS, Tuberculosis and Malaria	\$5,000.00
Urban Homeworks Inc	Minneapolis Tornado Relief	\$10,000.00
Venice Family Clinic	general operating support	\$5,000.00
Village Health Works	general operating support	\$4,000.00
Vision Loss Resources Inc.	general operating support	\$5,500.00
YMCA of Metropolitan Minneapolis	summer camperships for inner-city youth	\$28,000.00
YMCA of Metropolitan Minneapolis	capital support - Camp Menogyn Fund	\$55,600.00
YMCA of Metropolitan Minneapolis	capital support - North Community YMCA	\$50,000.00
Youth Frontiers Inc.	Northside expansion	\$20,000.00

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Financial Statements

Basis of Presentation

The Foundation's financial statements are prepared on the basis of accounting used for excise tax purposes. Under these principles, certain revenues and related assets are recognized when received rather than when earned, and certain grants, awards and expenses are recognized when paid rather than when the obligation is incurred. The unrestricted net assets with investments at fair value are shown, as supplementary information. Complete financial statements are available upon request from the Foundation office.



STATEMENTS OF ASSETS, LIABILITIES AND NET ASSETS

ASSETS	2011	2010
CASH	\$83,346	-
SHORT-TERM INVESTMENTS	\$1,817,774	\$584,456
MUTUAL FUND- FIXED INCOME	\$17,541,645	\$15,384,255
ALTERNATIVE INVESTMENTS	\$10,542,981	-
CORPORATE STOCKS AND EQUITY FUNDS	\$16,315,505	\$19,663,325
INTERNATIONAL EQUITY TRUSTS	\$11,223,317	-
TOTAL CURRENT ASSETS	\$57,524,568	\$35,632,036
PROPERTY & EQUIPMENTS AT COST	\$12,670	-
TOTAL ASSETS	\$57,537,238	\$35,632,036
LIABILITIES		
ACCRUED EXPENSES	\$699	-
UNRESTRICTED NET ASSETS	\$57,536,539	\$35,632,036
TOTAL LIABILITIES & NET ASSETS	\$57,537,238	\$35,632,036
Unrestricted net assets with investments at fair market value	\$60,236,532	\$44,372,650

STATEMENTS OF SUPPORT, REVENUES, AND EXPENSES

SUPPORT AND REVENUES	2011	2010
DIVIDEND AND INTEREST INCOME	\$1,683,164	-
REALIZED NET GAINS (LOSSES) ON SALE OF INVESTMENTS	\$8,260,933	-
INVESTMENT & CUSTODIAN FEES	(\$306,898)	-
TOTAL SUPPORT & REVENUES	\$9,637,199	-
EXPENSES		
GRANTS & AWARDS	\$3,051,766	-
MANAGEMENT & GENERAL	\$561,113	-
	\$3,612,879	-
FEDERAL EXCISE TAX	\$185,000	-
TOTAL EXPENSES	\$3,797,879	-
DECREASE IN NET ASSETS	\$5,839,320	-
UNRESTRICTED NET ASSETS		
BEGINNING	\$35,632,036	-
TRANSFERS FROM RELATED FOUNDATION	\$16,065,183	\$35,632,036
ENDING	\$57,536,539	\$35,632,036



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