



2014 Annual Report



**“Rivers know this: there is no hurry.
We shall get there some day.”**

- A. A. Milne, Pooh's Little Instruction Book

Dear Friends,

As we pause to reflect on another year of grantmaking and community impact, we are reminded that real change takes time and persistence, the type of steadfastness that is not always typical of foundations. It is this very patience that is needed now more than ever if we, as a community, are to solve the seemingly impenetrable problems that plague our communities. Unfortunately, we live in a time of great impatience where immediate gratification or immediate response is the expectation of our every activity. And while challenges persist, the expectation that we can solve these problems with a silver bullet or a quick fix is misguided. Here at the Foundation, we are cognizant of the yin-yang of this dilemma: the immediacy of ending the challenges that impact real people's lives right now, with the time it takes to build the political, social and personal will necessary to forge lasting change.

In this 2014 Annual Report, we use the image of the river to symbolize the way we try to conduct ourselves as we use our resources, both human and financial, to address these challenges. As stated so eloquently by Margaret Atwood in *"The Penelopiad"*

"Water does not resist. Water flows. When you plunge your hand into it, all you feel is a caress. Water is not a solid wall, it will not stop you. But water always goes where it wants to go, and nothing in the end can stand against it. Water is patient. Dripping water wears away a stone... If you can't go through an obstacle, go around it. Water does."

Like the river, we know that patience and persistence are required as we navigate the many straits and narrows of our grantmaking work. Sometimes the work we support flows easily and at other times, it's more treacherous. But at all times the river keeps moving, knowing that someday it will reach its destination. At the Foundation, we believe that patient, long-term funding support and sustained, lasting relationships with grantees are what is needed if positive change for individuals, families and communities is the outcome we seek. In the pages that follow, you will read how this approach has played out for four of our grantees. You will also see some data collected from stakeholders that shows how the Foundation is perceived in the community.

We continue to be grateful for the many community partners and grantees with whom we navigate these waters. Their dedication, vision and collaborative spirit inspire and inform us every day. We are also thankful for our tremendous staff – Patrick Troska, Joel Luedtke, Tracy Lamparty, and Salena Acox – who do their work with an entrepreneurial spirit, commitment, humility, and resolve.

Despite an improving economy, the needs of our community continue to be great, especially for those living on the margins. Low unemployment rates, low vacancy rates, and high graduation rates can no longer disguise the unacceptable disparities that are beginning to define our state. At the Foundation, we are committed to addressing these disparities wherever we can. All boats must rise, but they must rise in a sea that promises to keep them afloat and not crush them in the first big storm or against rocks they can neither see nor steer around. Our job as a grantmaker is to be a partner in this voyage, lending support where it can be most helpful.

With Sincere Gratitude,

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

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.

Trustees

Jeanne Phillips, Co-Chair

Dean Phillips, Co-Chair

Karin Phillips

Tyler Phillips

Walter Harris

Staff

Patrick J. Troska
Executive Director

Joel Luedtke
Senior Program Officer

Tracy Lamparty
Grants & Operations Manager

Salena Acox
VISTA Program Manager

"The test of progress and the measure of one's success is not whether we are able to add more to the abundance we have already acquired, but are we providing enough from this store of good fortune for those around us who have so very little?"

Jay Phillips—1987

Four Key Outcomes of Long-Term Support

“How have the benefits of long-term support played out for your organization?” We posed this question to four of our grantees and they gave us some great examples of tangible real-world results.



1. The confidence to create

Long-term support brings peace of mind, making it easier to plan without worrying about down-cycles in the economy and shifts in funding priorities. But grantees point to another benefit that moves beyond peace of mind: the ability to take chances. When organizations aren't worried about how to keep the lights on, they're able to innovate. Take Pro-Choice Resources, for instance. “With a dependable base of support, we're able to take risks and develop new programs such as our Medicaid GAP program, which helps several hundred women each year manage clinic expenses,” reports Executive Director Karen Law. “While Phillips funding wasn't specifically for program development, their ongoing support gives us the freedom to create programs that can be replicated across the country.”

2. The power of leverage

Long-term support enables organizations to secure other funding. That's how the Medicaid GAP program came about: another funder, impressed that the Foundation has supported Pro-Choice Resources for nearly two decades, underwrote the program. In the eyes of donors, long-term support demonstrates credibility. “The stability of the Foundation's investment catches the attention of other organizations that are interested in our work,” says Repa Mekha, president and CEO, Nexus Community Partners. “Phillips support signals that there's solid, predictable work being done.” City of Lakes Land Trust has had similar experiences: “Being able to show that we receive \$25,000 from Phillips every year has helped us raise millions,” says Executive Director Jeff Washburne.

3. The strength of partnership

The foundation/grantee relationship can sometimes feel transactional: the money is granted, the organization does what it



said it would. End of story. But recipients of long-term support characterize the relationship quite differently.

“The Foundation didn't come to Nexus and say, ‘We'll give you funds and then you must change the world,’” says Mekha. “They understand that neither Nexus by itself—or the Phillips Family Foundation by itself—can make all the change happen. So we work together.” George Garnett, director of strategic development, Summit Academy, agrees. “From the very start, the Foundation approached us as a partner with whom they could work to make a real difference. As a result, it's never been just about funding; it's been about sharing best practices and learning from each other and other cohort members.” That knowledge sharing makes a huge difference. “To be able to get on the phone with Foundation staff and say, ‘Hey, can we talk about what you're seeing?’ or ‘If you were in our shoes, what would you do?’ is invaluable.” says Washburne.

“A lot of the work Phillips has supported in the last five years has been about tracking outcomes. Being able to do that kind of tracking well has definitely enhanced our ability to bring other funders to the table.”

*George Garnett,
Director of Strategic Development, Summit Academy*

Four Key Outcomes of Long-Term Support continued

4. The value of the long view

By far, one of the most frequently cited and appreciated benefits of long-term support is that it represents an investment in “what’s around the bend” and an understanding that systemic change does not happen overnight. It requires, among other things, the ability for organizations to stay focused and engaged in the long view. “In a one-year funding cycle, the only thing you can truly predict is that you can convene people,” says Larry Hiscock, program officer, Nexus Community Partners. “But what we’ve heard from community groups is that they want to be ‘more than just convened.’ When there’s multi-year funding, you can be there when people want to take the next step. That can’t happen when you don’t know if you’ll have financial support for the project the following year.” Garnett agrees: “Most funders want to invest in programs, not systems change. To have a funder engage on that level and support us over time is really huge.”



“We can show that in the forty-eight years we’ve been around, Phillips has been a partner for over two decades. That gives us a lot of credibility with other foundations and donors.”

Karen Law, Pro-Choice Resources

burne. “But it’s really powerful to run into that homebuyer two or three years later and hear them say, ‘You know, I never really thought I’d be able to buy a home, but I did. And then I thought, what else can I do?’ That’s how long-term support is helping us help people do better for themselves and their families.”

Seeing evidence of what long-term support makes possible for individuals and communities—our “return on investment”—can be a profound experience, both for the Foundation and for our grantees. “It’s very cool to go to a closing, especially with a first-generation homebuyer,” says Wash-



About The Grantees Profiled

City of Lakes Community Land Trust enables South Minneapolis families to become - and stay - homeowners.
Foundation grantee since 2004

Nexus Community Partners helps low-wealth communities of color reflect the vision and creativity of the people who live and work there.
Foundation grantee since 2011

Pro-Choice Resources empowers people and communities to make decisions about sexual and reproductive health with self-determination and dignity.
Foundation grantee since 1992

Summit Academy provides community-based vocational training and job placement support to North Minneapolis residents.
Foundation grantee since 1986

Grantee Feedback Matters

In 2014, the Foundation engaged The Improve Group, an independent firm, to seek input from a variety of stakeholders regarding how the Foundation – our staff, grantmaking strategies, and overall approach – is perceived in the community. This involved a web-based survey and interviews with organizations both funded and not funded by the Foundation. Here's some of what we learned:

- Grantees, declined applicants, and other stakeholders reported many favorable opinions about the Foundation's perception in the community. For example, all or nearly all grantees reported that the Foundation understands the environment in which our grantees work, the types of work being done in the field and the issues grantees are looking to address.
- The vast majority of grantees report that our grantmaking process is respectful, thorough and straightforward. Grantees also agree that our grantmaking process has an appropriate set of requirements and expectations for the size of grants we provide.
- Less than half of grantees agreed that the Foundation events, activities, and/or convenings they have attended were worthwhile in moving discussion forward on issues.
- Declined applicants and stakeholders shared that our "invite only" approach has many positive aspects. The approach requires less work for organizations and it increases their personal communication with the Foundation. A few other stakeholders shared that the "invite-only" process can be a barrier for organizations that have insufficient grant seeking and development staff resources.
- A few stakeholders shared that while they believe their organizations align with the funding priorities of the Foundation, it is challenging to receive funding if you do not have a relationship with the Foundation. The perception amongst these stakeholders is that the Foundation already has predetermined which organizations we are willing to fund.
- Many of the declined applicants and other stakeholders appreciate the added value that foundations can contribute besides financial support to help their organization or programs grow. In particular, declined applicants appreciate the availability of our conference room space, as well as the honest feedback staff provides when an application is denied.

2014 was the 70th anniversary of the Foundation's founding by Jay and Rose Phillips. Throughout those 70 years, the trustees and staff of the Foundation have made every effort to do its work thoughtfully, humbly and responsively, keeping the needs of the community at the center of our mission. We continue to strive for excellence in all that we do, while honoring the entrepreneurial spirit of the family. Feedback – positive, negative or neutral – is always valued. It is our plan to do the feedback and community perception report every three years to gauge our progress and continue striving for excellence.

Grantmaking Priorities

Our primary focus is on efforts that "help people in poverty to attain economic stability." We do this through a few discrete strategies in:



Employment –enable individuals with low incomes and low skills to advance towards stable, living wage careers.



Housing –access to quality affordable housing that provides a stable foundation for future success.



Education –ensure that all low-income youth can earn a world class education that prepares them for lifelong success.



Transit –access to affordable transportation to get to work and meet daily needs.



Combatting Discrimination and Addressing Inequities through three core issues:

- Advocacy for LGBT rights
- Advancing equity for all races and religions
- Access to affordable reproductive health services

In addition, we make three other kinds of grants that are by invitation only and for which unsolicited proposals are not accepted.

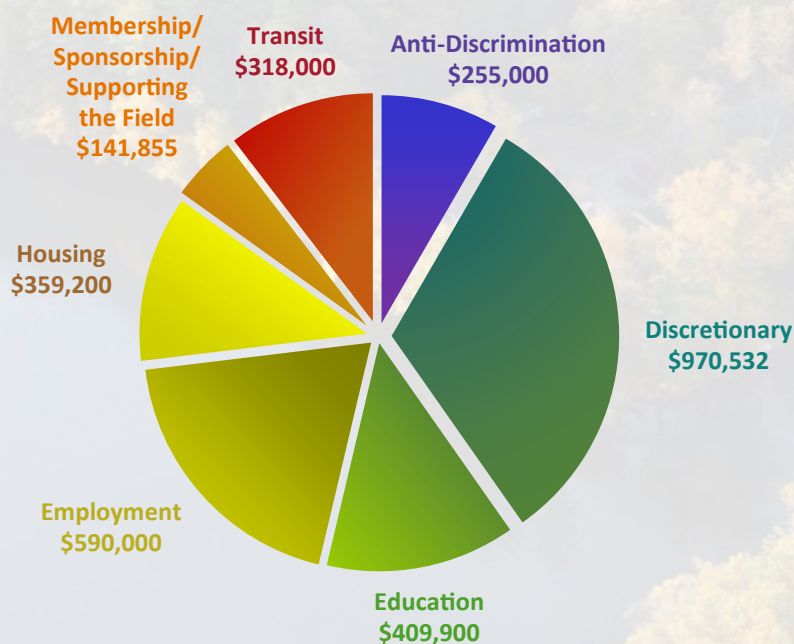
- *Support for the Field grants*
- *Trustee-directed grants*
- *Legacy grants*

Our primary grantmaking geographic focus continues to be the seven-county metropolitan area including Anoka, Carver, Dakota, Hennepin, Ramsey, Scott and Washington Counties of Minnesota.

For more detailed information, please visit our website.

2014 Grants

In 2014, the Foundation made grants totaling \$3,044,487. This includes \$1,307,500 or 43% of all grant funds awarded for general operating support. If an organizational name or grant amount appears incorrectly, or if your organization received funds from the Foundation in 2014 and was mistakenly left off of this list, please contact our office. If an organization received more than one grant in 2014 and the grants had a similar purpose, those grants were combined in the list that follows. On behalf of our staff and trustees, we thank you for all of your contributions to our communities.



Grantee Organization	Amount
African Medical & Research Foundation	\$11,000.00
Against Malaria Foundation	\$11,000.00
AIDS Project Los Angeles Inc.	\$2,500.00
Aish MN	\$5,000.00
Alliance for Metropolitan Stability	\$25,000.00
Alzheimer's Disease & Related Disorders	\$10,000.00
American Jewish World Service	\$11,000.00
Ascension Place	\$10,000.00
Athletes Committed to Educating Students	\$3,500.00
Baby's Space A Place To Grow	\$2,500.00
Beacon Interfaith Housing Collaborative	\$15,000.00
Best Academy	\$40,000.00
Boys and Girls Club of the Twin Cities	\$2,250.00
CARE	\$10,000.00
Charter School Partners	\$25,000.00
Children of the Night	\$10,000.00
Citizens League	\$10,000.00
Citizens League	\$22,500.00
City of Lakes Community Land Trust	\$25,000.00
City of Saint Paul	\$30,000.00
CommonBond Communities	\$5,000.00
Community Initiatives/Eastern Horizons	\$11,000.00
Compassion & Choices	\$2,000.00
Corcoran Neighborhood Organization	\$4,000.00
Council on Crime and Justice	\$30,000.00
Cristo Rey Jesuit High School	\$10,000.00
Didi Hirsch Comm. Mental Health Center	\$20,000.00
Doctors Without Borders	\$8,500.00
Dog Grounds	\$1,000.00
Downtown Women's Center	\$15,000.00
Dress for Success- Twin Cities	\$1,000.00
Educators 4 Excellence	\$30,000.00
El Nido Family Center	\$5,000.00
Emergency FoodShelf Network	\$7,000.00
Emergency USA	\$9,000.00
Exponent Philanthropy	\$725.00
Family Housing Fund	\$85,000.00
Family Housing Fund	\$4,200.00
Farmers Legal Action Group	\$20,000.00
Fighting Chance	\$10,000.00
Free the Children	\$30,000.00
Friends of Saint Paul College	\$1,500.00
Friends Outside	\$5,000.00
Funders Together to End Homelessness	\$1,500.00
Genesys Works	\$30,000.00
Grace Cathedral	\$1,000.00
Grantmakers for Effective Organizations	\$1,830.00
Grants Managers Network	\$1,500.00
Greater Metropolitan Housing Corporation	\$35,000.00
Group for the Advancement of Psychiatry	\$7,500.00

Grantee Organization Amount

Growth & Justice	\$40,000.00
Guttmacher Institute	\$1,000.00
Harvest Preparatory School	\$5,000.00
Herzl Camp Association	\$2,500.00
Hiawatha Academies	\$40,000.00
Hillel The Fdn. for Jewish Campus Life	\$3,000.00
Hope Community	\$20,000.00
Housing Preservation Project	\$30,000.00
HousingLink	\$50,000.00
International Institute of Minnesota	\$75,000.00
Jewish Community Action	\$8,000.00
Jewish Community Action	\$30,000.00
Jewish Community Center of Greater Mpls.	\$5,000.00
Jewish Family Service of Los Angeles	\$50,000.00
Jewish Funders Network	\$3,600.00
Kill Kancer	\$2,750.00
Lifetrack Resources	\$532.00
Little Brothers-Friends of the Elderly	\$9,000.00
Los Angeles Gay and Lesbian Center	\$15,000.00
Los Angeles Regional Food Bank	\$3,000.00
MAP for Nonprofits	\$20,000.00
MAZON	\$10,000.00
Met. Consortium of Comm. Developers	\$15,000.00
Midtown Greenway Coalition	\$10,000.00
Minneapolis College of Art and Design	\$2,500.00
Minneapolis Community Kollel	\$5,000.00
Minneapolis Institute of Arts	\$5,000.00
Minneapolis Jewish Federation	\$222,000.00
Minnesota AIDS Project	\$30,000.00
Minnesota Coalition for the Homeless	\$35,000.00
Minnesota Community Foundation	\$55,000.00
Minnesota Council of Churches	\$2,500.00
Minnesota Council of Churches	\$25,000.00
Minnesota Council of Nonprofits Inc.	\$33,500.00
Minnesota Council on Foundations	\$7,600.00
Minnesota Home Ownership Center	\$15,000.00
Minnesota Housing Partnership	\$30,000.00
Minnesota Private College Fund	\$129,900.00
Minnesota Spay Neuter Assistance Program	\$2,000.00
Momentum Enterprises	\$30,000.00
NARAL Pro-Choice Minnesota Foundation	\$15,000.00
National Center for Family Philanthropy	\$2,000.00
Natural Resources Defense Council Inc.	\$2,000.00
New Salem Baptist Church	\$3,000.00
Nexus Community Partners	\$140,000.00
Nonprofits Assistance Fund	\$25,500.00
Northside Achievement Zone	\$50,000.00
OneVillage Partners	\$5,000.00
Organizing Apprenticeship Project	\$25,000.00
ORT America	\$50,000.00
Outfront Minnesota	\$25,000.00

Grantee Organization Amount

Pacer Center	\$20,000.00
Parents Families and Friends of Lesbians	\$2,000.00
Perspectives, Inc.	\$10,000.00
Planned Parenthood Los Angeles	\$10,000.00
Planned Parenthood MN & the Dakotas	\$25,000.00
Pro-Choice Resources	\$25,000.00
Project for Pride in Living Inc.	\$60,000.00
Project for Pride in Living Inc.	\$5,000.00
Rail~Volution	\$2,500.00
Rehabilitation Institute of Chicago	\$1,000.00
Resource, Inc.	\$75,000.00
Salvation Army Northern Division	\$7,000.00
Sandler-Kenner Foundation	\$5,000.00
Second Harvest Heartland	\$8,500.00
Second Stork	\$2,500.00
Seeds of Peace	\$1,000.00
South Bay Center for Counseling	\$54,000.00
Spoon Foundation	\$5,000.00
Store to Door	\$2,500.00
Summit Academy OIC	\$75,000.00
The Blake School	\$25,000.00
The Minneapolis Foundation	\$25,000.00
The Minneapolis Foundation	\$10,000.00
The Minneapolis Foundation	\$10,000.00
The Saint Paul Foundation - CCFC	\$15,000.00
The Saint Paul Foundation - MSP Win	\$150,000.00
The Senneh Foundation	\$5,000.00
The Trevor Project	\$1,000.00
Think Small	\$5,000.00
Transit for Livable Communities	\$75,000.00
Twin Cities LISC	\$25,000.00
Twin Cities Media Alliance	\$15,100.00
UCLA Foundation	\$10,000.00
United Nations Foundation	\$7,000.00
University of Minnesota Foundation	\$23,000.00
University of Minnesota Foundation	\$3,000.00
University of Minnesota Foundation	\$2,500.00
University of Minnesota Foundation	\$15,000.00
University of Minnesota Foundation	\$2,500.00
Urban Baby	\$2,500.00
Village Health Works	\$7,000.00
Vision Loss Resources Inc.	\$9,500.00
Wilderness Inquiry	\$5,000.00
Women in Non Traditional Employment Roles	\$25,000.00
Yinghua Academy Foundation	\$2,500.00
Youth Frontiers Inc.	\$25,000.00
YouthLink	\$20,000.00
Youthprise	\$12,500.00
YWCA of Minneapolis	\$20,000.00

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

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 audited financial statements are available upon request from the Foundation office.



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ASSETS	2014	2013
CASH	\$86,273	\$67,347
SHORT-TERM INVESTMENTS	\$3,063,878	\$1,406,814
MUTUAL FUND- FIXED INCOME	\$9,519,886	\$9,904,970
ALTERNATIVE INVESTMENTS	\$12,670,975	\$10,904,086
CORPORATE STOCKS AND EQUITY FUNDS	\$18,049,630	\$20,291,566
INTERNATIONAL EQUITY TRUSTS	\$12,058,846	\$12,604,201
TOTAL CURRENT ASSETS	\$55,449,488	\$55,178,984
PROPERTY & EQUIPMENTS AT COST	\$24,496	\$29,237
OTHER ASSETS	\$3,101	\$3,369
TOTAL NONCURRENT ASSETS	\$27,597	\$32,606
TOTAL ASSETS	\$55,477,085	\$55,211,590
LIABILITIES		
ACCRUED EXPENSES	\$1,309	\$948
UNRESTRICTED NET ASSETS	\$55,475,776	\$55,210,642
TOTAL LIABILITIES & NET ASSETS	\$55,477,085	\$55,211,590
Unrestricted net assets with investments at fair market value	\$68,804,608	\$70,382,232

STATEMENTS OF SUPPORT, REVENUES, AND EXPENSES

SUPPORT AND REVENUES	2014	2013
DIVIDEND AND INTEREST INCOME	\$1,907,296	\$1,535,789
REALIZED NET GAINS (LOSSES) ON SALE OF INVESTMENTS	\$2,517,667	\$1,938,347
INVESTMENT & CUSTODIAN FEES	(\$455,407)	(\$413,164)
TOTAL SUPPORT & REVENUES	\$3,969,556	\$3,060,972
EXPENSES		
GRANTS & AWARDS	\$3,044,487	\$3,027,746
MANAGEMENT & GENERAL	\$547,719	\$569,122
PROGRAM EXPENSES	\$42,025	\$57,606
	\$3,634,231	\$3,654,474
FEDERAL EXCISE TAX (REFUND)	\$70,191	\$55,000
TOTAL EXPENSES	\$3,704,422	\$3,709,474
INCREASE (DECREASE) IN NET ASSETS	\$265,134	(\$648,502)
UNRESTRICTED NET ASSETS		
BEGINNING	\$55,210,642	\$55,859,144
ENDING	\$55,475,776	\$55,210,642

Annual Report Production Notes

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Mississippi River Headwaters Image

©Bill Morgenstern/Earth Moods

Photos provided by:

City of Lakes-
Community Land Trust
Nexus Community Partners
Pro-Choice Resources
Summit Academy OIC.