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# Peeking Behind the Curtain: The Operations and Funding Priorities of Rural Private Foundations

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## Introduction

Government and nonprofit organizations, including private foundations, play important roles in addressing the basic needs of citizens and the collective needs of communities. While some authors criticize private foundations for “being elitist, playthings of the wealthy, and havens for ‘do-gooders’ assuaging their inner needs by dispensing beneficence to others” (Hopkins & Blazek, 2008, p. 7), others argue these foundations are the venue for passionate and purposeful giving (Anheier & Hammack, 2010; Fleishman, 2007).

Existing research on foundations examines large philanthropic institutions, most with long histories of giving (e.g., Parmar, 2012; Zunz, 2012). The purpose of this article is to examine the segment of private foundations located in rural counties. Florida, the context for this article, is known for its multicultural population, urban areas, and sunny beaches. The state’s rural counties, however, face the problems typical of rural areas: high poverty rates, food insecurity, low-paying and low-skill jobs, and a limited economic base. The finite concentration of private foundations in Florida’s rural counties highlights the limited capacity of nonprofits to effectively address the unique challenges to these types of communities. According to the National Center for Charitable Statistics (2010), of the 5,945 private foundations in Florida, just 104 – fewer than 2 percent – are in rural counties. These foundations have reported assets of \$160.65 million, yet little is known about them.

## Key Points

- This article examines the operations and funding priorities of rural private foundations in Florida, using data from the U.S. Census, the Urban Institute’s National Center for Charitable Statistics, and interviews with foundation leaders.
- The study found that grantmaking by rural foundations is split between out-of-state and in-state giving, determined by the intent of a benefactor or the personal choices of a foundation founder and/or family.
- This finding presents opportunities for nonprofit organizations and community groups in rural counties to communicate community needs in order to retain a larger amount of foundation dollars in the foundation’s home state and county.

This article examines the operations and funding priorities of Florida’s rural private foundations. It specifically asks how these foundations spend their dollars, how much funding stays in the foundation’s home county and/or the state, what services receive the funding, and how grant allocations are decided. To answer these questions, the research utilizes data from the Urban Institute’s National Center for Charitable Statistics (NCCS), including IRS Form 990-PF and Nonprofit Tax Exempt Entities (NTEE) classifications, and interviews with foundation leaders.

The article begins with a brief examination of the literature on the rural context and private founda-

tions; then describes the socio-demographic environment of rural counties and the organizational characteristics of Florida's rural private foundations; and finally presents and discusses micro-level funding data and interview responses. This research dissects the operations of private foundations in Florida's rural counties to strengthen our understanding of rural-foundation grantmaking and its potential impact on unique challenges to rural communities.

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### The Rural Context

While the overall U.S. population continues to grow, rural areas remain sparsely populated. Twenty-five percent of the U.S. population and approximately 80 percent of the nation's land area are classified as rural (Sears & Lovan, 2006). Compared to urban areas, today's rural counties often have higher poverty rates overall and

particularly in children, older populations, greater rates of food insecurity, lower per-student school expenditures and high school graduation rates, a less diversified economic base, lower-paying and lower-skill jobs in every field, and longer periods of joblessness for rural workers (Lobao & Kraybill, 2005a; Molnar, Duffy, Claxton, & Bailey, 2001; Waugh, 2013).

In addition, the culture of rural communities is often shaped by the perception that issues including poverty, disability, and mental illness are individual concerns rather than social or community problems. When they do seek help, rural residents often utilize informal networks made up of family and friends and may resist formal assistance (Snaveley & Tracy, 2000). Scholars have also identified the important social welfare function of churches and other religious institutions in rural areas (Molnar, et al., 2001). Although not focused solely on rural congregations, C'naan and Curtis (2013) found that "90 percent of American congregations are involved in the provision of at least one social program" (p. 20). These religious programs strengthen communities (Putnam, 2000) and provide important services to the needy, complementing services provided by nonprofit organizations.

Unfortunately, most rural counties also have lower tax bases and tax revenue. Lobao and Kraybill (2005a, 2005b, 2009) concluded that rural local governments lack the capacity to provide needed services to its citizens. These disadvantages are compounded by severe barriers to access, including transportation, to those services that do exist (Belanger & Stone, 2008).

### The Private Foundation

Private foundations are important funders in the evolution of the nonprofit sector because they support a wide variety of causes and interests that often shift over time (Hopkins & Blazek, 2008). As a result, some have argued, foundations should target more of their grant dollars toward nonprofit organizations and advocacy groups that benefit minorities and the needy (Greenlining Institute, 2006; Race & Equity in Philanthropy Group, 2007). Fleishman (2007) suggests this conversation

has and will continue to increase transparency about the impact of foundation grantmaking.

Private foundations in the U.S. number at almost 90,000, with reported assets of more than \$582.5 billion (NCCS, 2010). In 2010, 62 percent of family foundations reported assets of less than \$1 million (Foundation Center, 2012). The majority of family-foundation grantmaking goes to programs, organizations, and individuals in the areas of education, health, environment (including animal protection), and religion (Hopkins & Blazek, 2008).

Yet, rural areas do not receive a proportional share of philanthropic giving (Ashley, 2012). In 2001 and 2002, according to Cohen (2004), U.S. grantmaking with the keyword “rural” totaled \$322.79 million out the \$30 billion distributed annually by all foundations; of active foundations, only 306 self-described as rural grantmakers. Community leaders, politicians, and others have lobbied foundations to increase giving focused on rural issues (Cohen, 2011; Cross, 2009; Gose, 2011). Swierzewski (2007) suggests two factors in the hesitation of foundations to fund rural programs: stereotypes of rural America, including a perceived lack organizational capacity and leadership, and that rural areas are sparsely populated, which makes it difficult to show significant impact from funding. Even for foundations that want to support rural areas, opportunities are limited because these areas often lack the range of institutions positioned to create change (McGregor & Chaney, 2005).

Despite the research on large philanthropic institutions, knowledge remains limited about the operations and role of private foundations (Rooney, 2007; Johnson, 2013; Odenthal, 1990). Frumkin (2010) discusses two types of charitable giving pertinent to foundation grantmaking: instrumental giving and expressive giving. Instrumental giving is strategic, intended to impact specific social problems; expressive giving reflects a donor’s interest in a cause or organization. Fleishman (2007) suggests that the intention and discipline of foundation trustees and staff, rather than the size of the organization, are key to strategic-impact decision-making. Some researchers (Bourns,

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2010; Enright & Bourns, 2010; Lenkowsky, 2012) have argued that citizen participation is the key to more effective foundation grantmaking.

Rural populations have unique, and often unmet, needs that became more prevalent in the recent economic recession as local governments cut social services. Private foundations are one potential funder for the nonprofit sector in rural counties, but knowledge about how they approach the needs of rural communities is limited. This article aims to extend the literature with a study of private foundations in Florida’s rural counties, examining grant-expenditure patterns, what service areas are funded, and how grant-allocation decisions are made.

*This study examines 29 private foundations in rural Florida counties reporting grant allocations in fiscal years 2011 or 2012. An additional 14 private foundations indicated no grant allocations during recent fiscal years and were not included. Interviews and an examination of NTEE codes helped researchers contextualize the mission and funding allocations for private foundations in rural Florida.*

### Method

The unit of analysis for this study is private foundations located in rural Florida counties. The research uses the 2013 Rural-Urban Continuum Codes (RUCC) created by the Economic Research Service of the U.S. Department of Agriculture (USDA) to identify rural counties in Florida; the nine codes associated with this classification scheme are based on “the population size of their metro area, and nonmetropolitan counties by degree of urbanization and adjacency to a metro area” (USDA, 2013, para. 1).

According to the RUCC, Florida has 23 nonmetro or rural counties. One county in this category, Monroe County, was dropped from the analysis because it has 57 private foundations with reported assets of \$108.55 million – a number that exceeds the assets of the remaining foundations combined. This study examines 29 private foundations in rural Florida counties reporting grant allocations in fiscal years 2011 or 2012. An additional 14 private foundations indicated no

grant allocations during recent fiscal years and were not included. Interviews and an examination of NTEE codes helped researchers contextualize the mission and funding allocations for private foundations in rural Florida.

Researchers used the National Center for Charitable Statistics (NCCS) website to collect financial data from private foundations that filed IRS Form 990-PF within 24 months of the July 2013 Business Master File and indicated grant allocations. Form 990-PF for the most recent fiscal year (2011 or 2012) served as the data source. Previous researchers have identified weaknesses in the NCCS data set and in using the 990, particularly the self-reporting of data (Grønjoberg & Paarlberg, 2001). While recognized as an important source of information on nonprofits, the form has also been criticized for what are seen as inconsistent report patterns (Gordon, Khumawala, Kraut, & Meade, 2007).

NCCS also aggregates nonprofit data by state, revenue size, and service provision – the National Taxonomy of Exempt Entities (NTEE). The IRS and NCCS classify nonprofit organizations around 10 broad categories and 26 major groups or NTEE codes. For this study, researchers coded each of the 484 foundation grants found on the IRS Form 990-PF into categories that mirrored the NTEE major codes: arts, culture, and humanities; education; environment and animals; health; human services; and unknown/unclassified.

Researchers also sought supplementary information about the private foundations from interviews. While the 990 forms were readily available on [www.guidestar.org](http://www.guidestar.org) and on the NCCS website, other information was more difficult to acquire. Only one of the 29 organizations in the study group had a website; that site provided an application for scholarship funding but no information about the foundation itself. Locating phone numbers for private foundation leaders was also problematic: Eleven of the foundation 990-PFs did not include a contact number and many of the numbers that were included were no longer in service. Following an exhaustive Internet search and numerous follow-up calls, 17 agencies were

contacted, for a response rate of 59 percent; three of these foundations did not agree to be interviewed.

The 14 interviews were structured around a set of open-ended questions. Not all respondents answered every question. Interview climates varied from open to nearly hostile. Even with assurance that the researcher was not seeking funding and would report findings anonymously, two respondents provided only minimal information. Others were more forthcoming: one respondent spoke openly about the tax benefits of the private foundation, sharing that she had IRA distributions transferred to the foundation to avoid income tax.

### The Context: Florida's Rural Counties

While Florida's rural counties are those with the state's lowest populations, they rank higher than the state's urban counties in many common socio-demographic disparities:

- Poverty rates in all Florida's rural counties are above the state average of 14.7 percent. The average poverty rate for rural counties was 21 percent, with the highest at 28.5 percent.
- Unemployment rates are higher than the state average of 8 percent in 73 percent (16 of 22) of Florida's rural counties. The highest rural-county unemployment rate was 15.6 percent. Median household income in 95 percent (21 of 22) of rural counties is below the Florida average of \$47,827. The median in rural counties was \$38,052; the lowest average county income was \$31,142.
- The percentage of rural-county residents with a high school diploma is, on average, 75 percent; the state average is 85.5 percent. Approximately one in six Florida residents is age 65 or older (17.2 percent or 3.3 million people); this population is expected to swell to 27 percent by 2030. The annual nursing home cost in the state is estimated at between \$55,000 and \$75,000, an expense likely to outpace affordability and make community-based alternatives more desirable (United Way of Florida, 2012).
- African Americans and Latinos make up the largest proportion of nonwhite residents in Florida. Overall, the population of African

*Nonprofit organizations and foundations become key actors in offsetting the financial and service deficiencies of rural-county governments. United Way agencies and community foundations are often a source of supplemental support for health, human services, and educational needs.*

Americans in rural counties is on par with the state average at 16.8 percent versus 16.5 percent respectively; 11 rural counties have African American populations above the state average, with 38.8 percent as the highest. The Latino population is less represented in rural areas, at 12.3 percent versus a state average of 23 percent; four rural counties have Latino populations larger than the average, with the highest at 49.4 percent.

In response to these disparities, nonprofit organizations and foundations become key actors in offsetting the financial and service deficiencies of rural-county governments. United Way agencies and community foundations are often a source of supplemental support for health, human services, and educational needs. There are 34 United Way agencies in Florida, with nine specifically servicing the 22 rural counties under investigation for this study (United Way of Florida, 2010). But resources, personnel, programming, and quality of information vary with each United Way and community foundation. The United Way of Okeechobee County, for example, is staffed by volunteers and takes inquiries by mail, but the United Way of Florida website has no web address or telephone number associated with that agency.

Community foundations offer supplemental fund-

TABLE 1 Assets and Expenditures of Rural Private Foundations\*

Organizations by Asset Amount	Assets	Grants Given	Other Expenses
Less than \$10,000	\$372-\$634 Mean: \$503 (n = 2)	\$2,350-\$414,362 Mean: \$277, 808 (n = 2)	\$330-\$19,504 Mean: \$9,917 (n = 2)
\$10,000-\$99,999	\$15,180-\$91,420 Mean: \$58,860 (n = 8)	\$100-\$68,939 Mean: \$18,137.50 (n = 8)	\$5-\$25,579 Mean: \$4,123 (n = 8)
\$100,000-\$999,999	\$102,713-\$601,256 Mean: \$309,003 (n = 10)	\$4,900-\$470,101 Mean: \$82,629.90 (n = 10)	\$164-\$7,467 Mean: \$2,689.90 (n = 10)
\$1 million-\$4.99 million	\$1,161,861-\$4,543,315 Mean: \$2,723,879 (n = 8)	\$11,177-\$206,867 Mean: \$106,870 (n = 8)	\$1,001-\$260,202 Mean: \$48,212 (n = 8)
More than \$5 million	\$7,232,030 (n = 1)	\$650,000 (n = 1)	\$371,631 (n = 1)

\*Based on 2011 or 2012 IRS Form 990PF

ing to broader community-based initiatives and organizations. Most of Florida’s 26 community foundations are in urban counties. Their service areas, although geographically represented, are more fluid than those identified by the United Way agencies, particularly the regional foundations. Regardless, determining to what extent rural communities are being serviced by such prominent organizations is difficult.

### Rural Private Foundations in Florida

The private foundation is another organizational form providing funds to individuals and organizations and rural counties in Florida. This study examined 29 private foundations, with assets totaling \$52.1 million, in rural Florida counties reporting grant allocations during fiscal year 2011 or 2012. Only one foundation with no grantmaking activity was found in the two most rural counties. Five of the 15 counties in RUCC 6 had no foundations; the remaining counties have a range of one to six foundations. The more populated counties had more private foundations, an average of 4.5 foundations per county.

In their most recently filed IRS Form 990-PF, the 29 foundations reported assets totaling \$32.58 million, ranging from \$372 to \$7.23 million and with a mean of \$1.12 million. (See Table 1.) The

majority, 69 percent, reported assets of less than \$650,000, with 34 percent reporting less than \$10,000. Nine foundations, 31 percent, reported assets of between \$1 million and \$7.5 million. Sixty-two percent of grants were made in the amounts ranging from \$10,000 to \$999,999. The largest grant, of \$650,000, was made by one organization.

While all the organizations hired professional accounting services and about a third utilized professional investment or account managers, reported expenses reveal differences among the private foundations. Annual administrative expenses among the foundations studied ranged from \$5 to \$371,631; 48 percent had expenses of less than \$1,500, 45 percent had expenses from \$1,500 to \$35,000, and 7 percent reported annual expenses of more than \$250,000. This category included compensation to board members and staff, bank charges, fees to accountants and investment account managers, utilities, office supplies, taxes, travel and professional dues, state registration fees, and depreciation. An examination of the foundations’ Form 990 attachments provides more details about compensation, accounting and investment fees, and taxes:

- Two foundations reported paying board

TABLE 2 Grant Allocation and Location by Florida Rural Private Foundations

	Total Grants (Percent of Total Grants)	Florida Amount (Percent of Florida Total)	Home County Amount (Percent of Home County Total)	Out-of-State Amount (Percent of Out-of-State Total)
Arts, Culture, and Humanities	\$8,969 (<1%)	\$8,969 (<1%)	\$2,919 (<1%)	0
Education	\$828,776 (29%)	\$331,801 (23%)	\$198,081 (22%)	\$496,975 (34%)
Environment and Animals	\$9,356 (<1%)	\$9,356 (<1%)	\$4,519 (<1%)	0
Health	\$136,215 (5%)	\$132,636 (9%)	\$90,816 (10%)	\$3,579 (<1%)
Human Services	\$974,958 (34%)	\$313,683 (22%)	\$151,261 (16%)	\$661,275 (45%)
Public, Societal Benefit	\$31,807 (1%)	\$31,207 (2%)	\$22,529 (2%)	\$600 (<1%)
Religion-Related	\$897,433 (31%)	\$605,177 (42%)	\$444,032 (48%)	\$292,256 (25%)
Unknown, Unclassified	\$6,550	\$6,550 (<1%)	\$4,050 (<1%)	0
<b>Totals</b>	<b>\$2,894,064</b>	<b>\$1,439,379</b>	<b>\$918,207</b>	<b>\$1,454,685</b>

Source: National Center for Charitable Statistics

members or trustees in amounts ranging from \$24,400 to \$259,000 a year. Only one organization compensated staff members: three part-time employees received total annual compensation of \$55,349. These numbers are much lower than the median number of foundation staff – four – reported recently by the Council on Foundations (2011).

- The foundations reported accounting fees ranging from \$281 to \$36,660; the largest fees were paid by foundations with assets of \$100,000 to \$999,999. Only 27 percent of the foundations detailed investment and account management fees, which ranged from \$150 to \$33,371.
- Eighty-three percent of the foundations paid taxes, ranging from \$2 to \$4,138.

The foundations in the study gave 484 grants totaling \$2.94 million to organizations and individuals. The range of giving per foundation was \$100 to \$650,000, with an average of \$99,761 per foundation. Fifty-nine percent of the foundations gave grants totaling less than \$40,000, 24 percent gave a total of \$65,000 to \$135,000, and 17 percent

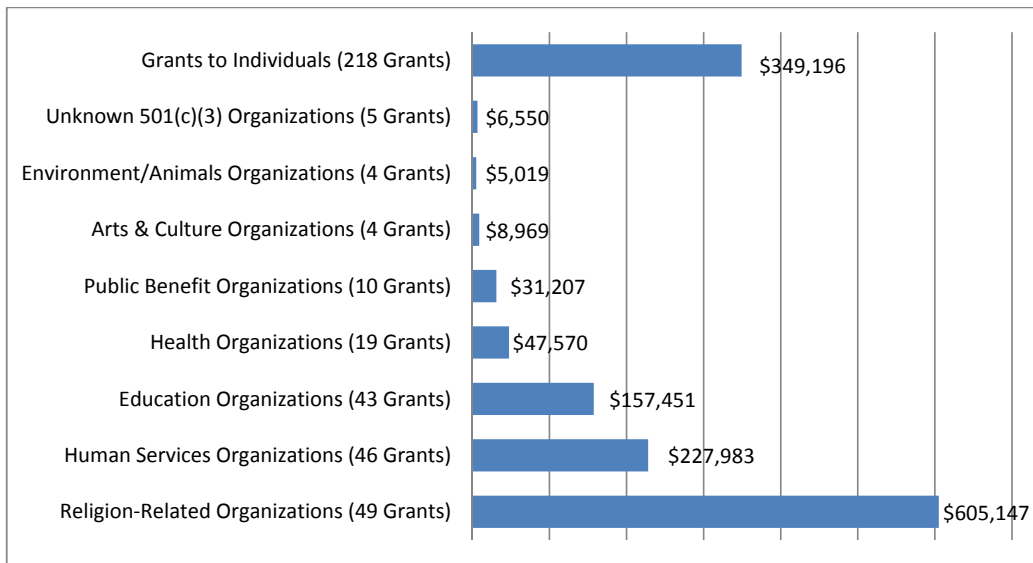
gave grants totaling more than \$200,000.

Private foundation funding was split almost equally between in-state and out-of-state grantees. The largest funded categories included significant out-of-state grants: human services, religion-related, and education. The largest grant expenditure total – \$650,000 – was given by one foundation to out-of-state senior aid agencies. All grants in the categories of arts, culture, and humanities; environment and animals; and unknown stayed in Florida. (See Table 2.)

Of the grant funding that stayed in Florida, the largest category, religion-related, is almost the size of the human services and education categories combined. When focusing on the foundation's home-county funding, 64 percent of Florida dollars remained in the home county while 34 percent of the total grant funding amount stayed in the home county. Religion-related, human services, and education were the largest grantmaking categories for funding that remained in the foundation's home county. In the religion-related



FIGURE 1 Private Foundation Grants to Individuals and Nonprofit Organizations\*



\*Based on 2011 or 2012 IRS Form 990PF

category, 73 percent of the Florida dollars and 52 percent of the category total stayed in the foundation's home county. For education-focused grant dollars, 60 percent of the Florida funding and 24 percent of the category total stayed in the foundation's home county. In human services, 48 percent of the Florida amount and 15 percent of the total category amount stayed in the foundation's home county.

### Grant Funding in Florida

Their Form 990s show that Florida's rural private foundations gave 171 grants, totaling \$1.09 million, to Florida churches and nonprofit organizations in fiscal year 2011 or 2012. (See Figure 1.) Thirty-nine percent of the grants went to human services organizations, including traditional social programs (e.g., food banks, housing, youth programs, veterans services, and homeless shelters). County and state fairs also fall in this category; they received \$125,737 in foundation funding. Education organizations, including colleges and university donations (other than scholarships), private K-12 schools, education-support organizations, and libraries, received 27 percent of the grants. Nineteen grants went to health organizations such as senior care facilities, home health agencies, and local chapters of national health or-

ganizations such as the American Cancer Society, March of Dimes, and Easter Seals. Florida public benefit organizations, including Lions and Rotary clubs and several local economic development organizations, received 8 percent of the grants. All of the grants to arts, culture, and humanities and environment and animals stayed in Florida. The arts category received five grants, funding a museum, a festival, a chorale, and a historic trust; five environment grants went to humane societies and a wildlife preserve.

The remaining \$349,196 in Florida grants went to 218 individuals. The largest category of individual grants, \$180,600, was student scholarships. Individual grants for health, \$85,066, and human services, \$85,700, were next. These categories included medical and pharmacy expenses, utilities, housing, food, and transportation costs. Individual grants in the environment and animals category covered \$4,350 in veterinary care costs.

### Decision-Making in Rural Private Foundations

Interviews added useful contextual understanding of decision-making in rural private foundations. They focused on the rationale for the location of the foundations, who was involved in making

decisions, the decision-making process, and the criteria for allocating funds in the foundation's home county, in state, or out of state.

Interview subjects were asked about the foundation's connection to the county where it is located, a question that examines the importance of geographic location for foundation representatives. The majority of respondents, 85 percent, indicated that the location was linked directly to the founder's longtime home. While almost 40 percent of the founders are no longer living, the foundations remain in the founder's home county.

More than two-thirds of the representatives interviewed indicated that funding allocations are made to agencies and individuals in the foundation's home county only or in Florida only; the remaining foundations indicated no preference. The geography of grant allocations was determined by the founder's will or an understanding of the founder's intent (54 percent), or by the personal choice of the founder, often with input from the founder's family (46 percent). All grant funding determined by a will or founder's intent stayed in the founder's home county. Of the respondents indicating personal choice as the factor in the geography of grant allocations, one indicated that the majority of annual funding went to home-county student scholarships and additional funding for in-state and out-of-state grants was determined annually. Another respondent clarified her personal-choice response, stating she donates to the National Multiple Sclerosis Society because her son-in-law suffers from the disease. Another respondent disclosed that the foundation does not support the local community – the founders just happen to live in the county.

When asked what factors determine how much to spend annually, some respondents provided more than one answer. Eighty-five percent indicated that the amount of funding available, both interest and principal distributions, was the leading factor in the determining grant amounts. Other factors included local needs (i.e., college scholarships for home-county students; food, shelter, and medical care; and Christian schools, churches,

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*Providing geographic parameters for grant allocation through clear founder intent or a will assures that funding will stay in the home county or state. Sixty percent of the respondents discussed personal choice as the driving factor in supporting home-county organizations and individuals.*

and organizations), the number of requests and applications, and personal interests.

The founder or family members were the key funding decision-makers for half of the foundations responding; trustees and officers took this role for the other 50 percent. Four of the five foundations with trustees or officers as decision-makers operate exclusively under the founder's will. Two of these are managed through legal offices and two through a county clerk's office. When asked what is involved in funding determinations, almost half of the respondents highlighted how requests or applicants meet established criteria. Other key influences included perceived need and personal choice.

While the small number of interviews limits overall conclusions about private foundation decision-making, interesting implications can be drawn. Providing geographic parameters for grant allocation through clear founder intent or a will assures that funding will stay in the home county or state. Sixty percent of the respondents discussed personal choice as the driving factor in supporting home-county organizations and individuals. Personal choice was influenced by many factors, including requests received, community need,

and individual or family interests. The remaining 40 percent were bound by clearly articulated founder intent, whether formally or informally, to distribute funds in the home county or state. This group was more likely to have criteria in place for grant decisions.

Based on the interviews and the foundation's lack of a public face – only one foundation had a web page – the foundations in the study see their role as providing funds. None indicated a larger role in the community. While 30 percent of the foundations are limited to the criteria set forth in the founders' wills, the remaining have chosen not to assume common foundation roles such as partnering with other funders or providing technical assistance to local nonprofit organizations. Reasons for that include a lack of expertise or staff and a lack of awareness or appreciation of the value of such roles. These foundations are focused solely on grant allocations that meet the benefactor's intent, often through established criteria or the personal interests of founders and their families.

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*For private foundations to serve as important institutions in their communities, their funding should have a local orientation. In this study, approximately 50 percent of the grant funding went to organizations outside of Florida.*

The interviews confirmed the foundations studied operate informally, with founders and their families assuming many roles. In particular, founders are hands-on in grant decision-making and often with limited formal processes for reviewing requests.

### Geographic Priorities for Grant Funding

For private foundations to serve as important institutions in their communities, their funding should have a local orientation. In this study, approximately 50 percent of the grant funding went to organizations outside of Florida, although more than double the amount of religion-related grants – \$605,177 – stayed in the state compared to the out-of-state total of \$292,256. In the human services and education categories, more money was sent out of state than stayed in Florida; the out-of-state amount for human services grants, \$661,275, was more than double the in-state amount, \$313,682. Some grantee organizations in the human services category, such as Salvation Army, Toys for Tots, and Boy Scouts, appear on both the in-state and out-of-state lists; in some cases the contribution was to the national organization and in others the dollars went to a local chapter. Education grants were more equal: in-state at \$331,801 and out-of-state at \$496,975. In the categories of arts, culture, and humanities, environment and animals, and unknown, no rural-foundation grant dollars left Florida. While it is surprising that 50 percent of rural-foundation dollars left the state, the findings on home-county funding is more positive: 64 percent of the funding that stayed in Florida went to organizations and individuals in the foundation's home county.

Interviews with foundation leaders provided perspective on this question. One foundation trustee acknowledged that while the family lives in Florida, the foundation gives grants wherever it wants and does not support the local community. This foundation is the largest in the study group based on reported assets and grants, and its grants in fiscal year 2011 were allocated to human services organizations outside of Florida. On the other hand, more than 80 percent of the respondents emphasized the importance of their grantmaking staying local. The benefactors for these foundations were all from rural Florida counties and wanted their money to go to rural areas.

The interviews illustrate what many authors argue is a strength of private foundations: as long as the grantee is charitable in nature, the foundation can give to any organization or individual regard-

less of purpose or location (Hopkins & Blazek, 2008). However, the recipients can change each year. The task for nonprofits in rural communities is to connect with the foundations located in their home and nearby counties to highlight community needs and service gaps.

### Foundation Decision-Making Processes

Interviews found that grant allocations were made by foundation trustees and founders, alone or with their families. While a majority of respondents described the importance of local giving, fewer than half the foundations interviewed have established criteria and guidelines specifying local funding. The specific grant allocations of these rural foundation, in terms of geographic location of recipients and giving categories, indicate a mix of Frumkin's (2010) instrumental and expressive giving types. The scholarship programs, an example of instrumental giving, specifically help low-income high school graduates in rural counties attend college, thereby addressing local education needs. Giving to Christian radio programming, on the other hand, illustrates expressive giving based in a personal interest.

### Influence of Funding on Local Communities

Religion-related, human services, and education grants represented the majority of funding – in state, in the foundation's home county, or out of state. The largest share of grants went to religion-related organizations, demonstrating the expected importance of churches and other ministries in rural counties. As previous research has indicated, churches not only offer religious and social connections but also often meet the basic needs of a community, formally and informally (Molnar, et al., 2001).

Human services, education, and health grants also speak to the needs in rural counties. The foundations studied gave to organizations and individuals addressing core needs of every community, particularly rural communities (i.e., food pantries, nursing homes, youth programs, college scholarships, and donations to individuals facing a crisis). Those grants, while typically small, provided

funds that would have otherwise not been available. The interview respondents acknowledge this role; one-third of the respondents indicated need as one of the factors in allocating grant funds. Such perceptions suggest that foundation decision-makers may become more strategic in their grant allocations with greater understanding of local needs and wider opportunities for foundation involvement.

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*The foundations studied gave to organizations and individuals addressing core needs of every community, particularly rural communities (i.e., food pantries, nursing homes, youth programs, college scholarships, and donations to individuals facing a crisis). Those grants, while typically small, provided funds that would have otherwise not been available.*

The researchers are not suggesting that the presence of a private foundation alone will alleviate the disparities seen in rural communities, particularly given that 50 percent of private-foundation dollars in this study did not stay in the foundation's home county. But the human services, health, and education funding that did remain in rural counties indicates the potential for private-foundation grantmaking to benefit the rural communities where they are located.

### Conclusions and Future Research

While knowledge about the role of private foundations in general is limited and in serving rural communities even more so, this research makes

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important contributions to our understanding of rural private foundations in Florida. They differ greatly from the larger foundations typically studied. The typical rural private foundation has no staff and is run by a founder and/or the founder's family or by a board designated through a will. The rural private foundations studied split their grantmaking between out-of-state giving and in-state giving, determined largely by the benefactor's intent or the personal choices of the foundation founder and family.

These findings offer a lesson for foundation leaders and an opportunity for local community

organizations. Formalizing a founder's intent for local grantmaking through structured criteria and guidelines in a will or other legal document goes a long way in assuring that local emphasis will continue as intended. And given the important role of personal choice in funding decisions, nonprofit organizations and community groups in rural counties have the opportunity to communicate their community's needs broadly with the goal of retaining a larger amount of foundation dollars in state and in the foundation's home county.

A better understanding of local issues and concerns may increase interest in them among foundation decision-makers. Korsching, Lasley, Sapp, Titchner, and Gruber (2010) suggest that as individuals become engaged in their local communities, they are more likely give locally. Other researchers (Bourns, 2010; Enright & Bourns, 2010; Lenkowsky, 2012) have suggested that citizen participation in the grantmaking process of foundations will strengthen legitimacy, bring new information from a wider variety of sources, and improve knowledge of community needs.

Like all research projects, this one has limitations. The researchers were looking only at the grantmaking of private foundations located in rural counties in Florida. While we have no reason to suggest that Florida's private foundations are unique, there may be limits to generalizing the findings to other counties and states. In addition, data collection focused on interviews and IRS Form 990-PF data, which is self-reported and of variable quality. While key informant interviews as a research strategy also has weaknesses, the interviews for this research provided information that could not be collected in another format. But the difficulty of contacting foundation decision-makers must be emphasized. Upon reflection, the researchers believe that these foundation leaders do not wish to be contacted, seeking to avoid an onslaught of funding requests and/or to maintain privacy around foundation operations and decision-making. The informal structure, privacy, and discretion of small private foundations create significant challenges for learning about their organizational processes.

The remaining questions about rural private foundations provide fertile ground for future research. Given the demographic profile of rural counties, a more in-depth examination of how resources are allocated, if at all, to minority groups or minority-serving institutions would increase understanding about decision-making. In Florida specifically, the growth of the Latino population in rural communities presents important questions for research. Building on existing social-capital research (e.g., Portes, 1998; Putnam, 2000), future studies should examine whether and how rural foundations, in comparison to urban private foundations, build trust, interpersonal relationships, and shared norms and values within their communities. Lastly, moving beyond Florida to learn more about rural foundations across the region and the nation would expand knowledge about private-foundation grantmaking.

Understanding the processes and funding priorities of rural private foundations is beneficial to ensure that rural communities thrive. This article lays the groundwork for a broad research agenda to strengthen this understanding and identify strategies to increase the efficacy of private foundations in rural areas.

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