

The Commonweal Foundation supports educational programs and projects assisting disadvantaged youth. The Foundation focuses on secondary and, to a lesser extent, elementary education. The Foundation also considers grants for educational research and, to a limited extent, health care.

FOUNDATION PROGRAMS

- ◆ **Pathways to Success Program.** Boarding and Day School Scholarships
- ◆ **Partners in Learning Program.** Afterschool Math and Reading Tutoring and Parent Education Programs
- ◆ **Learning Support Program.** Special Education Tutoring
- ◆ **Grants Program.** Community Assistance Program and School Enhancement Program Grants

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Message from the Chair & CEO

Making Connections Strengthening Partnership & Communication

While the global effects of the economic crisis that started in early 2008 continue to reverberate, private philanthropy is being asked to respond to an unprecedented need for financial support. Meanwhile, data reported in the 2009 Foundation Yearbook make it evident that the worst is not over, especially for the nonprofit community that relies on support from foundations. The data show that over 67% of foundations will reduce their giving well into 2010. During this time of uncertainty, we believe that the ways we can help are to continue to communicate regularly about our efforts and to share resources as we respond to the growing needs of vulnerable children and youth, and their families.

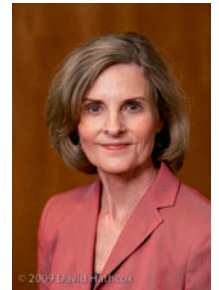
So in the spirit of continued communication and sharing, our goal for this issue of the *Chronicle* is to provide you with a greater understanding of how the Commonweal Foundation operates and how the Foundation's organizational structure affects the allocation and use of its resources. To learn more I invite you to read the articles, "Commonweal: FAQs" and "Commonweal by the Numbers" on pages 2 and 4, respectively.

In October 2008, at our first ever staff retreat, Commonweal set in motion its strategy for change. At the retreat, the staff identified the need to reassess how we accomplished our work in the context of being more responsive to the growing needs of underserved children and youth. Although the work related to the strategic plan certainly presented the staff with the opportunity to view their work through a different lens, the process was not without its share of challenges. We all know how easy it is to talk about change; but it is quite different to make change happen!

As I reflect on the integrative process we engaged in, I applaud the efforts of the staff. Although much work remains ahead of us, we have made significant progress. In December we will present a three-year strategic plan to the Board of

Directors. A critical outcome of our planning process is the recognition that we need to develop an organization-wide operational framework that enables the staff to maximize the utility of the foundation's resources. To this end, we adopted the following principles to guide our thinking as we developed a roadmap for the future: **1) QUALITY.** We are committed to enhancing the quality and depth of our work; **2) PARTNERSHIPS.** Structuring effective partnerships and collaborations is critical to leveraging the financial and human resources of both the Foundation and our partners; and **3) EVALUATION.** Decisions about our programs and grants must be based on reliable and valid data. Therefore, the collection of useful data related to improving outcomes and long-term impact is critical and needs to be in place across the Foundation. We are confident that this approach will enable us to better define, assess, and improve our effectiveness and lead to greater impact. The article on page 3, "CAP Leaders Meet: Building Partnerships, Strengthening Communities," is a great example of how we are putting these principles to work.

In this issue we are also proud to announce that Stewart Bainum was recently recognized as the 2009 Montgomery County Philanthropist of the Year by the Montgomery County Community Foundation. The official announcement and full biography of Mr. Bainum appeared in the November/December 2009 issue of *Bethesda Magazine*. We present his inspiring story of remarkable accomplishment and contribution in this issue. As you will read on pages 6 and 7, his values continue to guide our efforts and are a reminder to us all that persistence, hard work and integrity is what gets the job done.



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Commonweal FAQs

FAMILY FOUNDATIONS: KEY FACTS

\$18.5 billion - Giving by family foundations in 2007

13% - Increase in family foundation giving between 2006 and 2007

37,539 - Number of grantmaking family foundations in 2007

48% - Share of family foundations reporting less than \$50,000 in giving in 2007

56% - Estimated family foundation giving as a share of all independent foundation giving in 2007

—Foundation Center's Yearbook, January 2009

Mission Statement: The Commonweal Foundation supports education programs and projects assisting disadvantaged youth. The Foundation focuses on secondary and, to a lesser extent, elementary education. The Foundation also considers grants for educational research and, to a limited extent, health care.

The Commonweal Foundation is a private operating family foundation.

What is an Operating Foundation?

The Internal Revenue Service (IRS) defines private operating foundations as private foundations that use the bulk of their resources (at least 85%) to provide charitable services or run charitable programs of their own. The IRS requires that non-operating private foundations distribute at least 5% of their assets each year. Operating foundations, though, are not subject to this minimum payout requirement. Donors of operating foundations generally may take advantage of more liberal charitable deduction rules applicable to gifts to public charities, and can more closely direct the charitable activities of the foundation. Although operating foundations like Commonweal do make grants, grantmaking represents a smaller percentage of their overall giving compared to dollars spent running direct service programs. Operating foundations obtain their operating funds from an endowment created by the original donor; it is also possible for an operating foundation to have no endowment and receive its operating funds through annual contributions from one donor or a small number of donors.

Why does Commonweal qualify as an operating foundation?

The Foundation qualifies because it provides direct services through its Grants Department and the three programs it operates:

The Pathways to Success Program (Pathways)-began in 1994 as an outgrowth of the "I Have a Dream" program and provides scholarships to underserved students in grades 7 through 12 who want to attend Christian faith-based boarding and day schools across the country. More than just a scholarship program, Pathways activities strengthen partner school services offered to Pathways students as well as the entire student body.

Grants Department-Commonweal's Grants Department does more than just check writing. The staff works collaboratively with our operating programs and awardees. For example, under the School Enhancement Program, Commonweal awards service

contracts to Pathways schools through which they build their capacity to implement Commonweal's Pathways to Success Program. The Grants Department oversees and administers these service contracts in close collaboration with both the schools and Pathways staff.

Learning Support Program (LSP)-began in 1998 and provides quality educational services to underserved students in grades 1 through 12 who are not progressing academically due to learning differences. These students receive specialized, small group or one-on-one instruction in reading, writing, math and study skills at a variety of school and community sites. These educational interventions are services generally available only to families with the ability to afford private tutoring.

Partners in Learning Program (PINL)-PINL increases literacy and math skills among children (K-12) living in under-served communities in the Washington DC Metropolitan area. PINL works with collaborating schools and community organizations to provide supplemental instruction in phonics, reading comprehension, writing, math computation, word problems, and critical thinking skills. A signature component of the PINL program is that the students keep the books they read and eventually build a library at home.

How is the Foundation governed?

The Foundation is governed by a board of directors comprised of ten members (six family and four non-family members) which meets four times a year. Commonweal's board sets policies for financial oversight, management, governance, professional standards, investments, programmatic direction, and grant making. It appoints the CEO and annually reviews her performance, approves the compensation of all officers, and reviews and approves annual operating budgets and internal and external independent audits. The Board delegated the grant request decision making authority to the CEO and the Grants Review Committee (GRC) and reviews their decisions at board meetings. In lieu of compensation, Board members are allocated \$1,250 per meeting for discretionary giving to any qualified public charity.

Continued on page 3

CAP Leaders Meet

Building Partnerships, Strengthening Communities

Commonweal has consistently held the notion that its grantmaking activities should be more than just check writing, and understood the opportunity before us to offer additional forms of support to our community partners. Staff recognized that for many community partners who are making a tremendous difference in the lives of youth, they often do not have the means to obtain much needed training and development to stabilize their organizations or move their programs to the next level. To this end, the Grants Program launched the Community Assistance Partners (CAP) Leaders meetings on September 4th in Silver Spring, Maryland.

This initial meeting, attended by 64 leaders representing 46 community partners, was designed to broaden communication, share lessons learned, and strengthen partnerships between the Foundation and its grantees, and among the grantees themselves. An opening panel presentation provided attendees with the opportunity to glean valuable insight into the Foundation's operating programs: Partners in Learning, the Learning Support Program, and the Pathways to Success Program.

Grantees were excited about meeting one another during the networking lunch; some even discovered opportunities for collaboration to enhance one another's programs. [See photo caption, above.] During the afternoon session, Commonweal staff presented its



Children from the Greenbrier Learning Center's (GBLC) *Learning Rocks!* After School Program in Arlington, Virginia. Executive Director Courtney Reeve attended the CAP Leaders meeting, met John Meagher from ReSET (Retired Scientists, Engineers & Technicians), and a collaboration was launched. ReSET now offers a science component in GBLC's *Learning Rocks!*

application guidelines and the due diligence process that includes assessment in the areas of program design, implementation and evaluation, leadership, governance, and financial health.

Then community partners offered their input in small group discussions on their concerns, needs and interests, including their experience with Common-

Continued on page 8

Continued from page 2

What is the role of the CEO?

The CEO is a member of and chairs the Foundation Board. She implements board established policy, oversees the Foundation's programs and operations, and represents the Foundation to the public. Since July 2008, the CEO's priorities have been to support and strengthen the quality of the work of the Foundation. To this end she restructured the Foundation, and set in motion an emphasis on building partnerships with all of its stakeholders, and on fostering a culture of continuous learning through open and regular communication. She has led the Foundation in a thorough organizational review and launched a strategic planning process and staff development initiative.

What is the role of the Foundation staff?

The Foundation employs 25 full-time headquarters-based staff and over 150 part-time staff who are generally tutors in the PINL and LSP programs. Three vice presidents work with the CEO on the Executive Team to implement the established priorities in the areas of finance/administration, programs, and special projects. Four Program Directors report to the Vice President of Programs and together they crafted a new strategic direction with an emphasis on program integration to deepen the Foundation's impact and optimize its resources. This proposed plan will be reviewed at the December Board of Directors meeting.

To learn more about the various types of foundations visit www.foundationcenter.org.

WISDOM

"Those whom foundations wish to help do not appreciate having that help thrust upon them without their knowledge or consent. As laudable as a foundation's intentions and objectives might be, its efforts will come to naught unless it consults and respects the wishes and needs of those to whom its aid is directed."

—Joel J. Orosz

The Insider's Guide to Grantmaking: How Foundations Find, Fund, and Manage Effective Programs

Investment Management and Distribution Philosophy

COMMONWEAL BOARD OF DIRECTORS & OFFICERS

Barbara Bainum
Chair & CEO

Stewart Bainum
Vice Chair

Bruce Bainum, PhD

Roberta Bainum

Alexander Froom

Charles A. Ledsinger, Jr.

James MacCutcheon

Garland P. Moore, Jr.

Scott Renschler, PsyD

Christine A. Shreve

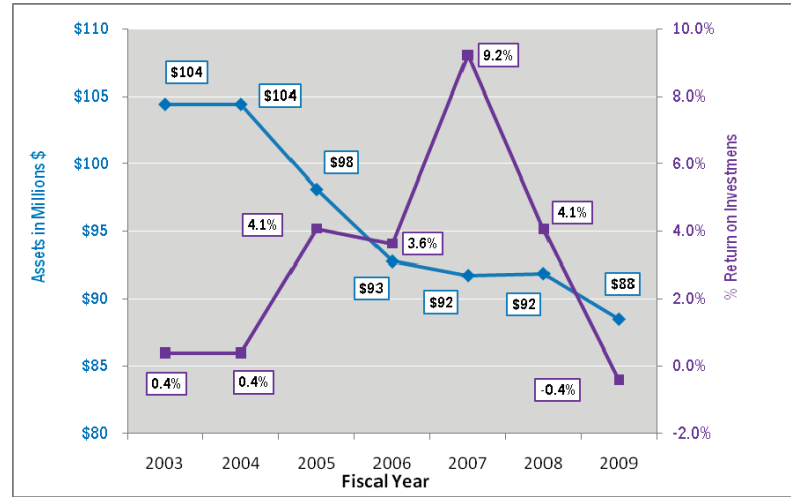
Rozita LaGorce Green
Vice President of Programs

Phyllis M. Rumbarger
Vice President of Special
Projects

Christopher M. Sharkey
Vice President & Chief
Financial Officer

The primary purpose of the Foundation's Investment Portfolio is to preserve the capital (or "retain the corpus") for the ongoing financial support of its various programs and administrative costs. The secondary purpose is to preserve the purchasing power of the portfolio, and the tertiary purpose is to produce sufficient investment earnings for future needs through a sound investment program.

Given that the cornerstone of Commonweal's investment policy is to maintain the corpus of assets, the Foundation focuses on low-risk, low-volatility investments. As the above chart illustrates, during the bull markets earlier this decade, Commonweal's investment returns (see the purple colored line above which is plotted against the right axis) were not as inflated as some other, more aggressive organizations', but when the market experienced the tremendous downturn over the past two years Commonweal fared much better than most other foundations. Note that assets of the Foundation, shown in the blue line above and plotted against the left axis, vary based on a



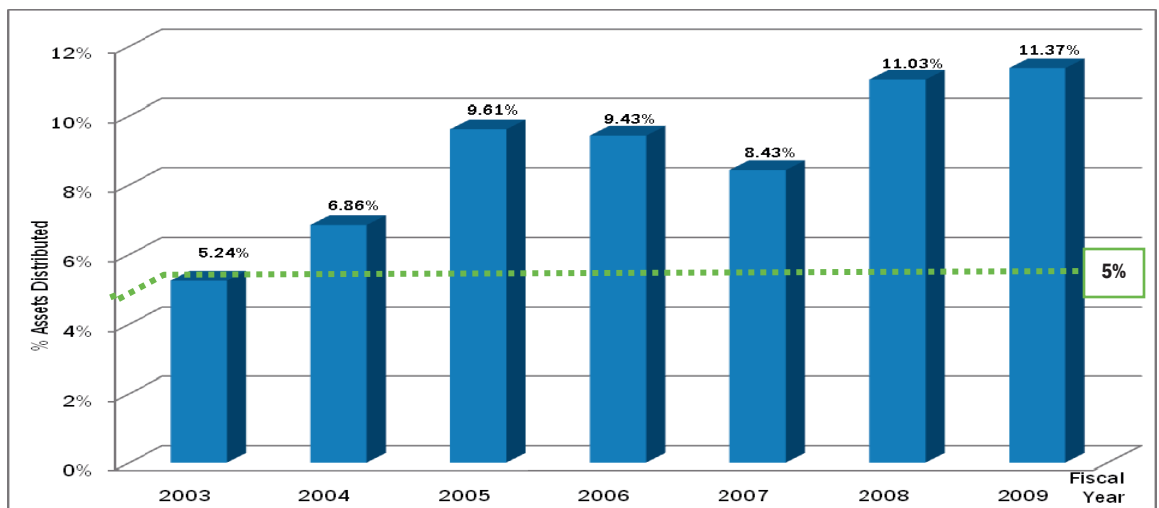
combination of returns on investments, operating expenses and donor contributions.

As is the case with any foundation, the members of the Board of Directors ("Board") are under a duty to the beneficiaries (students, schools and grantees) of the Commonweal Foundation to invest and manage the funds of the Foundation as a prudent investor would, in light of the purposes, terms, distribution requirements and other circumstances of the Foundation.

During the most recent bear market, most foundations' investments declined by 28% to 40%; Commonweal's lost less than 0.5%.

The IRS requires that most foundations distribute at least 5% of their assets each year. As an operating foundation (see "FAQ" article on page 2), Commonweal is not subject to the 5% distribution requirement, but, as illustrated in the graph below, Commonweal consistently distributes much more than that each year. The Foundation is not focused on operating into perpetuity, nor does it have a defined "spend-

down date" by which all assets are to be distributed. Rather, the Board approves the annual operating budget to meet our programmatic needs as described on the following page. Note that according to The Foundation Center, over the 20 year period 1987-2007, independent US foundations distributed an average of 5.27% of their assets each year.



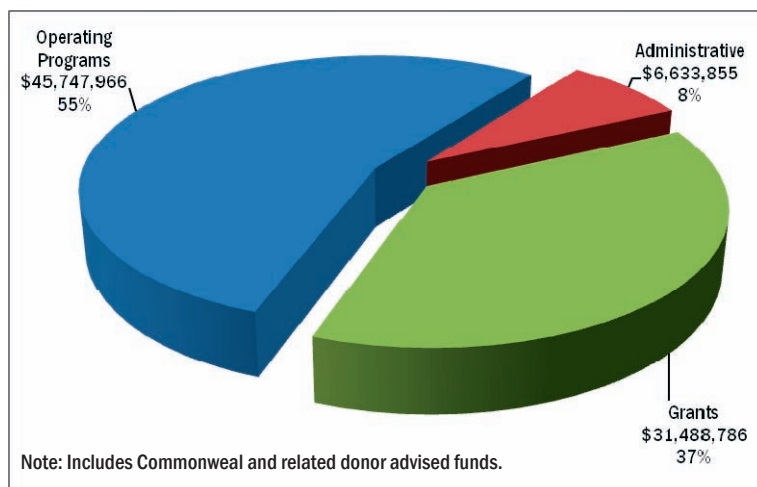
By the Numbers

Spending Philosophy

As an operating foundation, Commonwealth focuses the majority of its expenses on carrying out its own programs. While the Foundation does make grants, we believe that through disciplined, controlled growth in the number of students served and in the depth of the services provided to each student we have a greater impact on underserved children and youth than we could have through grants alone. The chart to the right reflects Commonwealth's emphasis on allocating the bulk of its resources to services that directly benefit students, schools and nonprofit youth-serving organizations. Our headquarters staff is lean, our offices modest, and we make a concerted effort to keep our overhead low.

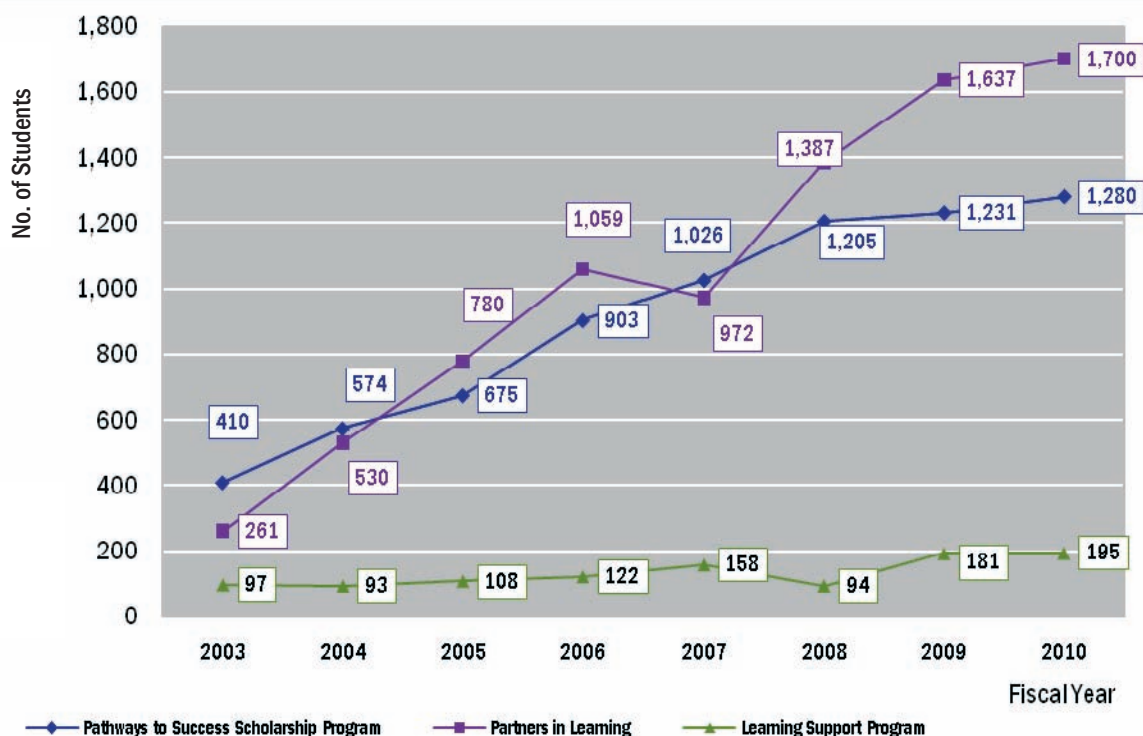
Commonwealth is more interested in the long-term impact of our programs than we are on the long-term self preservation of the foundation. Our work is carried out with and through other individuals and organizations. We do not try to be all things to all people—we focus on what we do well in each of our programs, and work with other non-profits whose core competencies augment—not duplicate—ours. In the past two years we have recommitted ourselves to driving for improved impact and outcomes, not just num-

\$83,870,607 Cumulative Expenses for FY 2003–2010



ber of scholarships paid, students served, or grants awarded.

Budget Process —Commonwealth's budgeting process is "zero-based" and program driven. Each program develops plans for controlled growth of their activities, constantly focused on leveraging resources. The chart below demonstrates the incredible growth in the number of students served from 2003 through projected figures for 2010. Not only do we provide assistance to more students than ever, the amount of service we provide to each student has also generally risen over the years.



COMMONWEAL STAFF

Andrew Curtis
IT User Support Specialist

Lisa W. Cooksey
Director of Information/Senior Business Analyst

Alex Cuadra
LSP Program Assistant

Ramona de Cardy
PINL Education Coordinator

Athena Fischer
Executive Assistant to CFO

Virginia Gentilcore
Grants Program Manager

Storme Gray
Grants Program Assistant

LaTonya Hickman
Office Manager

Kasia Hlavaty
Controller

Ephraim Johnson
Data Entry

Suzanne Kaspar
PINL Program Assistant

Fred Lowenbach
PINL Program Director

Rebecka Manglanathan
PINL Program Manager

Marla McQuay
Pathways Program Manager

Daniel Miele
Construction Project Manager

Noelle Offutt
Executive Assistant to VPP

Sandra Truque
Executive Assistant to CEO/HR

Jane Parra
LSP Program Director

Jennifer Schauffler
Pathways Program Manager

Mona Shah
Staff Accountant

Christopher Thorn
IT Manager

Jean Togbe
Pathways Program Assistant

Paula Webber
Pathways Program Director

Marilyn Wu
Director of Grants

ABOUT THE AWARD

The Montgomery County Community Foundation launched the Montgomery County Philanthropist of the Year Award in 2007 to recognize people who are doing the most to help the county's needy residents. Past award recipients include Josh Freeman in 2007 and Craig Rupert in 2008.

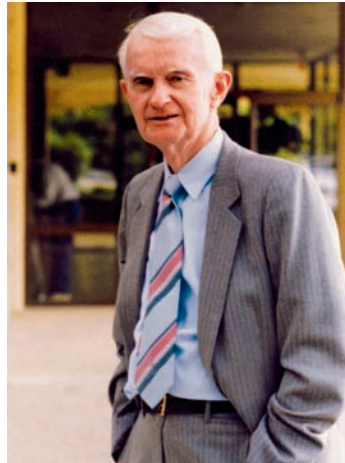
Montgomery County 2009 Philanthropist of the Year Stewart Bainum

On November 17, 2009, The Montgomery County Community Foundation honored Commonwealth Foundation founder, Stewart Bainum, as the **2009 Philanthropist of the Year**. Mr. Bainum was selected for this recognition because of his years of commitment to providing education opportunities to low-income children in the county. His passion to focus his philanthropy on education came partly from Mr. Bainum's own experience of struggling to pay for his schooling.

"I've learned that if you want to go far, you have to have an education."—True to his own words, and at a time when the American unemployment rate was at 19%, Stewart Bainum hitchhiked from his home in Cincinnati, Ohio to Washington DC with \$3.00 in his pocket carrying one suitcase. He was 17 then and had to leave his Ohio boarding school because he didn't have the tuition payment. Once he arrived in Washington, he was hired as a plumber's assistant and a year and a half later he returned to Mt. Vernon Academy, a Seventh-day Adventist boarding school, and graduated in 1938.

Since then, he's established his roots in Montgomery County attending college at the Seventh-day Adventists' Washington Missionary College, (Washington Adventist University), marrying, and raising his family with his wife, Jane. As a young man, going to school full-time and working two full-time jobs was tough and eventually Stewart Bainum left college. In time he became a master plumber in Washington DC and Maryland and started his own business. Even as a young adult, Stewart Bainum displayed extraordinary strengths: ambition, tenacity, superb judgment, vision, thoroughness, appreciation of quality, capacity for hard work, willingness to take risks and a driving style. He used these extraordinary qualities and others to build a life of great achievement.

Upon building a successful business in plumbing and mechanical contracting, he ventured into apartment and office development and founded Realty Investment Company. During this early period, Mr.



Bainum gained valuable experience and while his business acumen was evident in his success from the very beginning, there were struggles. A favorite story in the ManorCare legend tells of the time Mr. Bainum found that he couldn't meet payroll one Friday. He sent an assistant home for the title to Mrs. Bainum's car, sold it, and paid everyone.

Eventually Stewart Bainum founded companies that led the field in two separate industries: ManorCare, a nursing home com-

pany that was universally acclaimed as the highest-quality and best-run long-term health care company in the country, and a hotel franchise chain that became the second largest in the world, Choice Hotels International. The beginnings of Stewart Bainum's career demonstrated some of the strengths that would shape his future enterprises. He had the foresight to recognize the potential for two entirely new businesses. He was willing to take risks, but he was astute enough to minimize them. He convinced talented people to join him. He put investors together. He was a genius not only in selecting real estate, but also in construction and in management: these competencies were important competitive advantages for both businesses.

Mr. Bainum retired from ManorCare and Choice Hotels in the 1990s, but remains active and involved with Dinwiddie Enterprises, the Foundation, and other family-owned businesses. Today, Realty Investment is privately owned by Mr. Bainum and the Bainum family. The family-owned businesses continue to manage various apartment projects, and mini-warehouse operations.

He and his wife focus on their charitable giving through their family foundation. His philanthropic work began in 1968 when he established the College Foundation, whose purpose was to provide loans to needy students for college tuition.

In 1988, the renamed Commonwealth Foundation participated in the "I Have a Dream" (IHAD) program, "adopting" a class at a low-performing middle school, Kramer Junior High School in Southeast Washington,

(which ranked 48th of 50 public middle schools) and guaranteeing a college education for all students who graduated from high school and entered college. The results were impressive: Of the 67 sixth-graders Commonweal sponsored, nearly 80 percent graduated from high school, in contrast to the graduation rate in Southeast Washington of 27 percent at the time. Thirty-eight of Mr. Bainum's IHAD Dreamers went on to college.

More than just bankrolling their education, Mr. Bainum had hired a counselor, Phyllis Rumbarger, (who continues to serve on the staff of the Commonweal Foundation today) to help support the youth through their educational years providing tutoring, cultural outings and encouragement to succeed. The counselor's salary was paid by the Foundation. Soon thereafter he added a second staff person to work with the students. Unlike most, Stewart Bainum was an engaged donor. He paid for a trip to Guatemala for

In 2000, Commonweal expanded its educational services for vulnerable children and youth and launched Partners in Learning, an afterschool program geared toward minority and low-income students in Montgomery County. It currently operates in 40 county school and community sites, and has spent more than \$4.5 million providing literacy and math enrichment for about four hours per week to groups of three to five students. The Foundation's Learning Support Program provides tutoring for students with learning differences. Since 1988, nonprofit youth organizations in the region have been supported with Community Assistance grants. To date, nearly \$8 million in grants and academic enrichment have gone directly to county residents.

This commitment to helping the less fortunate has been passed down to succeeding generations. Mr. Bainum's children, Barbara, Stewart, Jr., Roberta (a teacher) and Bruce (a psychology professor), continue

“... dreams do not appear from nowhere. They are a slow creation of consistency and hard work.” —IHAD students

some students, held picnics at his farm, hosted holiday parties, honored students who made the honor roll at award luncheons, and other activities that kept him connected to the Dreamers.

For their last two years of high school, Mr. Bainum paid for 10 of the IHAD Dreamers who were in difficult family situations to attend his alma mater, the Mount Vernon Academy. Going from Southeast Washington to rural Ohio was an adjustment, but they all graduated. Nine went on to college.

The IHAD students produced a yearbook called ‘Dreamer Memories, 1988-1994,’ and in it, the students wrote, ‘The most important lesson that the dreamers have learned over these six years is that dreams do not appear from nowhere [sic]. They are a slow creation of consistency and hard work.’

As an outgrowth of the IHAD project, Mr. Bainum decided to redirect the focus of Commonweal toward secondary education and created the Pathways to Success program, basing it on the 10 Dreamers who attended Mt. Vernon Academy. Pathways now offers 1,400 scholarships a year to 38 faith-based boarding schools around the country and, through the School Enhancement Program grants, supports the development of services and programs to enhance the partner school's capacity to meet the needs of these students. Bainum has stipulated that these partner schools—which do not have to be Adventist schools—show a firm commitment to helping disadvantaged students. Since 1994, 84 Pathways scholars have been Montgomery County residents.

the family philanthropic tradition through giving from their own family foundations. They in turn are instilling the same values in the third generation of Bainums. Last summer two of Bruce's children, Blake, 21, and his sister Brook, 18, worked as interns at the Commonweal Foundation alongside four other interns who are Pathways scholars. Part of their internship included working in two programs offered by Commonweal grantees, Heroes Helping Heroes, a basketball and academic enrichment program located in Baltimore County that instills a sense of future and commitment to service in at risk middle and high school aged boys, and St. Francis Neighborhood Center that recently launched a youth program targeting high risk elementary and middle school aged youth in the Reservoir Hill neighborhood in Baltimore.

Stewart Bainum's vision for his philanthropy is based in the firm belief that each individual has value and potential, and is deserving of an education. This philosophy has inspired thousands of young people across the country to change their futures and break the cycle of generational poverty.

Throughout the years Stewart Bainum has remained steadfast in his commitment to bring hope, faith and caring to vulnerable children and their families of Montgomery County and beyond. Because of his generosity, families and students have tangible evidence that they can succeed and they know **“that if you want to go far, you have to have an education.”**

PERSISTENCE

“Nothing in this world can take the place of persistence. Talent will not; nothing is more common than unsuccessful people with talent. Genius will not; unrewarded genius is almost a proverb. Education will not; the world is full of educated derelicts.

Persistence and determination alone are omnipotent. The slogan “press on” has solved and always will solve the problems of the human race.”

—Pres. Calvin

Coolidge

A favorite quote of Stewart Bainum

SAVE THE DATE

National Reading Conference
Albuquerque, NM
Dec. 2-5, 2009

Commonweal's 5th Annual Leadership Forum
Washington, DC
Feb. 9-11, 2010

Family Philanthropy Conference
San Diego, CA
Jan. 31-Feb. 2, 2010

47th Annual Learning Disabilities Conference
Baltimore, MD
Feb. 17-20, 2010

Grants Managers Network Annual Conference
Baltimore, MD
Mar. 15-17, 2010

COMMONWEAL FOUNDATION

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weal's application process. Their feedback will guide the planning of future CAP Leaders meetings. The top three topics identified are: 1) **program evaluation**, including developing appropriate measurable outcomes, the role of qualitative data, and difficulties in evaluating programs with client turnover; 2) **financial health and fundraising**, in particular, seeking donations from individuals and corporations; 3) **governance**, particularly the qualities of a good board.

Participants left with a broader understanding of the Foundation's programs and an enthusiasm for its intention to offer training and networking opportunities. As participants said, "It is clear that Commonweal is dedicated to its grantees' success and we really appreciated the dialogue and networking opportunities." "I had no idea that there is such a wealth of knowledge at Commonweal, and I hope some of this will be shared in future meetings, especially around recognizing and working with learning differences." "This is so helpful to feel like the community and Commonweal can engage in brainstorming and idea sharing together."

The Foundation plans to host up to four meetings a year for training and development of CAP Leaders and networking. The next event is scheduled for February 10, 2010 to coincide with the Pathways Program's fifth annual leadership forum. Sessions will include leadership and board development.

For more information about the CAP Leaders meetings or questions about Commonweal's Community Assistance Grants Program, please contact us at grants@cweal.org.

Photos for this article provided courtesy of Greenbrier Learning Center.

COMMONWEAL FOUNDATION

For the Common Good