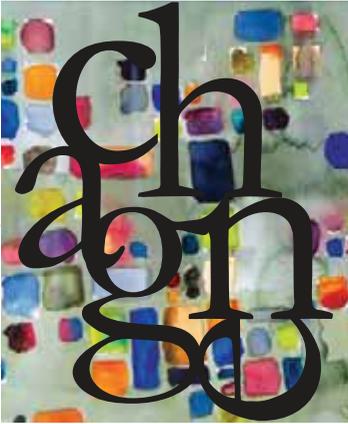




MEETING THE CHALLENGE OF CHANGE
ANN ARBOR AREA COMMUNITY FOUNDATION 2007 ANNUAL REPORT



All is **change**; nothing stays still. – Heraclitus

Change, we're told, is the only constant. Inevitable. Unstoppable. Unavoidable.

Change is healthy. Necessary. A sign of progress.

Change is the very nature of life.

But large or small, positive or negative, incremental or immediate, change is almost always paired with **opportunity and challenge**.

2007 was a year of **change**. And as you'll discover in this annual report,

AAACF was able to capture **opportunities** and meet **the challenge of change** as it always has –

through the talent and dedication of volunteers, the generosity and commitment of donors,

the skill and experience of staff, the innovation and flexibility of local nonprofits,

and the collaborative, philanthropic spirit that defines our community.

healthy

unavoidable

constant

unstoppable

Nothing is permanent but change.

—Heraclitus



Letter from the Chair and President & CEO

In 2007, change was in abundant supply – for our state, our community and our Community Foundation. It was change on a small and large scale, change both internal and external, and change that challenged us in many ways as we sought to fulfill our dual promise of “For good” and “For ever.”

Meeting the Challenge of “For good.”

AAACF is, first and foremost, a vehicle for community philanthropy and 2007 was a banner year for grantmaking. In all, the Community Foundation made 375 grants and scholarships to Washtenaw County nonprofit organizations totaling about \$1.7 million, a seven percent increase over 2006. That amount included \$150,000 to the Neutral Zone for programmatic support, the largest single grant ever awarded by the Community Foundation.

During 2007, 30 new funds were established bringing the total number of unrestricted, field of interest, designated, donor advised, and temporary funds under AAACF management to 352. In addition, the Community Foundation received \$5.6 million in gifts and pledges, and total assets grew from \$45 million to \$53.2 million –

boosted by a 9.1 percent return on investment that exceeded our benchmarks by 4.2 percentage points.

Changes in Outreach

An important part of our mission involves promoting philanthropy, both short- and long-term. In 2007, with an eye to the future, we laid the groundwork for an innovative new program called Next Generation Philanthropists. This “giving circle” will offer younger donors an opportunity to pool their resources and, with the assistance of AAACF staff members, evaluate giving options, distribute funds and follow up on grants.

Changes in the Economic Landscape

In January of 2007, the announcement by Pfizer that it would close its Ann Arbor facility sent shock waves throughout the entire region. Pfizer had been a vital part of our community and a mainstay of the nonprofit community – providing as much as \$5 million annually in recent years in direct contributions and in-kind services to agencies throughout southeastern Michigan. Also, the loss of 2,000+ employees added significantly to the Ann Arbor area’s and state’s economic woes.

Deborah Beuche AAACF’s Board Chair

In her more than 25 years of community service, Deborah Beuche has worked on behalf of nonprofits in health, human services, education, and arts and culture. Her history with AAACF began in 2000 as a community representative on the Distribution Committee, a role she describes as “the best volunteer job anywhere and certainly one of the most eye-opening, educational, inspirational experiences imaginable.” Since joining the Board of Trustees in 2002, she has served on nearly every AAACF committee, including Community Leadership, Development, and Finance. In addition, she and her husband, Jim, have established two AAACF funds. Among Deborah’s top priorities are increasing endowment through *Fund the Future* and expanding AAACF’s role as a coordinator, convener and focal point of community leadership.

*AAACF Board of Trustees: Seated: Sandra White, Hugh Morgan, Molly Resnik
2nd row: Jessa Baker Moss, John Reed, Kevin McDonald, Debbie Beuche
Not shown: D.J. Boehm, Rebecca Boylan, Frank Cambria, Martha Darling,
Jyoti Gupta, Gary Hahn, Bill Kinley, David Sarns, Marc Weiser, and Roy Wilbanks*



From day one, AAACF assumed a leadership role in meeting this challenge. Jamie Buhr, chair of our *Fund the Future* initiative, agreed to serve as co-chair of one of the Pfizer “SWAT” teams convened by a coalition that included the City of Ann Arbor, the University of Michigan, and Ann Arbor SPARK. Buhr and his committee – which included AAACF staff members Cheryl Elliott and Phil D’Anieri – were charged with evaluating the impact of Pfizer’s departure on nonprofits and forging a response to the future loss of corporate philanthropy.

In December of 2007, we were given another key role to play in the transition when the Pfizer Foundation made a parting gift of \$1 million to the local nonprofit community to be allocated by AAACF within two years. Our Board of Trustees has already begun assessing needs, establishing objectives and developing plans and procedures for distributing this one-time gift. Our goals are to make the disbursement process as effective, inclusive and transparent as possible and to make a meaningful impact, both long- and short-term.

Changes in Grantmaking Strategies

Economists and demographers tell us that a massive intergenerational shift of wealth is now underway. The Transfer of Wealth Study, a collaborative project commissioned by foundations in Michigan, Ohio and Illinois, will help us better understand the dynamics of that process – and determine how we might capture some of those assets for the nonprofit community.

At the same time, a challenging economy and a vastly changed philanthropic landscape have made it increasingly evident that the largest, most urgent issues facing our community – homelessness, poverty, illiteracy, and caring for the elderly – cannot and will not be solved by individual agencies but rather through collaborative efforts.

Two

In striving to promote more – and more effective – community collaboration, AAACF is continuing to seek out new, integrative funding models that result in systems change. In 2007, we provided significant support for Success by 6, the Funders’ Forum, the Washtenaw County Blueprint for Aging, and the Blueprint to End Homelessness. All of these exemplary programs have demonstrated their ability to create large-scale change. Although AAACF will continue to make one-year grants to individual organizations, we expect to focus more heavily on multi-year grants to community-wide initiatives in the years to come.

Meeting the Challenge of “For Ever.”

Changes in Financial Management and Investment Strategies

In 2007, AAACF made several strategic changes to its investment policies and procedures. Assisted by our new investment consulting firm, Prime Buchholz and Associates, we began modifying target asset allocations and diversifying our investment portfolio to reduce the volatility of returns while providing higher absolute returns. Among other things, the expansion of asset classes has enabled us to benefit from the expertise of 19 outstanding fund managers while improving our long-term expected returns.

The tremendous growth of our assets in recent years – from \$20.1 million in fiscal year 2001 to \$53.2 million in fiscal year 2007 – has positioned AAACF to seek out an ever-broader set of asset classes. With this investment diversity comes the need for greater attention to due diligence, a fact that drove our decision to alter the AAACF governance structure and add an Investment Committee. We should point out that the Audit Committee, established in 2004, continues its oversight of our annual audit.

Change does not necessarily assure progress, but progress implacably requires change.

—Henry Steele Commager

Changes in Donor Focus

One of our longstanding challenges has been striking a balance between the need for unrestricted funds which enable the Community Foundation to be flexible and forward-looking in its grantmaking and meeting the needs of donors who want to be directly involved in grant allocations. In 1983, 100 percent of our assets was in unrestricted and field of interest funds. By 1993, it was a very different picture with unrestricted and field of interest funds at 75 percent and donor advised funds accounting for 3 percent of the total. At the same time, designated-agency and scholarship funds grew from 0% in 1983 to 13% in 1993. By 2003, even more changes had taken place with unrestricted and field of interest funds at 41%, donor advised funds at 35%, and designated-agency and scholarship funds at 10%.

Anticipating that the trend would continue and understanding its significance for community grantmaking, in 2004 the Trustees undertook to build our unrestricted and field of interest funds in order to assure support for emerging community needs. That year, AAACF launched a five-year fundraising initiative known as *Fund the Future*. We are pleased to report that, with one year to go, unrestricted and field of interest funds are at 52%, donor advised funds at 23%, and designated-agency and scholarship funds at 17% of total assets. Administrative and special funds make up the remaining seven percent. Clearly, AAACF continues to serve as a strong resource for community grantmaking and continues to meet the needs of donors who want to be involved in their charitable giving.

Changes in Staff, Changes in Leadership

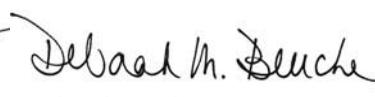
The Community Foundation's internal landscape also changed considerably in 2007. Last year, we said a reluctant farewell to Sue Sharra, who had served as our controller for nearly seven years, and welcomed her replacement, Nina Cavit. We also made another valuable – and overdue – addition to our staff in the person of Executive Assistant Mary Paulus.

In April of 2007, Bill Kinley completed his two-year term as Chair of the AAACF Board of Trustees. We are extremely grateful to Bill for his capable leadership. During his tenure, we made great strides toward our *Fund the Future* goals, welcomed the Community Foundation of Plymouth as our geographic affiliate, and gave increasing attention to communicating with the public sector.

As this capsule summary illustrates, in a year of change and challenge, the Ann Arbor Area Community Foundation continued to thrive. Thank you for the role you played in our achievements. With the ongoing support of volunteers, donors and other stakeholders, AAACF will meet whatever changes and challenges may be in store. And, together, we will continue to serve our community. *For good. For ever.*



Cheryl Elliott
President & CEO



Deborah Beuche
Chair, Board of Trustees



Key B-Side funders are pleased with the results to date. As one RNR Foundation board member noted, "We're excited to be part of a funding collaborative that gives young people the opportunity to become responsible, enterprising individuals, able to contribute to economic development and sustainable communities." Pictured here with participants from The B-Side: The Business Side of Youth are Bill Kinley, AACF Trustee, and Peg Talburtt, Executive Director of the James A. & Faith Knight Foundation.

Meeting the Challenge of Youth Development in our Community

The Business Side of Youth

Nearly 20 years ago, AAACF made a strategic long-term investment in our community by launching the Youth Council. The concept was simple but powerful: start with a group of young people eager to do some good, provide them with adult mentors, then give them the opportunity to make real grants and fund real projects.

By the late 1990s, the stellar achievements of the Youth Council had made us eager to expand the concept of youth empowerment programs to neighboring communities. In 2002, we applied for funding from the W. K. Kellogg Foundation for the specific purpose of promoting youth development in Ypsilanti. A year later, AAACF received a four-year, \$200,000 planning grant – and the Ypsilanti Youth Empowered to Act (YYEA) project was underway, in collaboration with Eastern Michigan University, Neutral Zone, and the Ypsilanti Public Schools.

Targeting Needs and Opportunities

The first step was to identify key issues for Ypsilanti youth. Through interviews, video sessions, youth mapping projects, and evaluations, it became evident that the area of greatest need was employment.

But how do you build a training program that helps young people develop their talents in meaningful, practical ways? One that offers relevant education and on-the-job experience? And one that excites them and draws them in?

In this case, the YYEA team began with national models for developing entrepreneurial skills among youth. Then they engaged the expertise and resources of Eastern Michigan University's Office of Academic Service-Learning. They invited the local business community to participate through internships, mentoring and micro-lending. They partnered with Washtenaw County Government, the Michigan Small Business and Technology Development Center and area high schools, among others. They also sought –

and received – additional funding from the RNR Foundation, the James A. and Faith Knight Foundation, and AAACF.

Welcome to the Business Side of Youth

Since its official kickoff event in September of 2007, the Business Side of Youth – B-Side for short – has made remarkable progress. With \$110,000 in start-up funding and with faculty and other resources provided by EMU, the B-Side is currently offering programs for approximately 100 middle and high school students.

Through the Gear-Up school-based program, 50 eighth graders are learning the skills they'll need to succeed as entrepreneurs. And in Saturday classes taught by EMU faculty, approximately 50 high school-age students are learning basic business skills, writing business plans and applying for micro-loans.

"It's so exciting to watch these budding entrepreneurs discover how to turn their passions into reality," says Project Director Shamyle Nesfield. "We're already seeing students launching successful enterprises. And in the near future, we hope to offer mentorship and internship opportunities through local business partners."

Looking to the Future

As Assistant Director Angelina Broderick notes, interest is running high among students, faculty and the business community. "The biggest challenge," she points out, "is to grow the program and make it sustainable."

Fortunately, the future is looking bright for B-Side. EMU staffers are seeking federal grants. Plans are underway to create a permanent home for the program. And the students themselves – in the true spirit of entrepreneurship – are proving to be a seemingly endless source of ideas for generating revenue.



"In his late years Pablo Picasso was not allowed to roam an art gallery unattended, for he had previously been discovered in the act of trying to improve on one of his old masterpieces."—Unknown Pictured here at the "Aging with Attitude" exhibit in the UM Slusser Gallery are (left to right) Blueprint for Aging Director Jill Kind, Connie Dunlap, Chair of the Anna Botsford Bach Fund Advisory Committee, and AAACF Trustee and Blueprint for Aging advisory committee member Frank Cambria.

Meeting the Challenge of an Aging Population

The Blueprint for Aging & "Aging with Attitude"

Rocking chairs. Bingo games. Lap robes. "As a culture, we tend to view aging in negative or sentimental ways," says Jill Kind, director of the Blueprint for Aging. "That's much too narrow, limiting and boring. When we think about growing old, we need to think about a whole range of possibilities." And that's exactly what the "Aging with Attitude" art exhibit set out to do when it opened this past March in the University of Michigan's Slusser Gallery.

Co-sponsored by Washtenaw County's Blueprint for Aging and the UM School of Art and Design, the multi-media exhibit "explored, celebrated and complicated" the concept of aging and our responses to it. The stereotype-shattering event – which included the work of UM students and faculty, local and national artists, and elementary school children – was just the latest of many initiatives sponsored by a remarkable partnership.

Preparing for the Impending "Silver Tsunami"

In Washtenaw County, the elderly population is increasing at an unprecedented rate. In the 1990s, their numbers began to overwhelm available support services, especially those intended to help frail and financially vulnerable seniors age in place.

Growing with Purpose through Partnership

The roots of the Blueprint for Aging took shape in 1998 when six nonprofits serving the elderly collaborated with AAACF to create an unmet needs fund. By 2001, the coalition had grown to include 15 senior service agencies which, with a grant from AAACF, began to systematically evaluate eldercare needs and create a collaborative vision for meeting those needs. In 2004, the partnership – known by then as the Blueprint for Aging – received a \$150,000 18-month strategic planning grant from the Robert Wood Johnson Foundation.

Two years later, the Blueprint, in collaboration with more than 50 nonprofits, became one of only eight organizations to receive a \$750,000, four-year implementation grant from the Robert Wood Johnson Foundation's Community Partnerships for Older Adults Program. The goal is to improve long-term care and support services for at-risk older adults in Washtenaw County.

AAACF provided major financial support for the Blueprint for Aging from its Anna Botsford Bach and Oscar Reimold Funds and with grants from the RNR Foundation. Because of their focus on care-giving services for the elderly, the Bach and Reimold Funds were natural partners for the Blueprint for Aging. Since their establishment, the Bach Fund (2003) and the Reimold Fund (1980) have awarded a combined total of nearly \$1.6 million in grants to support senior services, at organizations including Neighborhood Senior Services, HelpSource, the Housing Bureau for Seniors, UM's Turner Geriatric Clinic, and other eldercare agencies.

A True Community Collaboration

From its earliest days, the Blueprint has been powered by dozens of individuals and organizations – including the Community Foundation. In fact, according to Jill Kind, AAACF has played a key role and continues to do so. As she notes, "The Community Foundation has been a major supporter, both financially and through their leadership. More than partners, they have been a driving force for preparing our community for issues of aging. And many individuals from AAACF – including Martha Bloom, Frank Cambria, John Martin, and Phil D'Anieri – have personally been involved, providing the expertise and resources that make our collaborative strong."



Research has uncovered some startling facts about the impact of positive early childhood development – and some powerful reasons for investing in programs such as Washtenaw Success by 6°. The aim of this community collaboration is to involve more families in programs that build and sustain good parenting skills, to identify and correct service gaps, and to improve outcomes for children. Pictured here is AAACF Trustee and Success by 6° Co-Chair Martha Darling, and a class at Perry Nursery School.

Meeting the Challenge of Early Childhood Development

The Washtenaw Success by 6[®] Community Coalition

Two decades of research in education and brain science have shown that effective early childhood education benefits everyone – not only children and their families but also society at large. In fact, for every dollar spent on high quality early childhood programs, communities save as much as \$17 in education, social services and productivity.*

“The facts make it clear that society can pay now or pay later,” says retired economist and current AAACF Board member Martha Darling. “In both human and economic terms, it makes much more sense to invest in effective programs for preschool-age children.”

Leading the Way

Washtenaw County is fortunate in having a multitude of programs for preschool children and their caregivers. So many, in fact, that it can be difficult for families to find the right set of services for their needs and circumstances.

“What was missing,” Martha Darling points out, “was a system, a process that enabled us to look at the current slate of programs and services, locate duplications, gaps, and inequities, and find ways to improve access and outcomes.”

Finding the Answers, Creating a Process for Change

By October of 2004, Darling and Ypsilanti businessman and former AAACF Board member, David Rutledge were co-chairs of the Leadership Commission of Washtenaw Project Great Start, named after a state-funded program promoting early childhood development. By early summer of 2005, the group had a mission: to ensure that every child in Washtenaw County would start school ready to succeed. They also had six key recommendations for change.

In 2006, an expanded coalition known as Washtenaw Success by 6[®], A Great Start Initiative, launched work groups to further each of the recommendations. Success by 6[®], a United Way of America early childhood initiative, is designed for coordinating and strengthening programs to serve young children and their families, based on clear community needs. The partners – and funders – of this effort included AAACF, the Washtenaw Intermediate School District, Washtenaw United Way, and Washtenaw County Government.

Early Successes for a Long-Term Venture

Already, Washtenaw Success by 6[®] can point to several impressive accomplishments. In January of this year, the group funded a new county staff position to ensure continuous health care coverage for all young children by making sure eligible families continue to re-enroll in publicly-funded children’s insurance programs.

In April of 2007, with the help of a \$30,000 grant from AAACF, the group created a program that improves access to training programs for informal caregivers such as friends, neighbors and family members. Other projects include training for high school students involved in childcare during the summer months and multi-lingual education packets for families with young children.

“We’re very pleased with these initial efforts and the early data we’re seeing,” says Martha Darling. “But we also know that it’s a long-term process and – with the help of partners like AAACF – we’re prepared to work our way down the list of challenges.”

*Facts cited in this article are based on research findings from the Carnegie Task Force on Meeting the Needs of the Young Child, Starting Points and The High/Scope Perry Preschool Project.



"They say that time changes things, but you actually have to change them yourself."—Andy Warhol
Pictured are Jyoti Gupta, Trustee and member of the AAACF Distribution Committee, Michael Nisson, AAACF volunteer and Advisory Board member of The Arts Alliance, and 2007 Chair of The Arts Alliance Mary Kerr, at Ypsilanti's Riverside Arts Center.

Meeting the Challenge of Funding Arts & Culture

Community and Culture: A Plan for Washtenaw County

The pool of cultural vitality in Washtenaw County is both deep and wide. It includes everything from large, nationally known events and organizations to individual artists. It runs the gamut from the conventional to the cutting-edge. And it includes virtually every form and medium of expression.

Cultural assets help set this community apart, and making the most of those assets is the goal of Community and Culture: A Plan for Washtenaw County. This two-year initiative, supported by AAACF leadership and grantmaking, is systematically assessing the cultural sector's strengths and challenges. When the work is completed, the community will have:

- A concrete set of strategies, including detailed tasks and timelines,
- A set of highly motivated individuals organized and ready to implement those strategies, and
- A public mandate to make the most of the region's cultural vitality.

Rising to the Challenges of Our Times

"We want to build consensus among a wide variety of stakeholders throughout the County regarding the role that arts and culture can and should play in creating a better life for area residents," says Tamara Real, executive director of the Arts Alliance of the Ann Arbor Area, which is leading the project.

She goes on to note that cultural organizations are, on the one hand, among the most seriously challenged by the area's recent economic hardships. "The departure of Pfizer from Ann Arbor was especially difficult," she notes, "because Pfizer was so generous in supporting arts and science education programming. At the same time, these assets represent one of our great strengths in luring new companies to the area. The cultural plan aims to embrace that challenge and leverage this community's strengths."

Leading the Way for the Arts

An AAACF grant was one of the first funding sources for the project, providing a stamp of approval that quickly attracted a broad range of support. The plan has also benefited from the active involvement of Community Foundation volunteers, among them AAACF Trustee Bill Kinley, a steering committee member.

By the end of 2007, the nation's leading cultural planning consultant and his partners at Eastern Michigan University had completed a comprehensive county-wide evaluation that included thousands of surveys and feedback from dozens of small-group meetings held in communities from Ypsilanti to Chelsea. That information is providing the groundwork for a plan that, by early 2009, will chart a course for a strong cultural sector in Washtenaw County – one that embraces the challenge of change.



Today, in its new building on East Washington Street, the Neutral Zone serves more than 500 teens from every segment of the community. The three-year, \$150,000 grant made jointly by the AAACF Distribution Committee and Youth Council is being used to fund a wide range of new youth-driven art and music programs – a direct response to the 2007 Needs Assessment conducted by YC members. Youth Council 1st Row: Mira Fishman, Emily Arsen, Tessa Robertson, Alison Su, Mikky Helman, Megan Hogikyan, Alyse Embree. Middle Row: Debbie Youn, Claire Dahl, (Adult Advisor), Jennie Hale (AAACF staff and YC advisor). Back Row: Ray Batra, Chantel Sanders, Peter Godfrey, Neal Kelley, Phil Berkaw, Max Davis, SQ Roquemore, Alex Perlman. Missing: Jessa Baker Moss, Luke Dwyer, O'dell Marshall, Sang Moon, Meredith Reid, Ryan Sanii, Jameson Tamblyn, Shariah Tubbs, and Marisha Verma.

Meeting the Challenge of Relevant Programs for Teens

Youth Council Support for the Neutral Zone

Ever wonder how the Youth Council decides what issues and programs are most important to young people in our community? The answer lies in the history of YC. As part of the original grant that launched our Youth Council, the W.K. Kellogg Foundation required that members conduct a Needs Assessment every three years to set a clear direction for their grantmaking.

And so, in 2007, the Youth Council took on the huge task of surveying youth throughout the community. With the help of University of Michigan Statistics Professor Ben Hansen and his Statistics 401 students, YC members designed and distributed the survey and analyzed the results.

A Landmark Grant for Youth

When asked which programs should be funded, local teens showed a clear preference for after-school activities focused on music and art. The feedback was encouraging since it proved that recent grants have been right on target.

As a result of the assessment, the Community Foundation and the Youth Council teamed up to make the largest grant in AAACF history – \$150,000 over three years – to the Neutral Zone Teen Center. “We’re thrilled to receive this grant as part of our \$4.2 million capital campaign,” says Neutral Zone Executive Director John Weiss. “And I’m happy to report that, since it was awarded, our arts programming has expanded dramatically.” Weiss goes on to note that what had been modest programs in digital arts and music now include a broad range of activities supervised by a full-time coordinator.

An Array of Dynamic New Programs

As Weiss explains, “Our new programs include the Zone TV project in which teens produce a monthly cable-and-web show, a popular silk screen program, and an on-site art gallery where

teen artists from throughout the region come together for exhibits, critiques and gallery walks.” The Neutral Zone has also tripled its capacity for digital music technology. Teens can sign up for an Audio Basics Program or, through the new Sound Engineering Curriculum, can help supervise and produce the weekly music performances that attract hundreds of young people from as far as Flint and Detroit.

A Strong and Growing Partnership

AAACF provided the first grant that helped launch the Neutral Zone in 1998 and, over time, has continued to fund programs and provide leadership. “I consider our relationship with the Community Foundation to be a genuine partnership,” Weiss says. “AAACF, and especially its Youth Council, has played a major role in making the Neutral Zone what it is today: a safe, secure, fun space where hundreds of teens from diverse backgrounds can come together and find something meaningful.”

Neutral Zone Teen Board President Ben Alfaro agrees completely, noting, “One of the big changes I see is all the new faces coming through. Thanks to support from organizations like AAACF, the Neutral Zone is becoming what it was meant to be.”

The AAACF Youth Council comprises 25 students from different Ann Arbor high schools that together make grant recommendations for youth-serving and youth-driven programs in our community. In 2007, the Youth Council made 12 grants to local nonprofits totaling over \$75,000. The Youth Council also engaged our youngest citizens in philanthropy through its mini-grant program for 5th graders, and members volunteered their time with Food Gatherers and the Rebuilding Together program.

In 2007, the Community Foundation worked with a wide array of donors – including individuals and private foundations – to establish 30 new funds.

New Funds

Linda Bennett & Robert A. Bagramian Fund



Linda Bennett and Bob Bagramian have established this unrestricted fund to support broad community grantmaking by AAACF. Linda is Executive Vice President of the Glacier Hills Foundation, and Bob is professor of Dentistry at the University of Michigan. "While we continue to support organizations that are important to us, including UM," Linda and Bob noted, "we are very pleased to contribute to a community organization that helps make Ann Arbor such a special place. We appreciate the power of many like us, coming together to build for the future through the Community Foundation. It really does 'take a village.'"

The Civic Innovation Fund



The anonymous donors who established this fund were inspired by the local climate of exploration, discovery, innovation, and creativity. Their goal is to encourage and promote that same high level of creativity and intellectual energy in the realm of civic engagement. In a written statement, they note that "Knowledgeable and experienced staff and the organization's superb record of fostering collaboration among local non-profits and community groups make the Community Foundation a natural home for the fund and what we hope it will accomplish." Grants from this donor advised fund will be used to advance and support public forums, new approaches to complex social problems and grass-roots initiatives that involve individuals of all ages and backgrounds in civic change efforts.

Claw Family Fund



Marianne and Dan Claw established this donor advised fund with the Community Foundation to support charitable organizations in Washtenaw County. Because they are especially interested in helping disadvantaged children, Claw family members will recommend grants to specific organizations and programs that address urgent as well as ongoing needs of children throughout our community. "Our dream is simple," Marianne writes. "In Washtenaw County, we take care of our children. We are fortunate to have many talented and generous people in the County working to give each child a chance at a successful life."

Community Financial Scholarship Fund



This fund was created with the transfer of assets from the Community Financial Scholarship Fund, located in Plymouth, to the Community Foundation of Plymouth (CFP). The Community Financial Scholarship Fund was established in 1988 to recognize Plymouth resident Margaret Dunning for her 23 years of volunteer service on the Community Financial (CF) Board of Directors and to provide scholarships to CF members. In 1994, the annual scholarship awards were expanded to honor the memory of George Lawton, the Credit Union's General Manager of 29 years. Since 1988, 100 awards have been presented, totaling over \$70,000. Scholarships are based on community service, extra-curricular activities, employment history, academic performance, financial need, and other criteria.



Albert J. & Margaret H. Coudron University of Michigan Museum of Art African Collection Fund



During their lifetimes, Albert and Margaret Coudron assembled a world-renowned collection of African staffs and masks – works of art that were beautifully displayed throughout their Ann Arbor home. Eventually, the Coudrons gave a major share of their collection to the University of Michigan Museum of Art (UMMA). In her estate plan, Margaret made a thoughtful provision to ensure the care of the beloved treasures that she and Al had donated. She also provided a stipend for maintenance of the larger UMMA African collection. Annual distributions from this designated AAACF fund will be made to the Museum.

Hal & Ann Davis Fund



Hal and Ann Davis were not new to the Community Foundation when they set up this donor advised fund. Having already established an unrestricted fund with AAACF, they knew that a donor advised fund would give them an opportunity to recommend grants for organizations and programs they care about and, at the same time, provide the benefits of giving through a public charitable foundation. The Davises will advise AAACF on grants, at any time of year, to qualified 501(c)(3) organizations nationwide. "We like the idea of having our fund at the Community Foundation," the Davises said, "and we especially like the flexibility of a donor advised fund for our charitable giving."

Change alone is eternal, perpetual, immortal. —Arthur Schopenhauer

James H. Flinn, Jr. Endowment Fund



James H. Flinn, Jr., who passed away at the age of 91, spent the last 54 years of his life in the Ann Arbor community. He had wide-ranging interests and had inherited a strong ethic of philanthropy from his parents,

James H. and Ethel G. Flinn of Grosse Pointe. Consequently, his estate plan included many specific bequests for healthcare, children's aid and senior activities in the community and also provided an unrestricted gift of \$100,000 to support a broad range of community grantmaking by AAACF. James Flinn's generosity and foresight in creating this legacy will be long remembered and appreciated by the community he loved so much.

Robert A. Gotro Fund

Bob Gotro established this unrestricted fund to support community grantmaking by the Community Foundation of Plymouth. He especially values Plymouth's commitment to maintaining its community traditions – including an attractive and vibrant central downtown, public parks that everyone can enjoy, and small town civic pride that has remained strong even as the city grows. Interested in keeping his charitable giving close to home, Bob supports both the Plymouth Community United Way and the Community Foundation of Plymouth as complementary ways to ensure that his gifts support a wide range of organizations and programs that benefit the local community.

Hahn Family Fund



AAACF Trustee Gary Hahn and his wife, Deborah, have established this donor advised fund to support nonprofit organizations that are important to them. As advisors, they will

have the flexibility to recommend grants to qualified organizations in Washtenaw County and throughout the U.S. Their daughters, Andrea and Marla, will be able to serve as co-advisors and, later, as successor advisors to the family fund. "It's a way for the whole family to share in the terrific experience of philanthropy," Gary and Deborah said, "and we look forward to having our daughters more involved as they finish college and become settled in their careers."

Hall Charitable Fund



Jeff Hall had been thinking for some time about the best way to make a positive difference in his local community. This donor advised fund will enable him to make grant recommendations to charitable organizations throughout

Washtenaw County. Jeff, who is founder and president of Second To None, Inc., one of the largest customer experience consultancies in North America, notes "While my company has supported nonprofit organizations in the area for several years, the establishment of this donor advised fund represents my first big step in long-term, sustainable community philanthropy. I see the Community Foundation as the perfect partner in enabling me to achieve my giving objectives."

George M. Hull Memorial Fund



The George M. Hull Memorial Foundation (GMHMF) was established in 1926 in memory of the much beloved Ypsilanti physician. The Foundation's proceeds were earmarked for the "health needs" of those citizens in

Ypsilanti who could not otherwise afford professional care. In 2006, the GMHMF Board began considering the Ypsilanti Area Community Fund (YACF) as a possible vehicle for long-term sustainability and continuation of the organization's health-oriented mission. In early 2007, assets were transferred to AAACF and the George M. Hull Memorial Fund was established under the umbrella of YACF. Says Tom Willoughby, President of GMHMF, "We are delighted to be able to 'join' YACF and continue Dr. Hull's legacy of helping residents of Ypsilanti – today and tomorrow."

Huron Alumni Hockey Association Fund

From 2000 to 2005, Huron Hockey coaches, parents,



players, and alumni made annual contributions to help assure the future of the program. As former Huron Hockey Coach John Bacon points out, "The parents of those teams made it clear they wanted the next wave of Rink Rats to enjoy the

same experience their sons had benefited from, and they worked hard to ensure that players they would probably never meet would have that very opportunity." This endowed fund will help defray annual team expenses and, as it continues to grow, will also be used to meet future needs.

New Funds *Continued*

Huron Valley Catholic School Endowment Fund



Earl and Jo Taylor established this agency endowment fund to benefit Huron Valley Catholic School (HVCS) in Ypsilanti. Through their gift, the Taylors hope to inspire the support of others and to help keep tuition affordable for as many families as possible. "We are grateful to the Taylors and encouraged by this generous contribution," HVCS Principal Tim Kotyuk told us. "As the only Catholic school in the Ypsilanti area, we want to continue to serve area families by providing sound education, character development and growth in faith. This contribution will serve as 'seed money' that will generate additional funding to insure the long term sustainability of Huron Valley Catholic School."

James R. & Anita Horne Jenkins Fund



This fund was established by James and Anita Horne Jenkins to celebrate the birthday of Anita's sister, Patricia Horne McGee, director of Washtenaw County Head Start and a member of the Advisory and Grant Committees of the Ypsilanti Area Community Fund. Anita recently retired after twenty-four years with the Dow Chemical Company, and James is senior vice president and general counsel of Deere & Company. The

two decided to honor Patricia by establishing a donor advised fund with the Ypsilanti Area Community Fund. On her recommendation, the Fund will make grants to a broad range of community organizations that make a positive difference in the lives of Ypsilanti area residents.

Paul R. & Carolyn R. Lichter Fund



The Lichters established this donor advised fund as a way of giving back to the community while giving themselves the opportunity to recommend beneficiaries of their charitable gifts. Paul has been chair of the UM Department of Ophthalmology and Visual Sciences since 1978 and also serves as director of the W.K. Kellogg Eye Center. Carolyn is a community volunteer for the UM Museum of Art and the Ann Arbor Symphony Orchestra. Both have been volunteers for the Jewish Federation of Washtenaw County. Their broad charitable interests include the arts, education, research, cultural activities, and general societal support. As they observe, "We hope that our fund will one day offer our children the opportunity to support their own philanthropic interests."

Martin Family Fund

Whether flying, sailing, leading Michigan athletics, or working on behalf of our community and state, Bill and Sally Martin are leaders and best in all they do. Their spirit of pitching in and doing things that need doing is also shared by sons Seth and Mike and their families. The Martin Family Fund, a donor advised fund, will give the entire family opportunities to support organizations in the places they care about most – Washtenaw and Keweenaw counties. In setting up this second fund at AAACF (an administrative endowment fund was established by the Martins in 1998), Bill and Sally said, "We are delighted to continue working together in philanthropy with the Ann Arbor Area Community Foundation – a truly valuable and worthwhile organization serving our community."

John Martin & Molly Resnik Fund



AAACF Trustee Molly Resnik and former Trustee John Martin are well-known for their community activism. Molly's founding and leadership of SafeHouse Center and Neighborhood Senior Services, and John's executive directorship of Catholic Social Services and board presidencies of St. Joseph Mercy Health Center and Arbor Hospice, are hallmarks of two careers devoted to improving the quality of life for everyone in Washtenaw County. According to Molly and John, their decision to establish a donor advised fund with the Community Foundation was prompted by their interest in continuing to support a broad range of community services through the vehicle of the Ann Arbor Area Community Foundation.

You can really change the world, if you care enough.

Moy-Sarns Family Fund



Trustee David Sarns and his wife, Agnes Moy-Sarns, recognize the value and importance of creating a legacy of generosity in their community. They also carry on a tradition that David's parents, Dick and Norma Sarns, have shared

with the Ann Arbor area over the years. Through this donor advised fund, David and Agnes will support the causes and organizations they care about and will also help their children, Danielle and Austin, learn the ethic of giving back to the community. "Our family decided to establish a fund with AAACF based on two major factors. The Community Foundation has an impressive in-depth working knowledge of the needs of our community, and it manages an efficient and effective organization that lives up to its motto, "For Good. For Ever."

Nisson Family Fund



Larry, Lucie and Michael Nisson value the Ann Arbor area community and care deeply about its well-being. After considering various options to enhance their philanthropy, they chose a

donor advised fund at the Community Foundation because it offered a way of sharing decisions and making charitable gifts to organizations and programs that were important to them. Through the Nisson Family Fund, they will be able to recommend grants to local and national charitable organizations. "There are programs in this community and significant initiatives elsewhere that will benefit from this fund," the Nissons

said, "and working with the Community Foundation makes it possible for us to create our own family legacy of philanthropy."

Phipps-Jabara Fund

Longtime friends and business partners David Phipps and Kal Jabara established this donor advised fund to benefit organizations that serve residents of the greater Plymouth community. "We like the flexibility of a donor advised fund for planning our charitable giving," Dave and Kal said. "We can make a single gift to the Fund at year-end and then recommend grants throughout the following year, when particular projects and needs come to our attention. We will also be able to leverage our giving by collaborating with CFP's community grantmaking program." With so many others getting involved with CFP, Dave and Kal thought it was the right time for them to get on board. "We've been partners in real estate development for many years," they added, "so it feels right to be partners in philanthropy – for good, for ever, for Plymouth."

Pioneer Field Hockey Endowment Fund



In 2007, the Pioneer High School Field Hockey Team won its 19th State Championship in 23 years – leading coaches, parents and supporters to seek out ways of sustaining the excellence of the program in a time of rising costs and reduced athletic budgets. The answer was a designated endowment fund at AAACF to support the program's most critical needs as well as activities such as summer camps and the Field Hockey Festival. According to Tom Ufer, longtime supporter and field hockey parent, "I chose to support

the endowment fund because I want future generations to have the same life-changing opportunities and positive experiences that my three daughters had – working as a team for a common cause, developing a strong work ethic and having self confidence – skills they developed on the field and will use the rest of their lives."

John W. & Dorothy F. Reed Fund



AAACF Trustee John Reed and his wife, Dot, established this unrestricted fund to support AAACF's community grantmaking. John is the Thomas M. Cooley Professor of Law

Emeritus at the University of Michigan and Administrative Secretary of the International Society of Barristers. A Trustee since 2004, John has seen AAACF from the key vantage points of audit, grantmaking and governance. "We are delighted to be able to support the *Fund the Future* initiative in this way," John and Dot told us. "Effective grantmaking requires unrestricted funding." As John also noted, "My experience on the Board has enabled me to see firsthand its positive impact on the well-being of our community."

All things change; nothing perishes. —Ovid

New Funds *Continued*

Julia Segall-Derfler Fund for Understanding & Sharing Diversity



Family and friends of Julia Segall-Derfler have established a memorial donor advised fund to honor her great personal commitment to sharing the diversity of human culture and experience as a means

to promote understanding among peoples of the world. Julia attended Emerson and Greenhills schools and graduated from Huron High School in 2001. In 2005, she graduated magna cum laude from the Georgetown University School of Languages and Linguistics. At the time of her death, she was working as an Arabic language specialist at the U.S. State Department. A vibrant young woman, Julia lived with great integrity and touched many lives in her 24 years. Through this fund named in her memory, her legacy will be continued.

Sons of Sunshine (S.O.S.) Fund



Debby McMullen established this donor advised fund to share her passion for philanthropy with the men in her family. "In 2005," she says, "I established the G.L.O.W. Fund at AAACF, a charitable gift endowment fund that would enable women in my

family to join me in charitable giving. This has been such a success and has enabled the G.L.O.W. gals to make a difference that I decided to establish the S.O.S. Fund for the men." The S.O.S. advisors will be able to make grant recommendations jointly or individually. Debby has just one bit of advice for the guys: "Give where your passions are."

Trigon Scholarship Fund



The Trigon Fraternity was founded in 1905 at the University of Michigan by 13 young men, all members of the Episcopal Church's Brotherhood of Saint Andrew. As a social fraternity, Trigon gave them an opportunity to share their college experience with people they cared about, and who shared similar beliefs and values. An important part of this college experience was being able to give to others. Trigon Fraternity closed its doors as an active undergraduate fraternity around 1995 but its alumni hope that, through this fund, Trigon's ideals will live on in perpetuity. For that reason, community service is an eligibility requirement for this renewable scholarship for male students at the UM's Ann Arbor campus.

Robert & Sandra White Fund



As longtime Ann Arbor residents, AAACF Trustee Sandra White and Finance Committee member Robert White are involved with many community organizations.

"We know the importance of grantmaking for unmet community needs," the Whites said, "and we want to ensure that AAACF has the flexibility to respond to future community needs that may be different from those we have today. As a community, Ann Arbor represents what we believe in—diversity, open debate, public spiritedness, civic pride, appreciation for the ideals of youth, and concern for the needy. We hope our unrestricted gift as part of the *Fund the Future* initiative will help to support those values for many years to come."

The following funds were also established in 2007:

John W. Blackwell III Fund
Don & Betts Chisholm
Randy & Donna Friedman Fund
Welcome Home Fund

Meeting the Challenges in their Communities

Affiliates

Photo - Mark Wantless



For our geographic affiliates – the Ypsilanti Area Community Fund (YACF) and the Community Foundation of Plymouth (CFP) – 2007 was a year of growth and opportunity. From building endowment assets to providing leadership and making grants, YACF and CFP contributed to the strength and well-being of their respective communities.

In its second full year of operation, the Community Foundation of Plymouth received three new endowed funds, welcomed a new Advisory Committee member, and launched The Mayflower Circle to recognize donors who are providing administrative support for CFP. The establishment of the John W. Blackwell III Fund, the Community Financial Scholarship Fund, and the Robert A. Gotro Fund brought the number of CFP endowed funds to five. Plymouth City Council member and former Mayor Stella Greene joined the CFP Advisory Committee, adding a wealth of experience from her long-time involvement in civic and cultural organizations. Twenty-one individuals and businesses became members of The Mayflower Circle in 2007.

In its seventh year of operation, the Ypsilanti Area Community Fund received two new endowed funds, and welcomed Laura Wilbanks as a new member of the YACF Advisory Committee. The George M. Hull Memorial Fund and the James R. and Anita Horne Jenkins Fund brought the number of YACF endowed funds to twelve. With the strong support of the 1825 Founders Society and annual donors, the YACF general endowment continued to build its capacity for community impact through grantmaking. In 2007, YACF grants benefited the Depot Town Community Development Corporation, Hope Medical Clinic, Riverside Arts Center, and Ypsilanti Senior Center.



Donors find opportunities for philanthropic partnerships

Community Financial of Plymouth, a not-for-profit, full-service financial institution owned and governed by its membership, had been administering its educational scholarship program for twenty years when it saw a unique opportunity to partner with the new Community Foundation of Plymouth. Being able to participate in a larger pooled endowment for investment purposes and at the same time reduce administrative costs were two decisive factors in Community Financial's decision to transfer the scholarship fund assets to CFP. In addition, the benefit of perpetual endowment that would ensure the continuation of the scholarships made CFP the perfect philanthropic partner.



When the Trustees of the George M. Hull Memorial Foundation of Ypsilanti wanted to be sure that the legacy of their namesake would continue in perpetuity, a partnership with the Ypsilanti Area Community Fund gave them everything they needed. The new permanent fund will be invested through the pooled endowment of the Ann Arbor Area Community Foundation and will continue the Hull Foundation's eight-decade commitment to supporting the health care needs of Ypsilanti residents. As a Designated Fund, the George M. Hull Memorial Fund will make annual grants to selected Ypsilanti area organizations that serve the community – today and tomorrow. This designated fund will support the Corner Health Center, Gilbert Residence, Hope Clinic, and UM Ypsilanti Health Center.



Change is the law of life. And those who look only to the past or present are certain to miss the future.

—John F. Kennedy

Financial Report

ASSETS

Total Assets December 31, 2007	\$53,232,188
Total Assets December 31, 2006	\$45,580,787

REVENUES, GAINS, AND SUPPORT

Gifts and Pledges	\$ 5,535,045
Investment Income	\$ 2,382,858
Net Appreciation on Investments- Realized and Unrealized	\$ 1,483,531
Change in Value of Liability to Life Beneficiary	\$ 25,189
Administrative Support and Other Income	\$ 13,317
Total Revenues, Gains, and Support	\$ 9,439,940

EXPENDITURES

Grants and Scholarships	\$ 1,542,724
Investment Fees	\$ 163,275
Administrative Expenses	\$ 966,422
Total Expenditures	\$ 2,672,421

Change in Fund Balances \$ 6,767,519

Note to Financial Information

The 2006 Total Assets is audited information. The 2007 information presented here is unaudited. As we go to press, we are preparing for the Audit of the Year Ended December 31, 2007. A copy of the 2007 Audit and IRS Form 990 will be available after June 1, 2008. Please contact the Community Foundation's office should you desire a copy of either or both of these documents.

Accountability

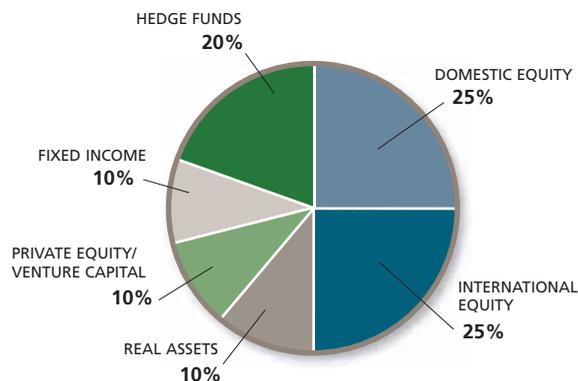
We invite you to contact us to obtain any further information that may be useful to you. The Ann Arbor Area Community Foundation is fully accountable to the donors and citizens of this community. Our records, with the exception of specific donor gift information, are public and we are pleased to provide you with more detailed information regarding our operations. An independent audit is completed each year, currently by Plante & Moran, PLLC, and the operations of AAACF are governed by a volunteer Board of Trustees composed of community members. In addition, the Ann Arbor Area Community Foundation willingly and successfully meets the Council on Foundations and Council of Michigan Foundations measures of Standards for Community Foundations.



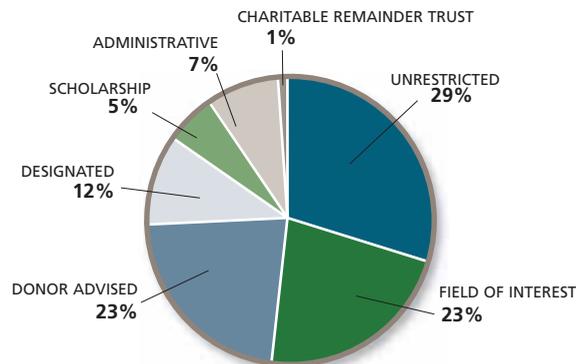
INVESTMENT RETURNS (annualized)

1 YEAR	3 YEARS	5 YEARS
9.1%	10.1%	13.8%

TARGET ASSET ALLOCATION



NET ASSETS BY FUND TYPE





Ann Arbor Area community foundation

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AAACF STAFF

*Cheryl W. Elliott
President & CEO
elliott@aaacf.org*

*Martha L. Bloom
Vice President
mbloom@aaacf.org*

*Doug Weber
Chief Financial Officer
dweber@aaacf.org*

*Judi Peters
Development Director
jbpeters@aaacf.org*

*Nina Cavit
Controller
ncavit@aaacf.org*

*Phil D'Anieri
Program Director
pdanieri@aaacf.org*

*Jennifer Balch Hale
Development/Program Officer
jbalchbale@aaacf.org*

*Sue Iott
Office/Grants Manager
siott@aaacf.org*

*Diann Moses
Administrative Assistant/
Gift Processing
dmoses@aaacf.org*

*Mary Paulus
Executive Assistant
mpaulus@aaacf.org*

*Susan Whelan
Development Assistant
subelan@aaacf.org*



community foundation Plymouth

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FOR MORE DETAILS

There is much more to the Ann Arbor Area Community Foundation than we were able to include in this brief Annual Report, saving room here for the key stories that define our work. Please visit our website, www.aaacf.org, for even more information on our activities in 2007, including:

- Grants & Scholarships
 - Awards Made
 - Guidelines
- Named Funds
- Donors
- Honorary Society Members
 - Founders Society, for gifts of \$10,000 or more
 - 21st Century Society, for gifts of \$25,000 or more
 - Legacy Society, for pledged gifts in estate plans
- Committee Volunteers
 - Ann Arbor Area Community Foundation
 - Community Foundation of Plymouth
 - Ypsilanti Area Community Fund
 - Youth Council
- Donor Bill of Rights
- Book of Memory

CONTACT US

Phone: (734) 663-0401
Fax: (734) 663-3514
www.aaacf.org
email: info@aaacf.org

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Mission

The Ann Arbor Area Community Foundation is dedicated to building endowment to enrich the quality of life in Washtenaw County by providing community leadership, making grants and serving donors.

Values

Integrity: We are committed to being honest, ethical, and trustworthy.

Accountability: We are committed to managing our entrusted resources in a diligent and prudent manner.

Leadership: We are committed to an inclusive approach in convening and shaping partnerships and relationships that address the current and future needs of our community.