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New model for philanthropy brings Colorado Springs foundations together

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Jenny Stafford and Tony Rosendo help lead the team at Spur Philanthropy, an organization based in Colorado Springs that unique model of helping family foundations find the best nonprofits to donate money to, and to invest their money into funds support their mission. Spur Philanthropy is trying to help nonprofits develop the core of downtown, and have previously work the City for Champions project. (Forrest Czarnecki/The Gazette)

Forrest Czarnecki

Having a substantial pot of money to give away every year from the fruits of the labor of ancestors sounds like a dream come true.

But the responsibility that comes with managing and distributing charitable funds from a private family foundation can lead to many sleepless nights.

“It’s very hard to figure out how to best use the money,” said Susan Pattee, chair of the board of Bloom Foundation. Run by members of the Loo family, the foundation donates \$800,000 annually to benefit the arts, education and conservation projects in Colorado Springs.

A new local for-profit business, Spur Philanthropy, seeks to alleviate the pressures by providing what co-founders Antonio Rosendo and Jenny Stafford say is a unique model in the world of philanthropy.

The partners opened the business in January. It differs from typical philanthropic consulting in that it works with both the nonprofit and the investment sides of the industry, Stafford said.

“We’re more of a matchmaker between the mission of the foundations and the impact they want to have in the community,” Stafford said.

And “the change they want to see,” said Rosendo.

Spur Philanthropy manages daily operations of multiple family foundations, assists with board meetings, files necessary paperwork and helps nurture future generations in picking up where their relatives left off.

But Stafford and Rosendo also scout out potential investment projects and bring several funders to the same table to invest in like-minded causes and missions.

Stafford calls that “social investment” piece the company’s “secret sauce.”

Instead of soliciting grant applications, reviewing requests for funding and sending out checks, as in the traditional method of awarding funds, “We’re being proactive, finding opportunities that align with the interests of the foundations,” she said.

Pattee likes the idea, which is why her family's foundation is one of three Spur currently is working with. The other two are the G.E. Johnson Foundation and the John and Margot Lane Foundation. All three donate money locally and have a bent toward community and economic development.

“Spur comes up with very innovative and creative solutions,” Pattee said.

For example, the Loo family wanted to support a program that would improve the chances of going to college for students from diverse backgrounds.

Bloom Foundation awarded a multi-year grant to Peak Education, a 23-year-old nonprofit that has benefited students from Harrison School District 2. Spur's team helped the nonprofit hire new leadership, develop a strategic plan, start a revenue-producing social enterprise — college counseling for underserved high school students — and expand to include students in Colorado Springs School District 11 and Widefield School District 3.

Nine foundations in total contributed money to Peak Education's transformation, Rosendo said.

“It helped them rethink their work and start a two-pronged approach,” Stafford said.

A more strategic approach

Foundations are required by law to give away a minimum of 5% of their endowment annually. The other 95% is “typically untouchable,” Rosendo said.

And, “There's always been a tension between socially responsible investing and the different lenses in the mission,” he said.

But without breaking the endowment bank, Rosendo said some of the financial assets normally held in perpetuity can be used to fund civic-oriented projects that at the least return the investment and at best generate revenue that can be funneled back into the endowment.

“Such deals can be double-impact,” Rosendo said.

One project Spur Philanthropy is helping orchestrate is Artspace, which in the conceptual design calls for 54 affordable housing units for creative types to live and work. The vacant Gill Center building on East Costilla Street will house the project, which also will contain 10 commercial storefronts and a community center.

“The Downtown Development Authority couldn’t afford to do this on their own,” said Susan Edmondson, president and CEO of the Downtown Development Authority and the Downtown Partnership of Colorado Springs.

“Spur saw the potential and stepped forward at the right time,” she said. “It’s been a lifesaver.”

The DDA purchased the 41,000-square-foot downtown parcel and the building for \$1.8 million, according to El Paso County assessor's records.

The G.E. Johnson and Lane foundations made "program-related investments, which are like grants, except that foundations expect to get the money back by a specified time, usually at below-market interest," Stafford said.

“Without them stepping in, we probably would have been permanently stalled on this project,” Edmondson said.

Completion is a few years away, but Edmondson said she knows the development "will be amazing for downtown."

Foundation work can be isolating, Stafford said.

When liquidity of wealth occurs, benefactors can establish a private foundation or set up a donor-advised fund at a community foundation. Colorado Springs has about 110 private family foundations, Rosendo estimates.

But "the trend now is they no longer want to go it alone," Stafford said.

Spur's work also allows families to focus on "the joy" of leaving a legacy, she said.

Spur Philanthropy assists foundations in making \$3.5 million in direct grants yearly, on top of additional mission-related investments. The founders want to scale the business model and expand locally and to other cities and states.

With the nation poised to experience a large generational transfer of wealth as baby boomers retire and pass on, the time is right to steer charity in a new direction, Stafford said. And younger generations are entrepreneurial as well as philanthropical, Rosendo said, and seem interested in unique ways to shape the community.

Look for a collective downtown food hall and office space that houses numerous foundations in one location from Spur in upcoming months.

“Having philanthropy that takes a more strategic and a different approach is a smart way to go,” Edmondson said.

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