

Over the last four years, Steve Seleznow has transformed the Arizona Community Foundation from a little-known nonprofit with a mediocre reputation to a respected, statewide philanthropic leader, world-class service provider, and innovative change agent that is now the largest endowed foundation in Arizona.

Steve is a fearless visionary who, in 2010, conducted a staff-led business planning process that resulted in an ambitious, five-year transformational plan. Just three years in, nearly all plan goals have been achieved or surpassed. ACF is seeing record-breaking success in donor giving, new fund development, programmatic impact, visibility and revenue. In just the last four years:

- ACF assets have increased from \$469 million in 2010 to \$657 million in 2014
- New funds established have increased from about 60 per year to 130+ per year
- Donor gifts have increased from an average \$40-\$50 million annually to \$86 million this fiscal year
- Every year under Steve's leadership has ended with an operating budget surplus, after three consecutive years of deficits prior to his hiring
- New sources of revenue are steadily reducing organizational dependence on asset-based fees

These goals were achieved after reducing head count from 52 to 44, proving that a leaner operation can achieve strong results when staff is properly aligned around a shared vision, core values and clear goals.

Once internal resources were aligned with the business plan, Steve led the development of an Impact Investing program to utilize limited charitable capital in ways that create more significant social and financial returns than conventional grantmaking. Just two years in, ACF has been entrusted with \$11 million in capital to be deployed through program-related investments. Four loans have been made to support education, environment, and healthcare, with at least six more planned this year.

Steve also led the exploration of innovation prizes as a way to incentivize solutions to major social issues in Arizona. Partnerships have been formed and a plan for awarding our first Innovation Prize is set for later in 2014.

In 2013, ACF became registered with the Arizona Department of Revenue as a School Tuition Organization, allowing it to receive tax credit donations and deploy its existing expertise in scholarships to serve a new group of high-need students: low-income, disabled and foster-care students wishing to attend tuition-bearing K-12 private schools.

In its first year, the ACF STO received \$1.7 million in gifts, exceeding revenue targets by 67%. First scholarships are currently being awarded for the 2014-15 school year.

State law requires that 90% of STO gifts be awarded in scholarships, allowing for a 10% administrative fee. While this presented a lucrative revenue opportunity for ACF, Steve decided that ACF would retain only half of this allowable fee, with the other half providing supportive services, including books, uniforms, transportation, and field trip fees. This efficient and creative use of donations has set ACF's

STO apart from other similar entities in the state. Most importantly, it shows Steve's commitment to ensuring our scholars have strong support to succeed in private school.

## CAROL PARRY FOX

The Council on Foundations  
Distinguished Service Award

Re: Recommendation of Steve Seleznow for The Distinguished Service Award

To Whom It May Concern:

As a longtime member of the Arizona Community Foundation Board of Directors, I am honored to support the nomination of Steve Seleznow, President and CEO of the Arizona Community Foundation (ACF), for the Council's Distinguished Service Award.

In the almost four years Steve has been our CEO, he has not only dramatically advanced the Foundation itself through the attraction of many new donors, the launching of new, innovative programs and the enhancement of donor services, but has become a leader throughout Arizona advocating for positive change.

Here are just two examples of Steve's leadership in our state:

- (1) The ACF has become a significant force in education reform in Arizona – channeling ACF's resources to support innovative programs that enhance public education, and creating an Impact Investing Fund that supports the development of charter schools serving low-income children. Steve came to us as a leader from the Bill & Melinda Gates Foundation's U.S. Education Program, and has used his skills and knowledge to address many long-standing education issues in Arizona. He also helped to create an environment of cooperation among Arizona foundations that fund education reform, leveraging ACF's dollars and efforts many fold.
- (2) As noted above, Steve led the creation of the ACF Impact Investing Fund, which provides program-related investments to nonprofits in the community. This innovative fund has already assisted environmental, educational and health-related organizations and is expanding its investments to affordable housing and social services. These lower-rate, flexible loans are impossible for nonprofit organizations to obtain anywhere else. The ACF is beginning to help fill a gap for a much-needed new form of nonprofit financing.

Steve embodies what I consider courageous leadership. Starting with Steve's leadership at the Washington D.C. Board of Education, then the Gates Foundation and now at ACF, I believe Steve is an outstanding candidate for the Council's Distinguished Service Award.

Thank you for your consideration.



Carol Parry Fox, President  
Corporate Social Responsibility Associates

# SHELLEY COHN

3514 EAST OREGON  
PHOENIX, ARIZONA 85018-1530

May 20, 2014

Council on Foundations  
Distinguished Service Award

Dear Committee Members

It is my distinct pleasure to write a letter in support of the nomination of Steve Seleznow, President & CEO of the Arizona Community Foundation, for the Distinguished Service Award.

I was a member of the CEO search committee in 2009, which resulted in Steve's hiring in early 2010. The search committee was impressed and knew immediately that he was the ideal choice to lead the Foundation. But to say that he has surpassed our expectations is an understatement.

Steve has no fear; he identified areas for institutional change and has strategically taken on both small and challenging issues to move ACF forward. The first budget process as he began his tenure showed a deficit budget for the year; he immediately stated that was unacceptable and promised that would not happen again. He has lived up to that promise every year since, with each year ending with an operating budget surplus even.

Steve immediately looked at building stronger relationships with donors. For the first year, he listened and brought feedback to the staff. It was clear that we needed to improve both communication with and accountability to our donors. Steve has carefully and thoughtfully established relationships and as a result, record-breaking numbers of new donors have chosen ACF for their philanthropy, while existing donors have shown renewed confidence and engagement and have increased their levels of giving.

We needed to improve staff motivation, productivity and accountability. Steve initiated a strategic business planning process to define a new business model and chart the course for the future. The implementation of this plan over the past three years has resulted in a total transformation of the organization from the inside out. Staffing changes were made to align with the new plan, and outcomes have been extremely positive across every measure of organizational success.

Programmatically, the Foundation identified six focus areas for its grantmaking to more clearly establish an agenda. We have explored and initiated program-related investments and impact investments. In less than two years, those programs are making an impact and generating additional funds from donors. We are exploring innovation prizes and are doing the research for a major prize that focuses on water issues. These are all concepts and ideas that were never a part of the conversation in the past; and in a short time, are now integrated into the Foundation framework.

Steve is a problem solver, strategic thinker and change agent. He has moved the Arizona Community Foundation in significant ways financially, programmatically and with dramatic increases in all of our fund areas.

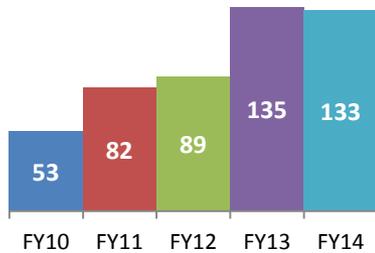
Steve is an ideal candidate for the for the Distinguished Service Award.

  
Shelley Cohn, Board Member

602-284-1083  
SHELLEYCOHN@COX.NET

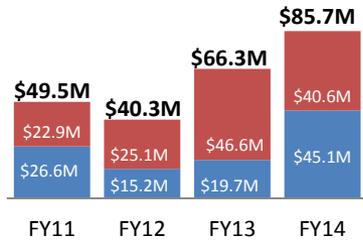
## FY14 GIFTS

### # of New Funds



### Contributions

■ To Existing Funds ■ To New Funds



### Planned Gifts

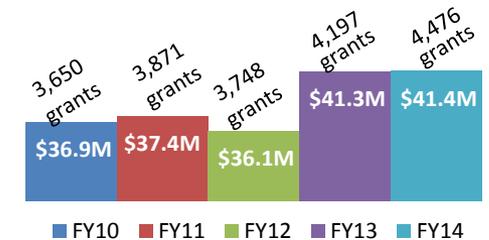
FY12	FY13	FY14
68 promises 6 booked	54 promises 2 booked	34 promises 1 booked

### YTD Board Give or Get

FY12	FY13	FY14
100%	91%	97%

## FY14 DISTRIBUTIONS

### Grants & Scholarships Awarded



## FY14 FISCAL PERFORMANCE

### Total Assets at Year-End

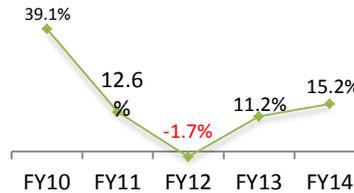


### Fund Count by Asset Size

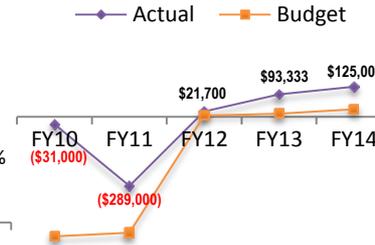
<b>\$500K &amp; up</b>	FY13 = 198 FY14 = 235
<b>\$100K-\$499k</b>	FY13 = 386 FY14 = 427
<b>\$99K &amp; under</b>	FY13 = 619 FY14 = 651

### Long Term Pool Performance

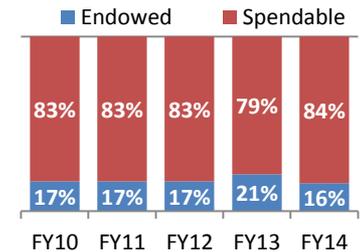
(12-month return as of Mar. 31)



### Operating Budget to Actual

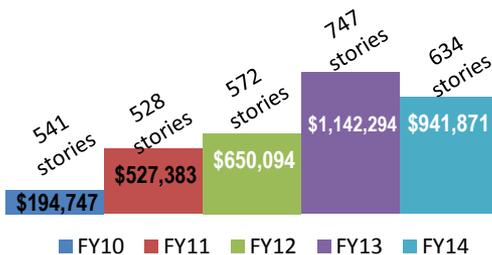


### Endowed vs. Spendable Donor-Advised Assets



## FY14 COMMUNICATION

### Advertising Equivalency of Earned Media



### Statewide Events Held

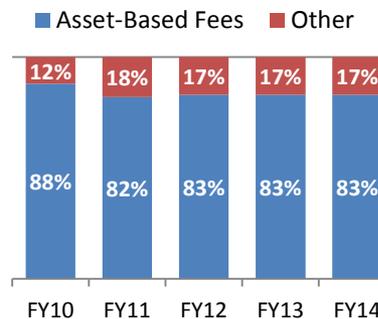
	FY13	FY14
Events	92	73
Guests	4,426	5,104

### Statewide Mailings

	FY13	FY14
U.S. Mail	28	28
E-blasts	74	207

## FY14 REVENUE & OPPORTUNITIES

### Sources of Revenue



### Opportunities in Cultivation

Newly Created	Total Open Opportunities
FY13: 254	FY14: 147
Total Open Opportunities: 203	

### New Revenue YTD

New Business	Sponsorships
\$151,000/ \$130,000 goal	\$181,938/\$125,000 goal
	ACF Events & Publications: \$89,050
	Tax & Legal Seminar: \$33,672
	Affiliate Events: \$59,216

# Poor by Choice

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In 2013, Steve Seleznow, President & CEO of the Arizona Community Foundation, was invited to present during the Arizona Leadership Forum, a gathering that unites the state's corporate, philanthropic, and nonprofit leaders to learn and share ideas about how to achieve greater success within the enterprises we lead, and, in turn, our communities and state.

Steve's presentation, entitled "Poor by Choice," took a bold stance on the growing impact of income inequality on the health and well-being of our children and communities. The following page shows a whitepaper from the 2013 Arizona Leadership Conference outlining the high points of his presentation.

Steve was invited to give this presentation more than 35 times across Arizona in 2013. Below is a link to an interview he gave on the topic on air for the long-running public affairs television program, *Arizona Horizon*, which airs on Phoenix's local PBS station.

View the full interview online at: <http://youtu.be/aku2NFi2o28?t=15m9s>



Arizona Poverty & New EPA Haze Regulations

Eight, Arizona PBS - 2,042 videos

280 views

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# Facing the Brutal Facts: Is Arizona Poor by Choice?

In his Forum presentation, Steve Seleznow, President and CEO of the Arizona Community Foundation, argued that the Arizona we have now is “poor by choice.” Arizona today, he said, is experiencing the outcomes of the choices made by state leaders over many decades to systematically reduce support and investment that has marginalized residents, social service agencies that support them, and education at every level. He presented data (shown in Attachment A) indicating that our decisions and options as a state were not a function of the 2008 recession at all, but rather the result of a powerful series of choices made by the state’s leadership beginning around 1980 and continuing since. Those choices, he indicated, drove down investment in those areas that would have supported economic growth, reduced income inequality, and developed the state’s human capital.

Seleznow stated that Arizona leaders, through their decisions and policies, made conscious choices that worked together to increase rates of poverty and income inequality. He asserted that the brutal facts he presented can lead to no other conclusion, especially given the availability of economic data and piles of reliable and validated economic and social research that would have supported entirely different choices – if the leadership were interested in different outcomes.

## He concluded his presentation with the following questions:

- What type of leadership do we want in order to produce the outcomes we desire?
- If we as leaders want to be great by choice, how can we get out of our comfortable “places” and siloed spheres of influence and lead beyond our current boundaries?
- What are the new leadership coalitions that need to be formed among corporate, philanthropic, nonprofit, private, government, and political entities? What will you do to lead them?

Seleznow stressed that decisions by present and new leadership ultimately will shape Arizona’s future, as well as impact any change in status or direction today.



**Steve Seleznow**  
President and CEO,  
Arizona Community Foundation



Steve Seleznow’s “Facing the Brutal Facts: Is Arizona Poor by Choice?” is at <http://phoenixphilanthropy.com/forum/2013/2013-presentations>

Arizona leaders, through their decisions and policies, made conscious choices that worked together to increase rates of poverty and income inequality.

# Seleznow named Distinguished Associate of Morrison Institute

March 21, 2013



Steven G. Seleznow, President & Chief Executive Officer of the Arizona Community Foundation, has been named a Distinguished Associate of Morrison Institute for Public Policy.

“We are pleased to have Steve accept our invitation to share, on an on-going basis, his fresh insights, perspective and experience with Arizona in yet one more way. His professional experience, coupled with his leadership role at the Arizona Community Foundation, prove how very much he has to offer Morrison Institute certainly, but, even more importantly, our state,” said

Susan Clark-Johnson, executive director of Morrison Institute.

A presentation that Seleznow delivered during the most recent Arizona Nonprofit Leadership Forum shows how invaluable his reflections are, Clark-Johnson added. “Arizona: Poor by Choice,” which was included in a recent Morrison Institute newsletter and posted on the Morrison Institute website, can be found [here](#).

“It is an honor to be asked to join this distinguished group of leaders in sharing insights that will shape the work of the Morrison Institute today and into the future,” said Seleznow. “At ACF, we believe strongly in the power of collaboration as a means of developing the best possible solutions for our communities. This type of partnership brings together a variety of viewpoints, perspectives and ideas for the benefit of our great state, and I’m thrilled to play a role.”

As the head of ACF, Seleznow runs one of Arizona’s largest statewide grantmaking entities, which is also the largest private provider of scholarships in Arizona and among the nation’s top 30 community foundations. Founded in 1978, ACF manages more than 1,200 funds and nearly \$550 million in charitable assets today.

Headquartered in Phoenix and with regional offices across Arizona, ACF has made close to \$500 million in charitable grants and scholarships throughout its nearly 35-year history.

Seleznow joins fellow Morrison Institute Distinguished Associates Terry Goddard, former Phoenix mayor and Arizona attorney general; Don Budinger, chairman and founding director of The Rodel Foundations; and Robert Robb, longtime columnist at *The Arizona Republic* newspaper.

The title and role of Distinguished Associate was created in July 2012 as a way to utilize the institutional knowledge and innovative thinking of Arizona leaders. Sometimes that may mean background or input on a certain issue or research project; other times, it might be an invitation to a roundtable discussion or placing select published works on Morrison Institute’s website.

Established in 1982, Morrison Institute for Public Policy is a leader in examining critical Arizona and regional issues, and is a catalyst for public dialogue. An Arizona State University resource, Morrison Institute uses nonpartisan research and communication outreach to help improve the state's quality of life.

Prior to leading the Arizona Community Foundation, Seleznow served for nearly five years as deputy director for the Bill & Melinda Gates Foundation's U.S. Program in Education, managing the implementation of a \$2.5 billion investment portfolio and leading grantmaking for states, districts and networks throughout the country.

He previously served as partner and Chief Investment Officer at Venture Philanthropy Partners in Washington, D.C.

Seleznow spent the first 28 years of his career in public education, serving as deputy superintendent for the Montgomery County, MD, Public Schools and chief of staff and interim superintendent for the District of Columbia Public Schools, as well as in other administrative and leadership posts.

Seleznow earned a doctorate and master's degree in administration, planning, and social policy from Harvard University, a Master of Arts degree from the University of Maryland, and is a graduate of Boston University.

*Source: <http://sod208.fulton.asu.edu/media/news-events/seleznow-named-distinguished-associate-of-morrison-institute>*

## THE LIST

# Finding the big givers

## FOUNDATIONS SEE INCREASE IN BUSINESS INVOLVEMENT AS ECONOMY IMPROVES

BY TIM GALLEN

tgallen@bizjournals.com

602-308-6508, @PhxBizTimGallen



When the recession struck, philanthropic and charitable giving to foundations and non-profits took a hit. But with the economy working its way through recovery, corporate giving also has improved.

Steve Seleznow, president and CEO of the Arizona Community Foundation, has seen the lows of the recession and now is witnessing the aftermath as businesses are starting to open up their checkbooks. But there's still plenty of demand for what the foundation funds.

Here's what Seleznow had to say about the state of giving in the Valley:

### With the economy in recovery, what's the atmosphere like today for giving?

We have seen record increases in donor giving to funds managed at the Arizona Community Foundation during the past 12 months. Donors gave more than \$85 million to establish new funds or

augment previously created funds. Donors see more certainty in the economy and recognize the impact of sizable social investments. In reality, major donors are always exceedingly generous; even during the economic downturn, giving to funds at ACF did not decline significantly.

We continue to see donors very engaged with their philanthropy. Donors are increasingly more strategic in identifying where and how they want to make philanthropic investments and, in turn, want to know in what ways they've made a difference.

### What kinds of giving are you seeing from businesses and corporate partners?

Arizona businesses – and those located outside Arizona, but with a local presence – are looking to achieve strong social impact in the communities where they do business.

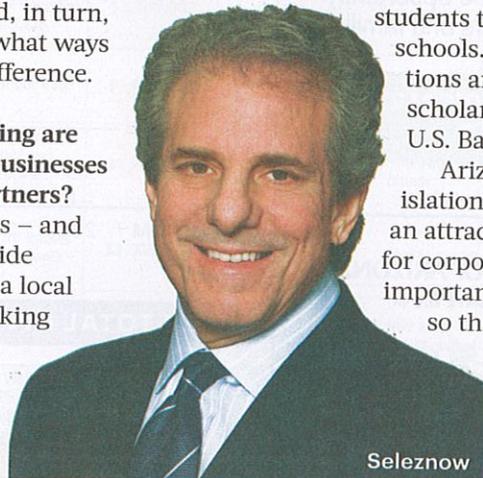
They find efficiencies and cost savings by outsourcing grants management, scholarship programs, due diligence and other work to a local partner, all while preserving their brand identity. Consequently, we've seen significant increases in new corporate donor advised funds and giving programs.

This year, the Arizona Community Foundation created a School Tuition Organization to fund pre-K through 12th grade scholarships for low-

income, disabled and foster care students to attend private schools. Several corporations are supporting these scholarships, including U.S. Bank and Gap Inc.

Arizona's tax credit legislation makes this an attractive giving option for corporations, and an important source of funding

so that high-needs children have access to top-quality educational options across the state.



Seleznow

### What types of needs is the foundation seeing in the community today?

There are significant and growing needs in both the arts and in environment/conservation throughout the state. Arizona has a persistent and growing problem with poverty, and it costs our state significantly.

Many problems emerge when poverty is high, including poor nutrition and lack of adequate health care for children, food insecurity, educational achievement gaps and low economic mobility. There continue to be significant gaps in education funding from early childhood through college, and Arizona has too few students prepared for emerging careers that require a strong science, technology engineering and math background.

ACF and its donors and partners are starting to look at some other pressing environmental issues that are impacting our cities, state and the U.S. Southwest. Most recently, we have begun developing a series of long- and short-term strategies to address water scarcity and quality issues in Arizona.

## Foundation uses loans to support non-profits

By Russ Wiles

The Republic | azcentral.com

When the Desert Botanical Garden needed extra cash to build a pumping system, it looked into ways to borrow money. Rather than turn to a bank, it sought help from a non-traditional lender.

The garden received \$375,000 from the Arizona Community Foundation in one of the foundation's first forays into lending. Some philanthropic groups are finding that it makes more sense to extend loans tied to specific projects that generate revenue than to give the money away.

"Grantmaking will always be the primary part of our business," said Steve Seleznow, the foundation's president and chief executive officer. "But loans are an additional tool."

Although most of the 75,000 cactuses, succulents and other plants spread among the garden's more than 50 cultivated acres are drought-tolerant, most need additional water, which means the botanical park still faces a substantial bill for irrigation.

"Our water needs have increased as our plant collection has increased," said Executive Director Ken Schutz, who

**See LOANS, Page D13**

noted that rainfall in recent years hasn't been enough to support the vegetation, which is planted more densely than would occur in the wild.

Plus, the garden aims to enhance the viewing experience for visitors, which often means providing more water than is required. "We want every specimen to look its best each day," Schutz said.

The loan will allow the Desert Botanical Garden to construct a pumping system to draw nutrient-rich water directly from an adjacent Salt River Project canal. It's a more natural source for the plants

than Phoenix tap water and will save \$75,000 to \$80,000 annually. Those perpetual water savings are equal to an endowment of about \$1.6 million at today's interest rates, Schutz said.

Although the SRP canal runs next to it, the botanical park didn't have access to the water. The garden first had to secure rights to use city of Phoenix water from the canal, then install pumps, filters and piping at the source, said Barbara Hoffnagle, incoming president of the garden's board.

That phase was completed earlier this year. Phase 2 will involve separating the untreated water from the drinkable water in the garden's system and installing more pipes, pumps and filters while upgrading the park's irrigation system.

"This is a project the garden has wanted to do for a long time," Hoffnagle said.

The Arizona Community Foundation has about \$10 million in its Community Impact Loan Fund to support lending to other non-profit groups. The foundation likes to see a measurable social impact in one of the areas it supports: education, health innovation, the environment, community development and arts/culture. As loans are repaid, money is made available to support more projects.

Compared with banks, the foundation said, it often offers below-market interest rates, easier terms and less-stringent collateral requirements. For example, it allowed the garden to defer some principal and interest payments for about 18 months until the pump is built and water savings accrue.

"We structured terms around the amount of savings," Seleznow said. The garden is paying interest of 3.5 percent



on the five-year loan.

The Arizona Community Foundation also has supported the garden in other ways, with grants totaling \$1.3 million over the past two decades.

In addition to helping the Desert Botanical Garden, the foundation has made a number of loans in recent years to finance 23 affordable-housing projects totaling more than 1,000 units.

Together with the Phoenix Industrial Development Authority, it loaned \$250,000 to the Phoenix Collegiate Academy to help the charter school build a high school in south Phoenix. The loan money, which has been repaid, allowed the academy to complete architectural, engineering and archeological work that preceded bond financing, which is paying for construction.

Rachel Yanof, executive director of Phoenix Collegiate, said the loan process went smoothly. The high school is slated for completion around June.

Seleznow said the foundation would like to extend more financing in the area of arts and culture. He said there is a need to help build more traditional markets in rural Arizona "food deserts," which lack fruits, vegetables and other fresh items.

Non-profit groups interested in applying for loans from the foundation should have a revenue source to help pay the money back and be prepared to submit a detailed business plan.

Although making grants is the priority for philanthropic groups, lending could become more prevalent, Seleznow said.

Reach the reporter at russ.wiles@arizonarepublic.com or 602-444-8616.



**Ken Schutz says the garden's water needs have grown.**



**Steve Seleznow heads Arizona Community Foundation.**



**Desert Botanical Garden is using its loan to pump and distribute city canal water for its collection of plants.** SUZANNE STARR/THE REPUBLIC