

# An Impact for Generations to Come

By Kristin Bowl

## The History of the Community Foundation of Washington County, MD



Mary L. Titcomb

### How will Washington County remember us?

It's not a question most of us ask of ourselves. Regardless, each person and each generation makes a contribution—some just a lot more than others.

We remember the contributions of local leaders now gone. Leaders like Mr. and Mrs. William Singer, Jr. who founded the Washington County Museum of Fine Arts, Edward W. Mealey, sometimes called the founding father of Washington County Hospital, and like **Mary L. Titcomb**, first librarian of the Washington County Free Library and creator of the first bookmobile.

But how will Washington County remember us? This was the question posed in the mid 1980's by **Merle Elliott**, businessman and community leader to a group of other local leaders meeting at the Hagerstown fairgrounds. The topic at hand—his idea to create a community foundation—a “permanent institution that will serve our community for many generations to come,” is how he described it that day.

### The Spark

There were a number of factors that sparked Elliott's interest in a community foundation for Washington County. First, there were a number of small foundations in the area, each with its own separate board. Elliott knew that the administration of these foundations was difficult because donors hadn't laid them out well and their survivors didn't always do what was necessary for perpetuation.

Second, Elliott was on the board of a local club, where he became frustrated with the amount of time spent discussing relatively small donations. He suggested they set up a charitable foundation. “Of course,” recalls Elliott, “when you complain, you get the job.” He began looking at foundations in general and in the course of his research wound up creating a private foundation for his family, The Family Elliott Foundation, during which time he discovered the hassles involved in running a private foundation. Around the same time, the IRS instituted some tax changes that made contributions to a private foundation much less attractive than to a public foundation like a community foundation.

Elliott also began hearing about the community foundations in Frederick and Baltimore. Feeling inspired from attending a recent breakfast event hosted by then Maryland Governor William Donald Schaefer, known for his “do it now” approach, Elliott decided to make it his mission to bring a community foundation to Washington County.

### Just What IS a Community Foundation?

The concept was foreign to most in the group of leaders Elliott talked to that day at the fairgrounds, though certainly not a new concept elsewhere. The idea of a community foundation began in the early 1900's with Franklin Goff, an estate attorney and banker in Cleveland who vowed to sever the “dead hand of the past.”

Goff was referring to wills that directed large sums of money to charity, but spelled out so many conditions that the gifts wound up being nearly impossible to utilize because of changing cultural and/or economic conditions and values. In trying to figure



Merle S. Elliott

out what to do with his considerable wealth upon his own death, Goff came up with an idea he referred to as a “community chest” and the Cleveland Foundation was born. Explaining his idea to *Colliers* magazine, Goff said, “How fine it would be if a man about to make a will could go to a permanently enduring organization...and say: ‘Here is a large sum of money. I want to leave it to be used for the good of the community, but I have no way of knowing what will be the greatest need of the community 50 years from now, or even 10 years from now.’”<sup>1</sup>. Therefore, I place it in your hands, because you will be here, you and your successors, through the years, to determine what should be done with this sum to make it most useful for people of each succeeding generation

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Franklin Goff, 1914

Within five years of the founding of the Cleveland Foundation in 1914, similar foundations sprung up in Chicago, Boston, Milwaukee, Minneapolis, and Buffalo. In 2006, the Cleveland Foundation had year-end assets of \$1.9 billion and \$85 million in grants authorized. In the United States, community foundations held \$44.5 billion in assets in 2005, with \$3.2 billion given to communities through grants, scholarships and other vehicles.<sup>2</sup>

## To Be or Not To Be

Despite the popularity of community foundations around the world, some leaders here at home were not completely convinced that a community foundation was right for Washington County. There were concerns that a foundation would compete with local banks for trusts. A bigger concern was that the foundation might compete with other local nonprofits for the same donation dollars.

**Dick Phoebus**, a founding member of the board of trustees for the Community Foundation of Washington County, Maryland (hereafter referred to as “the Foundation”), said, “If you’re asking people to give money, they’re cautious. They wanted to know what we could do for them that they couldn’t do for themselves.”

The answer was “a lot.” Elliott knew that there were charitable organizations that had endowments. But when times got tough, there was temptation to invade those endowments. Phoebus remembers this happening locally. A number of local organizations had endowments, but ultimately dissipated them. “People gave money, but now it’s gone,” he said.

“In survival mode,” says Elliott, “it’s easy for an organization to invade its pot of money to pay for operating expenses. But a community foundation is committed to the notion that it won’t be invaded...When money comes to us, we’re responsible for it and it doesn’t get used except for the way intended. If you give to a community foundation, that money will always be there.”



Richard W. Phoebus

<sup>1</sup> Source: Cleveland Foundation website. Last accessed on 6/27/08 at [www.clevelandfoundation.org](http://www.clevelandfoundation.org).

<sup>2</sup> Source: the Foundation Center’s Statistical Information Service – Accessed on 6/27/08 at [www.foundationcenter.org](http://www.foundationcenter.org)



John M. Waltersdorf

As a partner at the accounting firm Smith Elliott Kearns & Co., LLC, Elliott knew that most banks and other firms that handled trusts would do so reluctantly unless the amount placed in the trust was large enough to afford administrative costs. But a community foundation has the advantages of convenience, flexibility, permanency, and allows gifts of any amount to be joined by gifts made by others, thereby sharing the administrative expenses.

Another big problem was individuals who did well in the stock market or had some other financial boon in a given year and needed tax relief, but weren't prepared to specify how a donation should be spent. Giving to a community foundation enabled them to take an immediate tax deduction and determine at a later point how the donated funds should be used charitably.

Lastly, the community foundation operates on a long-term model. It utilizes a portion of the earnings and growth on principle from the donations it receive. The principle remains invested, thereby assuring a future funding source in perpetuity. The longer a community foundation exists, the more time its endowments have to grow.



Michael G. Day

### A Team Effort

It would take years to win over a few of the naysayers. But a number of key people clearly understood the benefits early on and urged Elliott to move forward. One of those was **John Waltersdorf**, president of Tristate Electrical Supply Co., and chairman of the Greater Hagerstown Committee. Waltersdorf immediately saw the value of Elliott's idea and did what he could from his position within the Committee to help.

Ann Landers once said, "Opportunities are usually disguised as hard work, so most people don't recognize them." The work of creating a community foundation was substantial and sometimes "frustrating" as Elliott describes it. Years passed from the time of Elliott's original presentation while he sought broad community support.

**Michael G. Day**, a local elder law attorney with training in estate planning, became a catalyst to help the effort stay on track. His wife, Elizabeth "Betsy" Day was involved with the Community Foundation of Frederick County and became its executive director in 1995. As a result, said Day, "I was watching it in Frederick. I knew that it worked." Day took his personal observations and his message to the meetings of various local groups and clubs, such as Rotary. He also spoke privately to key individuals asking for their support and help.

**Day and William P. Young, Jr.**, an attorney with Meyers, Young & Grove, P.A. in Hagerstown, worked pro bono to help draft the paperwork required for the articles of incorporation, by laws, and other legal documents. Young also began speaking to his clients, where appropriate, about the Foundation.

Young had become an advocate for community foundations after visiting the Greater Milwaukee Foundation to do research for one of his clients. He was excited about what he saw in Milwaukee, where bankers and private foundations that once competed pulled

### Original Board of Trustees

- Merle S. Elliott, Chairman
- John M. Waltersdorf, Vice-Chair
- Philip L. Rohrer, Treasurer
- Jack Costa, Secretary
- Wayne E. Alter, Jr.
- John M. Baer
- Arthur R. Crumbacker
- Elizabeth Y. Day
- Michael G. Day
- Julie A. Donat
- C. William Hetzer, Jr.
- Robert T. Kenney
- Herbert Meininger
- Richard W. Phoebus
- William J. Reuter
- Bennett S. Rubin
- William P. Young, Jr.



William P. Young, Jr.



Arthur R. Crumbacker

together to create a community foundation. Young understood that community needs change over time and he saw that a community foundation allowed funding to address future needs, now unknown.

**Arthur R. Crumbacker** of the accounting firm Albright Crumbacker Harrell & Moul was another teamplayer in the effort to create a community foundation in Washington County. Crumbacker donated, and continues to donate, his accounting consulting services to the organization, especially important when the community foundation was being formed and had little money.

Day filed the articles of incorporation with the state and the Foundation became incorporated on November 3, 1995. The Foundation used the next two years to get organized.

### On a Wing and a Prayer

The good news was that the Foundation was moving forward and more people than ever were committed. The bad news was that there was no money for operating expenses. Elliott was also president of the Hagerstown/Washington County Industrial Foundation (CHIEF) at the time. He knew that CHIEF had capable staff and available resources. Dee Hockensmith of CHIEF provided administrative support to the fledging Foundation. CHIEF also provided free office space, and helped defray other bills.

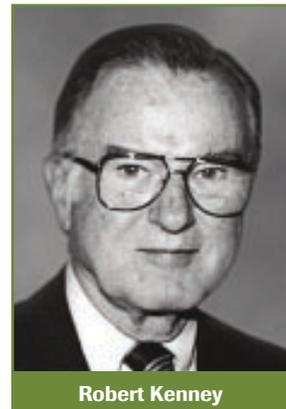
The group struck oil with **Robert Kenney**, a retired Texaco senior executive who had moved to the area and was inspired by Elliott and Waltersdorf's enthusiasm. Kenney volunteered much of his time as one of the trustees and then accepted minimal pay as the organization's first part-time director. Kenney says, "We were flying faith, hope, and patience than anything else. We had to have a lot of each. But there was no doubt in John's mind," said Kenney, "and Merle's enthusiasm rubbed off on everyone else."

All recall that Betsy Day was extremely helpful. As executive director of the Community Foundation of Frederick County, she shared her knowledge. She was generous with her time and advice. Kenney says, "I don't know that we could have gotten off without her help." The community foundations in Baltimore, Harrisburg, and Frederick helped in a variety of important ways, sharing sample agreements, staffing models, and bylaws, among other information. The Frederick group even held some of the Foundation's initial donations for them until its official nonprofit tax status cleared.

Elliott had already transferred a total of \$10,000 from his private foundation to support the Foundation's ongoing operations expenses. Many of the trustees, or their businesses, pledged to give \$5,000 each year over five years, for a total of \$25,000 each to establish founders endowments to continue to provide for operating expenses.



The Foundation originally shared offices with the Hagerstown Washington County Industrial Foundation at the Fairgrounds.



Robert Kenney

### Open for Business

It had been about a decade from conception to birth, but the Community Foundation of Washington County finally launched in November of 1997 during National Community Foundation Week. Merle Elliott was the first chairman of the board.



Mr. & Mrs. William Dutton

**William Dutton**, a retired business owner in Hagerstown, and his wife, made the first major contribution with a gift of \$62,000. Early funds included the Frederika Garver Fund, which benefitted the maintenance of the Federal Little League Park on Northern Avenue, and the Sherrill Koontz Memorial Scholarship Fund, established in her memory by friends at South Hagerstown High School.

So the new Foundation already had nearly \$100,000 in assets at the time it launched and planned to begin making grants to local nonprofits once its unrestricted endowment reached \$500,000.

By 1998, the Foundation was already delivering on those and other donations. In December of 1998, the Herald-Mail wrote that the Foundation gave nearly \$19,000 to 32 local nonprofit organizations during its first year of operations. The Foundation had assets of \$200,000 at the time. Among the recipients were the American Red Cross, Girls, Inc., Goodwill Industries, Hagerstown Community College, Mason-Dixon Boy Scout Council, Maryland Symphony Orchestra, and San Mar Children's Home.

With the amount of work growing day by day, Bill Dutton again stepped forward, pledging \$10,000 to be matched by the board members to help pay for a full-time executive director. In 1999, the organization hired executive director, **Joyce Heptner**, who was well known in the community and had previous experience fundraising as deputy executive director of the Maryland Theatre and other positions.



Joyce Heptner

In 2000, CHIEF donated \$250,000 to the Foundation to establish a fund for economic development, community betterment, and workforce training. That same year John and Peg Waltersdorf, who remained anonymous at the time, donated \$2 million to the Foundation, \$100,000 of which would be given on an annual basis to local nonprofit organizations. The gift brought the Foundation's assets to \$3 million.

The year 2000 also saw the launch of the Foundation's People's Choice Awards to honor Washington County's unsung heroes, the individuals who better their community, but don't generally seek or receive public credit. As Young refers to them, the "angels who pass quietly by and brush people with love." NBC 25 News in Hagerstown covers the event each year and creates video vignettes of each winner.

By 2002, the Foundation distributed \$245,981 in grants to local nonprofit organizations—an increase of 80 percent over the previous year—and reached assets of nearly \$6 million in 78 different funds. Brad Sell was appointed executive director, after five years at the helm of Food Resources, Inc.



Foundation's People's Choice Awards Original Winners

In 2007, the Foundation held a press conference to announce the county's largest endowment challenge to date. The Foundation partnered with the John M. Waltersdorf Family and the Richard A. Henson Foundation to provide a \$5 million, one-to-one match to funds raised by 16 agencies participating in the challenge. When completed in 2011, the \$10 million Waltersdorf Henson Challenge will inject over \$500,000 a year into the efforts of local non-profit agencies and will increase over time.

When asked about his proudest moment with the Foundation over the years, Waltersdorf points to the mind-set change of several of the nonprofits participating in the Challenge. "They were amazed at the people who came out of the woodwork. It gave me a thrill because they didn't realize that people, when made aware of their needs, were willing to loosen their purse strings and do something about it. It raised the organizations' sights and allowed them to think bigger," said Waltersdorf. "And, it pleased me that so many people who aren't typically in the philanthropic circle gave."



Richard A. Henson

### Have a Heart

While establishing the Foundation wasn't a cake-walk, it's clear that once it's behind something, Washington County has heart. The founder's are continually amazed at the generosity of Washington County residents including Dick Phoebus, who grew up in Baltimore and was president of a bank there, as well as in Warrenton, Virginia, two communities with wealthy residents. "This place has heart. Even in the late 50's and early 60's when this community was on its knees, people were still giving." Referring to the working class citizens of Hagerstown, Phoebus says, "You wouldn't expect it of this community."

What was the result of all that effort? In just 10 years, the Foundation grew from \$9,000 in contributions and no grants to nearly \$3 million in 2007 contributions and \$733,000 in 2007 grants to local non profit organizations. (See sidebar) In 2007, the organization had a total of \$13.6 million in assets.

Waltersdorf says the Foundation has enabled more people to be philanthropic because they know there's a vehicle they can use. "The Foundation shows people how to be philanthropic if they're so inclined and gives them lots of flexibility to do it." Donors to the Foundation receive tax benefits. But, Waltersdorf points out, "Most people don't give to get a tax deduction or just to get rid of money. They give because they have an emotional connection to a cause and they feel it will make a difference for someone else."

### The Impact

More compelling than the numbers, however, is the reaction from the nonprofit community itself. Pages ??-??/ reflect upon the importance of our grants to local organizations. Girls Inc. of Washington County Executive director, Maureen Grove, says the Foundation has had a "huge impact."

The Foundation's Grants Allocations Committee surveys the community every year to stay in touch with its needs. Committee member Bill Young says that the Foundation

### Growth of the CF of Wash. County

Contributions	Grants Made	
	to Non-Profits	from Donors
FY 97	\$ -0-	\$9,000
FY98	\$13,168	\$155,048
FY99	\$132,460	\$630,199
FY00	\$174,343	\$2,501,277
FY01	\$136,333	\$2,876,806
FY02	\$245,981	\$491,452
FY03	\$275,682	\$291,311
FY04	\$420,282	\$811,128
FY05	\$618,000	\$2,526,604
FY06	\$1,571,298	\$2,477,381
FY07	\$732,760	\$2,719,775

“can be very sensitive and focused on a specific community need that comes on the horizon.”

Of course, the final impact is incalculable. Day says, “the human benefit is still embryonic, but that major resources will be preserved for untold generations. Needs we can’t possibly imagine now will be met.”

## Into the Future

Elliott is not surprised by the Foundation’s success, but gratified. “In some ways, it took longer than I expected and others more quickly. I knew it wouldn’t be easy, but once the board was brought into it and put money behind it, it became clear to me that there was no stopping it.”

Looking to the future, Phoebus believes that, “community foundations will be the single most significant philanthropic organizations since they keep building funds. It’s a model that will serve philanthropy well into the future.” Executive Director Brad Sell insists that “someday the Foundation will distribute more grant dollars to local charities each year than the Gaming Commission. It’s just a matter of time.”

Though the Foundation is on secure footing for the long-term, the biggest challenge for the future is related to people. “Ultimately, all we have is a reputation,” says Phoebus. “When someone gives us their money, we say ‘here are the things we promise to do.’ It only works if people have implicit trust in the board of directors.”

If Merle Elliott’s question remains, “How will Washington County remember us,” the answer seems perfectly clear: very well and with deep gratitude as the founders of one of our community’s most important philanthropic pillars.

Author Alfred Montapert once said, “The monument of a great man is not of granite or marble or bronze. It consists of his goodness, his deeds, his love and his compassion.”

So many men and women in our community today are true monuments due to their generosity of time, money, and talents. This generation has made its mark on the quality of living of all the residents of Washington County. As the torch passes to the next generation and the next and the next, they will carry the work forward and make their own mark. The Community Foundation of Washington County will always be part of that future.



Community Foundation and United Way officials celebrate to opening of their new shared offices in 2007.