Charity report about: Federal ID # 41-0916478
Pillsbury United Communities
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Pillsbury United Communities meets all standards of the Charities Review Council. (Date of report: May 28, 2004.)

PROFILE OF ORGANIZATION

Pillsbury United Communities was established in 1879. The organization is named after John and Charles Pillsbury who provided the building that was to become the Pillsbury House. Today, the organization operates six centers in Minneapolis neighborhoods. It has a variety of programs that work hand-in-hand with the people they serve to develop the internal and external resources needed to improve lives and gain economic strength.

Pillsbury United Communities is a tax-exempt charitable organization under section 501(c)3 of the IRS Code. It is eligible to receive tax-deductible contributions. Pillsbury United Communities is current in its annual reporting to the Minnesota Attorney General's Charities Division.

MISSION/PURPOSE

Pillsbury United Communities states its mission as follows:
Creating choice, change and connection.

Pillsbury United Communities states its purpose as follows:
Pillsbury United Communities seeks to build a strong and interdependent community filled with people who are able to build for themselves and their families a life reflective of their own values, interests, and abilities and who in turn contribute to the positive development of others.

ORGANIZATIONAL STRUCTURE

Principal Board Member:
Dean Nelson, Chair
Principal Staff Member:
Anthony R. Wagner, President

According to its bylaws, Pillsbury United Communities is governed by a board of directors consisting of no fewer than 15 and no more than 35 individuals. At the time of this review, there are 23 individuals serving on the board. Board members are elected by the board of directors.

Pillsbury United Communities a number of affiliate relationships with other organizations. The Community Building Initiative unit works with emerging nonprofit organizations to help them learn technical skills as they become established. Affiliates enter a fee-for-service contract with Pillsbury United Communities. They pay a predetermined amount for a fixed period. In return, Pillsbury United Communities provides backroom services such as human resources, accounting and information technology.

Pillsbury United Communities has 230 paid staff members and benefits from the assistance of 1,478 volunteers.

AWARDS, HONORS, ACCREDITATIONS

In January 2001, Pillsbury United Communities won the Gold Award at the Annual Minnesota Quality Award Celebration

PROGRAMS

Fiscal Year 2002 Programs:

Neighborhood and Family
The agency has six community centers. Each works to:
- motivate people to grow in their own lives and communities,
- create a group of dedicated people who carry out the agency's mission,
- provide welcoming, vibrant, respectful spaces for the community, and
- strategically partner with the other units of Pillsbury United Communities.

Services are offered in four areas:

- services to children and youth,
- services that promote self-sufficiency,
- services that meet basic needs, and
- services that promote volunteerism and community building.

Specific services vary from center to center due to the ethnic and demographic makeup of each neighborhood. (Cost of Neighborhood and Family = $6,074,310, which represents 65% of total program expenses.)

Community Building

The organization's Community Building Initiatives encourage greater organizational effectiveness by assisting constituents in developing group and individual problem solving and leadership skills. They provide administrative and technical assistance services to seventeen diverse agencies. All of the agencies have entered a purchase of services agreement with Pillsbury United Communities. (Cost of Community Building = $778,505, which represents 8% of total program expenses.)

Employment and Economic Development

This program provides employment and training programs. It works to connect people with skills and resources to support themselves. The program works with employers to determine their needs and how a diverse workforce needs can meet those needs. In addition, it provides integrated social services, transportation systems, affordable housing and opportunities for new immigrant populations. In 2002, 576 adults obtained jobs. Of those jobs, 57% paid at least $8.50 per hour. The Fathers and Children Together program housed 59 homeless custodial fathers and their children in stable housing and provided a variety of supportive services.
(Cost of Employment and Economic Development = $2,000,964, which represents 21% of total program expenses.)

Theatre and Community Arts

Pillsbury House Theatre is a nationally recognized, imaginative, daring theatre. Its purpose is to engage a broad community in the art of theatre with programs and productions that provoke examination of the world around us. The Theatre's core programs are:

- mainstage productions. In 2002, 2,449 people attended mainstage performances.
- *Breaking Ice*, a multiracial improvisational theater company. *Breaking Ice* performed 54 shows for 10,121 people in 2002.
- *The Chicago Avenue Project*, which pairs adult theatre artists with youth from the Powderhorn and Central Neighborhoods of South Minneapolis to create original theatre. In 2002, 42 neighborhood youth participated.

(Cost of Theatre and Community Arts = $453,802, which represents 5% of total program expenses.)

SELF-EVALUATION

When asked to describe the methods and procedures used to evaluate its program work, Pillsbury United Communities responded as follows:

> Supervisors and staff establish program-specific indicators to measure program effectiveness. A quarterly reporting and evaluation system (our agency "snapshot") requires regular monitoring of these indicators. The snapshot ensures that indicators used by programs are sufficient for measuring overall Agency progress toward set outcomes. It captures program demographics, used to monitor changes and trends in populations, and insures that the Agency is serving the participants identified as priority to meet its mission. It also requires program staff to answer a series of questions about employee and participant involvement in planning, program improvements, challenges faced and goals set for the next quarter.

PUBLIC DISCLOSURE (Standards 1A - 1D)

Pillsbury United Communities responded to the Council's request for information by providing a completed Disclosure Form with requested attachments.

Pillsbury United Communities attests that it has not violated any applicable state or federal charity laws or regulations. In the course of this review, the Council found no evidence that the organization violated any such laws or regulations. Therefore, the Council concludes that the organization meets standard 1A.

Standard 1B requires the organization to provide the following upon request:

- an annual report that includes:
  - (a) a description of the organization's purpose;
  - (b) a description of its program activities, accomplishments, and geographic area served;
  - (c) a summary of the total cost of each major program (to the extent required in the IRS Form 990); and
  - (d) a list of the organization's board of directors.
- annual financial statements prepared in conformance with generally accepted accounting principles … .

Pillsbury United Communities' 2002 annual report included all of the items required by standard1B. Pillsbury United Communities undergoes an independent audit each year. For fiscal year 2002, its audited financial statements conformed with generally accepted accounting principles.

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The Council concludes that Pillsbury United Communities meets standard 1B.

In accordance with standard 1C, Pillsbury United Communities provides specific, objective information about its accomplishments related to its stated mission through its newsletter, annual report, open meetings with the President and leadership staff for donors, and web site (www.puc-mn.org).

Standard ID requires:

> Program names, activities, and financial information listed in the annual report, audited financial statement, and IRS Form 990 are consistent.

The Council examined the program names and activities, as well as the financial information, in Pillsbury United Communities' 2002 annual report, audited financial statements, and IRS Form 990. The program names and activities were consistently described among these three documents. The financial information presented in the three documents was somewhat inconsistent. These inconsistencies were related to Pillsbury United Communities' fiscal agent relationship several agencies. The Council does not feel that these inconsistencies prevent donors from meaningfully evaluating the organization or its programs. The Council concludes that the organization meets standard 1D.

GOVERNANCE (Standards 2A - 2E)

Standard 2A requires:

> The governing board meets at least three times per fiscal year with a quorum present, and maintains written minutes of each meeting.

The board of directors of Pillsbury United Communities met seven times in fiscal year 2003, with a quorum (one-third of directors) present at all of the meetings. Minutes were taken at all meetings. The Council concludes that the organization meets standard 2A.

Standard 2B requires:

> The organization addresses director, officer, and key staff conflicts of interest pursuant to a written policy that:
> (1) requires full disclosure of all material facts to the appropriate decision makers, and
> (2) prohibits the interested party from approving or voting on the conflicted transaction.

Pillsbury United Communities has such a policy. The Council concludes that the organization meets standard 2B.

Pillsbury United Communities' board members receive no compensation for board service other than reimbursement of board-related expenses, which is compliant with standard 2C.

Standard 2D requires:

> Not more than one member of the governing board is a paid staff person of the organization; no paid staff person serves as board chair or treasurer.

One staff member, the President, serves on the board of Pillsbury United Communities. No staff members serve as board chair or treasurer. The Council concludes that the organization meets standard 2D.

In accordance with standard 2E, Pillsbury United Communities' board members serve three-year terms. A board member may stand for re-election for up to three consecutive terms.

FINANCIAL ACTIVITY (Standards 3A - 3D)

2000 – 2002 income and expenses as reported on the organization's IRS Forms 990:
(Percentages and dollar amounts are rounded to the nearest whole number.)

	Year Ending 12/31/2000		Year Ending 12/31/2001		Year Ending 12/31/2002		Three-year Average	
Income/Expense Statement								
Total Support & Revenue	$ 9,289,669		$ 11,320,882		$ 10,257,064		$ 10,289,205	
Total Expense	9,501,844		10,092,165		10,740,192		10,111,400	
Change in Net Assets	$ (212,175)		$ 1,228,717		$ (483,128)		$ 177,805	
Functional Expenses		%		%		%		%
Program Services	$ 7,990,233	84%	$ 8,646,909	86%	$ 9,307,581	87%	$ 8,648,241	86%
Management/General	1,196,354	13%	1,164,119	12%	1,253,134	12%	1,204,536	12%
Fundraising	315,257	3%	281,137	3%	179,477	2%	258,624	3%

Standard 3A requires:

At least 70% of the organization's annual expenses are for program activity and not more than 30% for management/general and fundraising combined.

As detailed in the preceding table, for fiscal years 2000 - 2002, Pillsbury United Communities reported spending an average of 86% of its total expense on Program Services, 12% on Management/General, and 3% on Fundraising. When determining compliance with standard 3A, the Council considers the organization's joint costs allocations[1]. However, Pillsbury United Communities reported no joint costs for the most recent fiscal year. The Council concludes that the organization meets standard 3A.

Standard 3B requires:

Unrestricted net assets available for current use are not more than twice the [annual] expenses.

On 12/31/2002, Pillsbury United Communities had unrestricted net assets of $4,869,358. The Council does not consider fixed assets (land, buildings, and equipment) to be "available for current use." Subtracting this amount ($5.033,340) from unrestricted net assets leaves negative $163-982 available for current use. This is less than twice the total expense of $10,740,192 for fiscal year 2002. The Council concludes that the organization meets standard 3B.

Standard 3C requires:

The organization does not have persistent or increasing operating deficits.

For the purposes of applying this standard, the Council defines "persistent" as three or more years. Per the preceding table, Pillsbury United Communities had deficits (decreases in net assets) in 2000 and 2002, but had a surplus (increase in net assets) in 2001. The Council concludes that the organization meets standard 3C.

Standard 3D requires:

The governing board approves an operating budget prior to the beginning of each fiscal year and receives financial reports, at least quarterly, comparing actual to budgeted revenue and expenses.

Pillsbury United Communities' board receives financial reports comparing actual to budgeted dollar amounts (income and expense) at each of their meetings, seven times a year. Pillsbury United Communities' board approved the budget for fiscal year 2004 (1/1/2004 – 12/31/2004) on December 18, 2003 – before the start of the fiscal year. The Council concludes that the organization meets standard 3D.

Major types of income as reported on the 20__ IRS Form 990	**% of Total Income**
Contributions	87%
Program service revenue	8%
Membership	0%
Interest, dividends, & gain/loss on investments	<1%
Special events (net of direct expenses)	0%
Merchandise sales (net of cost of goods sold)	0%
Other	5%

[1] Joint costs activities occur when an organization conducts a campaign (by mail, telephone, broadcast media, or any other means) that simultaneously solicits contributions and provides educational material or other information that furthers the organization's tax-exempt purpose. For example, if an organization creates and mails a newsletter that not only calls for specific mission-related action but also solicits a contribution, the organization might be able to allocate the newsletter's costs between program expense and fundraising expense.

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FUNDRAISING (Standards 4A - 4C)

The organization reported the following information for fiscal year 2002:

Total contributions from:

Individuals	1%
Foundations & corporations	14%
Indirect sources[2]	30%
Government grants[3]	55%

Contributions *from individuals* raised through:

Mailings	49%
Telemarketing	0%
Special events	20%
Door-to-door canvassing	5%
On-line / web-based	5%
Other (board fund drive)	11%
Other (staff fund drive)	6%
Other (United Way)	4%

Percent of the board of directors that made contributions to the organization: 100%.

The Council reviewed sample fundraising materials provided by Pillsbury United Communities, including special event materials and solicitation letters. The Council also viewed the fundraising-related portions of the organization's web site. The Council found that the organization's fundraising:

(1) clearly identify the charity and the purpose for which contributions will be used and

(2) contain information that is accurate and not misleading or likely to make most donors feel threatened or intimidated.

The Council concludes that the organization meets standard 4A.

Standard 4B requires, in part, that:

> The charity maintains a written policy to discontinue contacting any person upon that person's oral or written request directed to the organization, its professional fundraiser, or other agent.

Pillsbury United Communities has such a policy. The Council concludes that the organization meets standard 4B.

Because Pillsbury United Communities does not use professional telemarketers to solicit contributions and has not recently conducted any cause-related marketing campaigns, standard 4C does not apply.

[2] Indirect sources include contributions through the United Way and other federated fundraising agencies, as well as contributions from a parent, subordinate, or other closely associated organization.

[3] Does not include income from government sources for contracted services – which is considered a program service revenue, not a contribution.

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