YOU DON’T HAVE TO BE A MILLIONAIRE

Newberry Library
Marilyn Foster Kirk, CFRE
May 1, 2015
Topics

• Trends in giving and philanthropy
• Giving circles as “new ventures” in philanthropy
  • Principles and practices
Giving by individuals
Source: Giving USA, The Giving Institute, June 2014

Inflation-adjusted dollars
Current dollars

$107.49 $114.64 $121.64 $137.76 $147.94 $196.69 $229.71 $231.34 $240.60

$20.53 $32.10 $52.06 $69.98 $91.72 $137.68 $181.47 $213.76

Giving by individuals: Canada

Giving by source: USA

Source: Giving USA, The Giving Institute, June 2014

<table>
<thead>
<tr>
<th>Period</th>
<th>Individuals</th>
<th>Foundations</th>
<th>Bequests</th>
<th>Corporations</th>
</tr>
</thead>
<tbody>
<tr>
<td>1974-1978</td>
<td>83%</td>
<td>6%</td>
<td>7%</td>
<td>4%</td>
</tr>
<tr>
<td>1979-1983</td>
<td>83%</td>
<td>6%</td>
<td>7%</td>
<td>5%</td>
</tr>
<tr>
<td>1984-1988</td>
<td>80%</td>
<td>7%</td>
<td>6%</td>
<td>5%</td>
</tr>
<tr>
<td>1989-1993</td>
<td>80%</td>
<td>7%</td>
<td>5%</td>
<td>5%</td>
</tr>
<tr>
<td>1994-1998</td>
<td>77%</td>
<td>8%</td>
<td>9%</td>
<td>5%</td>
</tr>
<tr>
<td>1999-2003</td>
<td>76%</td>
<td>9%</td>
<td>9%</td>
<td>5%</td>
</tr>
<tr>
<td>2004-2008</td>
<td>75%</td>
<td>8%</td>
<td>8%</td>
<td>5%</td>
</tr>
<tr>
<td>2009-2013</td>
<td>72%</td>
<td>15%</td>
<td>8%</td>
<td>5%</td>
</tr>
</tbody>
</table>
Giving by source: Canada 2012-13

Sources: Assets & Giving Trends of Canada’s Foundations, Corporate Giving in Canada, Volunteering & Giving in Canada

Individuals: $12.8B
Corporations: $3.3B
Foundations: $4.4B
Recipient organizations: USA 2013

Source: Giving USA, The Giving Institute, June 2014

- **Religion**: $105.53 (31%)
- **Education**: $52.07 (16%)
- **Human Services**: $41.51 (12%)
- **Gifts to Foundations**: $35.74 (11%)
- **Public-Society Benefit**: $23.89 (7%)
- **Health**: $31.86 (10%)
- **Arts, Culture and Humanities**: $16.66 (5%)
- **International Affairs**: $14.93 (4%)
- **Environment/Animals**: $9.72 (3%)
- **Gifts to Individuals**: $3.70 (1%)
Recipient organizations: Canada 2013

Source: Volunteering & Charitable Giving in Canada, January 2015

- Religious: 41%
- Health: 13%
- Social Service: 12%
- All Other: 34%

Legend:
- Religious
- Health
- Social Service
- All Other
Trends in philanthropy

- Big and Getting Bigger
- Not your Old Andrew Carnegie
  - Finding a Cure
- What’s Good for Business
- Building a Better Mousetrap
  - Two is Better than One
- Donors Front and Center
Where do giving circles fit?

- Collective giving
- Diversity of donor base
- Diversity of “causes”
- Donor-driven
- An innovative approach with a diversity of practices, structures, resources & objectives
Who participates?
Source: Dean-Olmstead et al, Connected to Give: Community Circles, 2014

- 1 in 8 Americans
- ~50% under age 40
- 41% non-white
- Mostly female
- Incomes between $50,000 and $99,999
Why join a Giving Circle?

Source: Dean-Olmstead et al, Connected to Give: Community Circles, 2014

- Giving Circle members say giving is
  - More hands-on
  - Innovative
  - Transformative

- Members say Giving Circles help them become
  - More strategic
  - Better educated
A Giving Circle spectrum


Grassroots Giving Circles  
Sponsored Giving Circles  
Institutional Giving Circles
# A snapshot of the Giving Circle spectrum


<table>
<thead>
<tr>
<th>Characteristics</th>
<th>Grassroots</th>
<th>Sponsored</th>
<th>Institutional</th>
</tr>
</thead>
<tbody>
<tr>
<td>Membership</td>
<td>Self-organized: family, friends, colleague networks</td>
<td>Membership by $ amount, group created around issues of common interest</td>
<td>Application process, community of philanthropists</td>
</tr>
<tr>
<td>Administration</td>
<td>Participant run</td>
<td>Part-time staff</td>
<td>Professional paid staff</td>
</tr>
<tr>
<td>Grantmaking objectives</td>
<td>Causes &amp; organizations mostly local</td>
<td>Specific issues</td>
<td>Scaling social innovation; capacity building</td>
</tr>
<tr>
<td>Grant process</td>
<td>Simple, organic</td>
<td>Formal</td>
<td>Professional application</td>
</tr>
<tr>
<td>Grant size</td>
<td>~$100+</td>
<td>$5,000 - $25,000</td>
<td>$50,000+</td>
</tr>
<tr>
<td>Grant term</td>
<td>One time</td>
<td>1-3 years</td>
<td>3-7 years</td>
</tr>
<tr>
<td>Evaluation of impact</td>
<td>Usually not done</td>
<td>Conducted internally</td>
<td>Formalized, conducted by third-party</td>
</tr>
</tbody>
</table>
Best practices – some observations

• No research to substantiate “what works best”
• Will vary by type of giving circle and preference of members
• Research suggests some cultural attributes
• Experience suggests some organizing principles
Cultural attributes

• Leveraging individual contributions to make significant impact
• High degree of individual donor engagement
• Democratic processes
• Empowering donors
• Attracting “new” donors
• Diversity of donors and grantees
• Understanding and appreciating philanthropy
• Generating new sources of philanthropy
• Social change and investment
Organizing principles

- Degree of organizational formality, mission and purpose
- Membership size, requirements and recruitment
- Expectations for member engagement, i.e. money only, volunteering, vetting potential grantees, attendance at meetings
- Grant making objectives, i.e. types of organizations to be supported, causes or issues
- Grantee programs to be supported, e.g. on-going operations, capacity-building, programs, specific projects, etc.
- Procedures for inviting, vetting and selecting grantees
- Educational objectives for circle members on such topics as community issues and needs, understanding causes, developing deeper understanding of philanthropy, etc.
- Means for evaluating effectiveness
Collective giving process

- Research
- Education
- Collective Decision-making
Evaluating grantees – general criteria

- **Relevance**
  - How important is their mission in terms of addressing community needs or issues?
  - Does their mission fit with your circle’s areas of interest?

- **Effectiveness**
  - How well are they achieving their mission?
  - Do they have effective leadership?
  - Are they financially viable? Sustainable?

- **Efficiency**
  - Are they maximizing the use of their resources?
  - Putting them to the best and highest use?

- **Vision**
  - What future do they envision for their work?
  - What strategies do they have in place for achieving this vision?

- **Impact**
  - Who are they serving and how well?
  - How are they evaluating and measuring impact?
  - Are they addressing root causes as well as treating symptoms?
Doing your research

• Third-party reports
  • IRS Form 990 or Canada Revenue Agency Form T3010
    • Revenue, expense and changes in net assets
    • Relationship between functional expenses: Program, Management & Fundraising
    • Statement of program accomplishments
    • Board members
    • Compliance relative to conflicts of interest, self-dealing, changes in by-laws

• Guidestar, Guidestar International, Charity Navigator, BBB/Wise Giving Alliance
  • Accreditation and ratings
Learning about the potential grantee

• Giving Circle Initiatives
  • Annual reports
  • Financial reports, preferably audited
  • Organizational website
  • General internet search

• Grantee Initiatives
  • Application – short, simple and relevant
  • Structured presentation to the Giving Circle
  • Questions and answers
  • Site visits – pre- and post-award
Reaching a collective decision

• How funding decisions will be made: Unanimous, 2/3 majority, simple majority; viva voce or secret ballot, etc.
• How to share research information, i.e. on a secure website, oral presentation to the group, distribution of paper reports, etc.
• Whether attendance at grantee presentations is requirement for voting; if not, determine how to summarize and distribute
• How to share site visit information with all members
• When to set calendar so all members are aware and can plan their participation
• What confidentiality expectations exist
Commitments to grantees

- Confidentiality
- Clear and candid communication--transparency
- Respect for time and expectations
- Clarity of decision-making process and timeline
- Feedback
YOU DON’T HAVE TO BE A MILLIONAIRE TO BE A PHILANTHROPIST.
References

• Eikenberry, A. M. *The Impact of Giving Together*. 2009. Forum of Regional Associations of Grantmakers, the Center on Philanthropy at Indiana University, and the University of Nebraska at Omaha.
• The Giving Institute, Giving USA, 2014.
• Turcotte, M. Volunteering and Charitable Giving in Canada: Results from the General Social Survey. 2015. Statistics Canada.