



ARCS

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**ARCS
FOUNDATION
OREGON**

PHILANTHROPY LUNCH & LEARN

SESSION #1

*Overview of the Nonprofit Sector
&
Elements of a High Performing Development Program*

Thursday, January 18



WELCOME & INTRODUCTIONS

DIANA GORDON
PRESIDENT
ARCS FOUNDATION OREGON

THE NONPROFIT SECTOR IN THE US



1.5 million nonprofit organizations

12.3 million employees (10% US workers)

3rd Largest workforce behind retail and manufacturing

30% US Adults volunteer (77.9 million)

Estimated contribution to US economy: over \$1 trillion
(5.6% GDP)



of Nonprofits increased by 348% between 1985 & 2022

Majority have annual budgets < \$1M

30% cease to exist after 10 years

Annual revenue estimated at \$2.62 trillion

Sources of Revenue

73% government contracts & fees

21% contributions, gifts, & government grants

6% dues, special event income, rental income,
net sales from goods

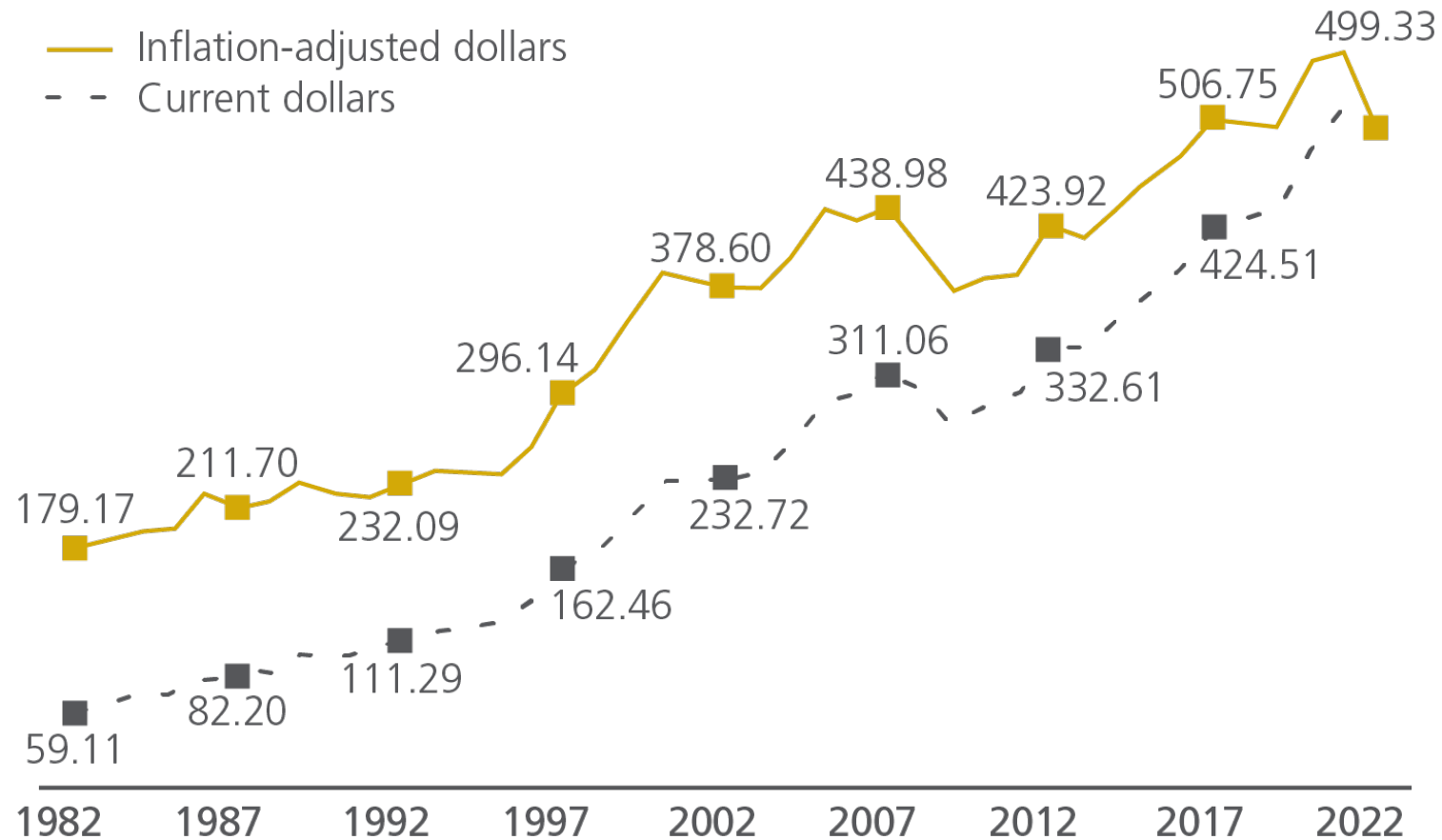


modernization
technology staffing
leadership deficit
culture change
investment in operations & staff development
competition for volunteers/board members
adaptability
burnout
funding

Charitable Giving in the US

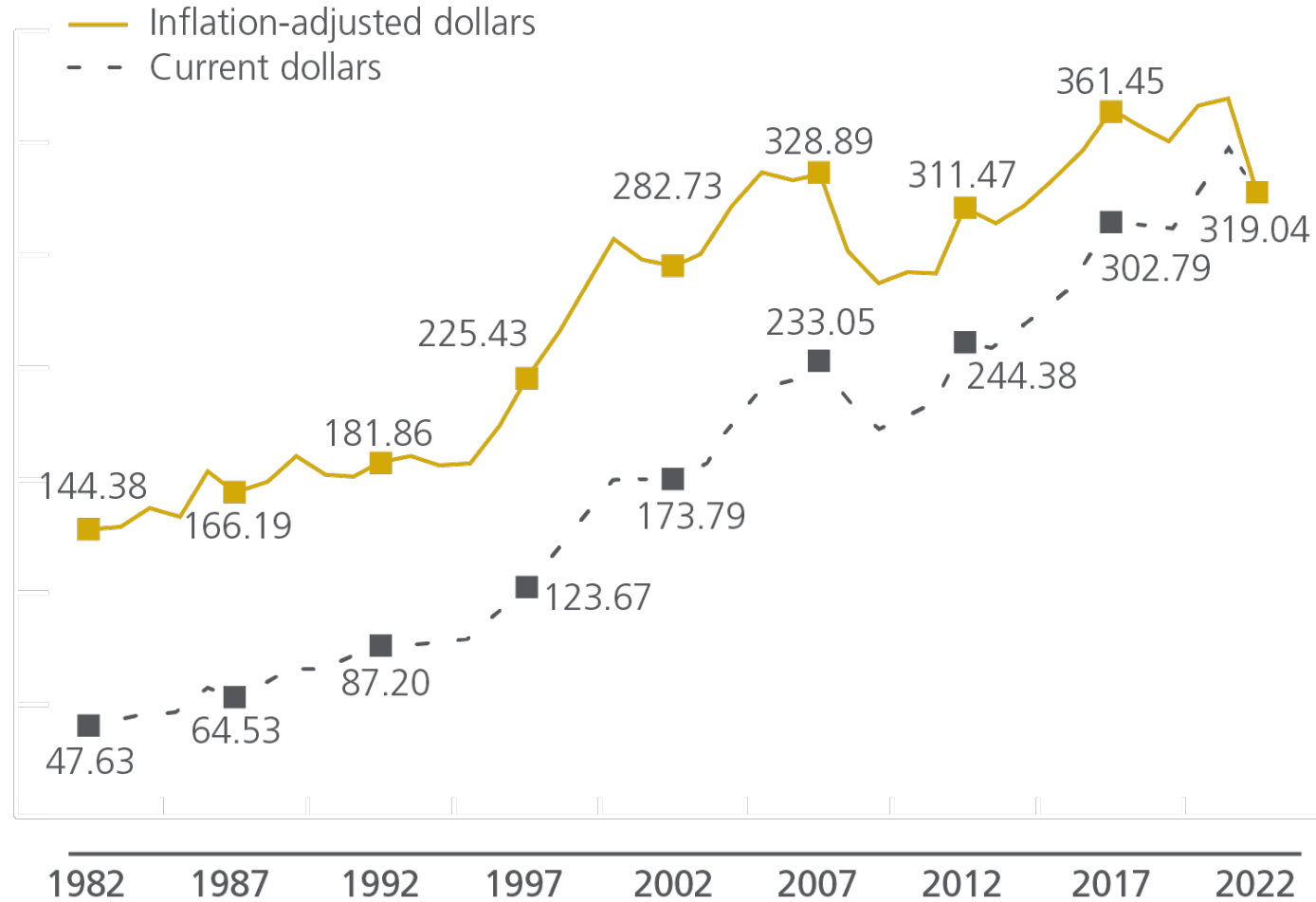
Trends in total giving, 1982–2022

(in billions of dollars)



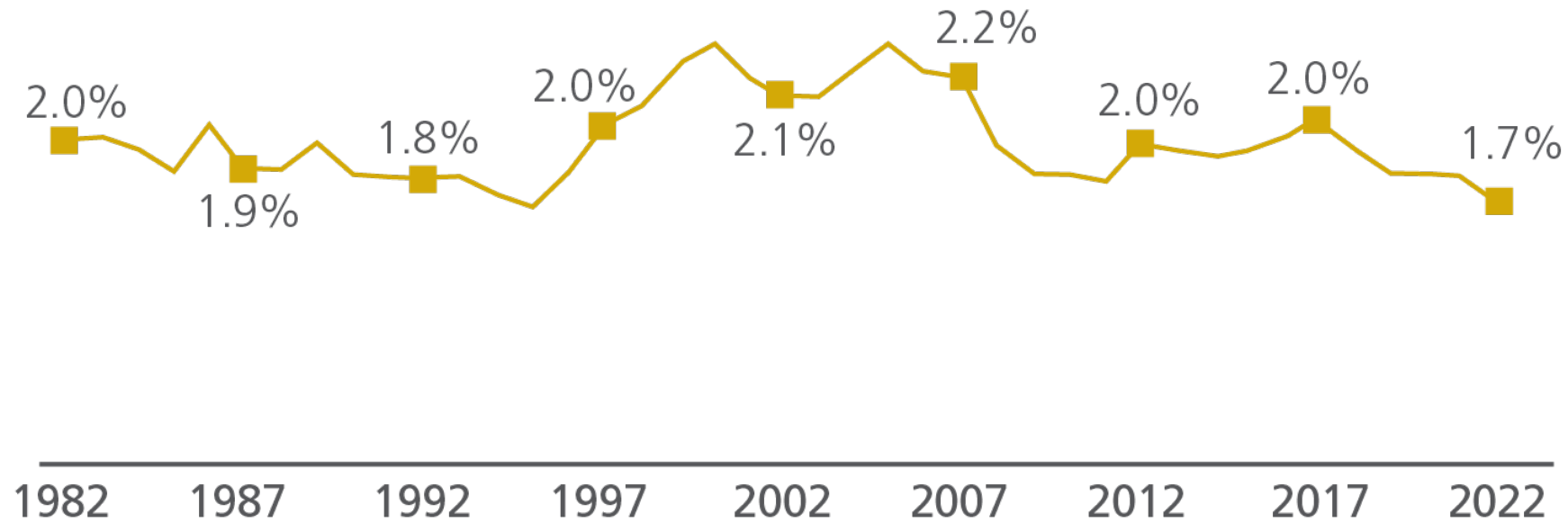
Giving by individuals, 1982-2022

(in billions of dollars)



Individual giving as a share of disposable personal income, 1982-2022

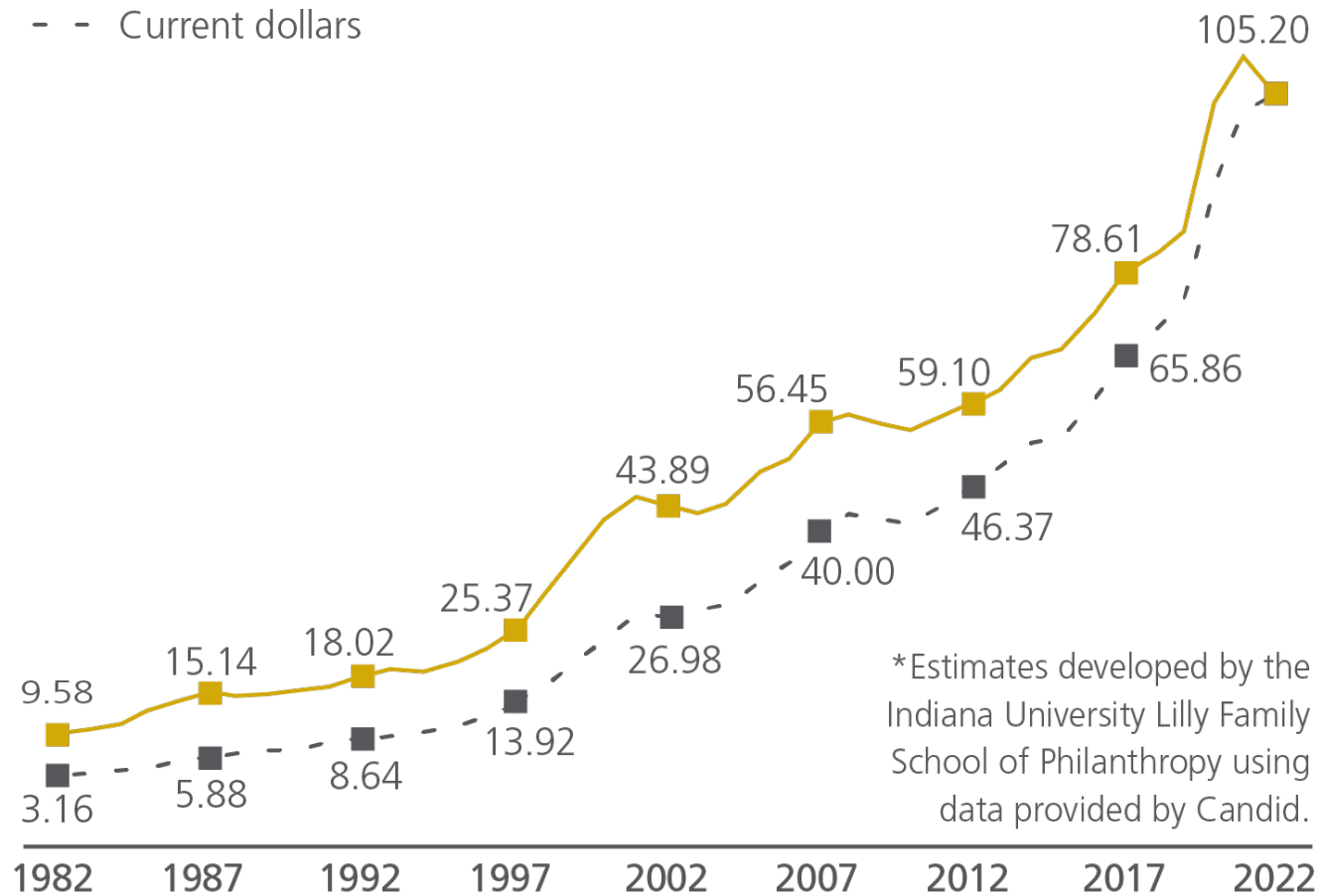
(in current dollars)



Giving by foundations, 1982-2022

(in billions of dollars)

- Inflation-adjusted dollars
- - Current dollars



*Estimates developed by the Indiana University Lilly Family School of Philanthropy using data provided by Candid.



Giving by corporations, 1982-2022

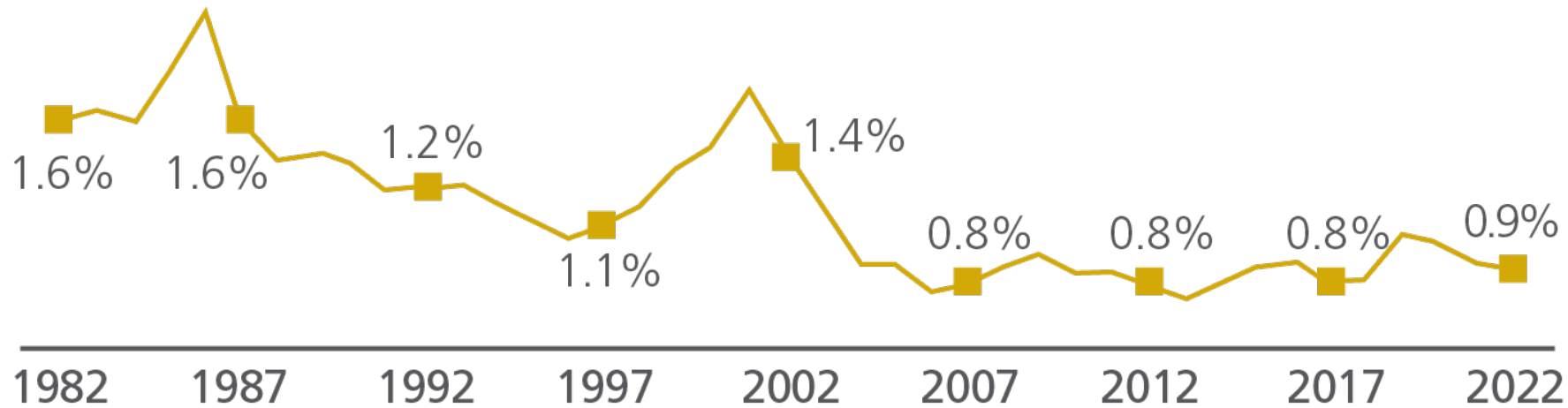
(in billions of dollars)

- Inflation-adjusted dollars
- - Current dollars



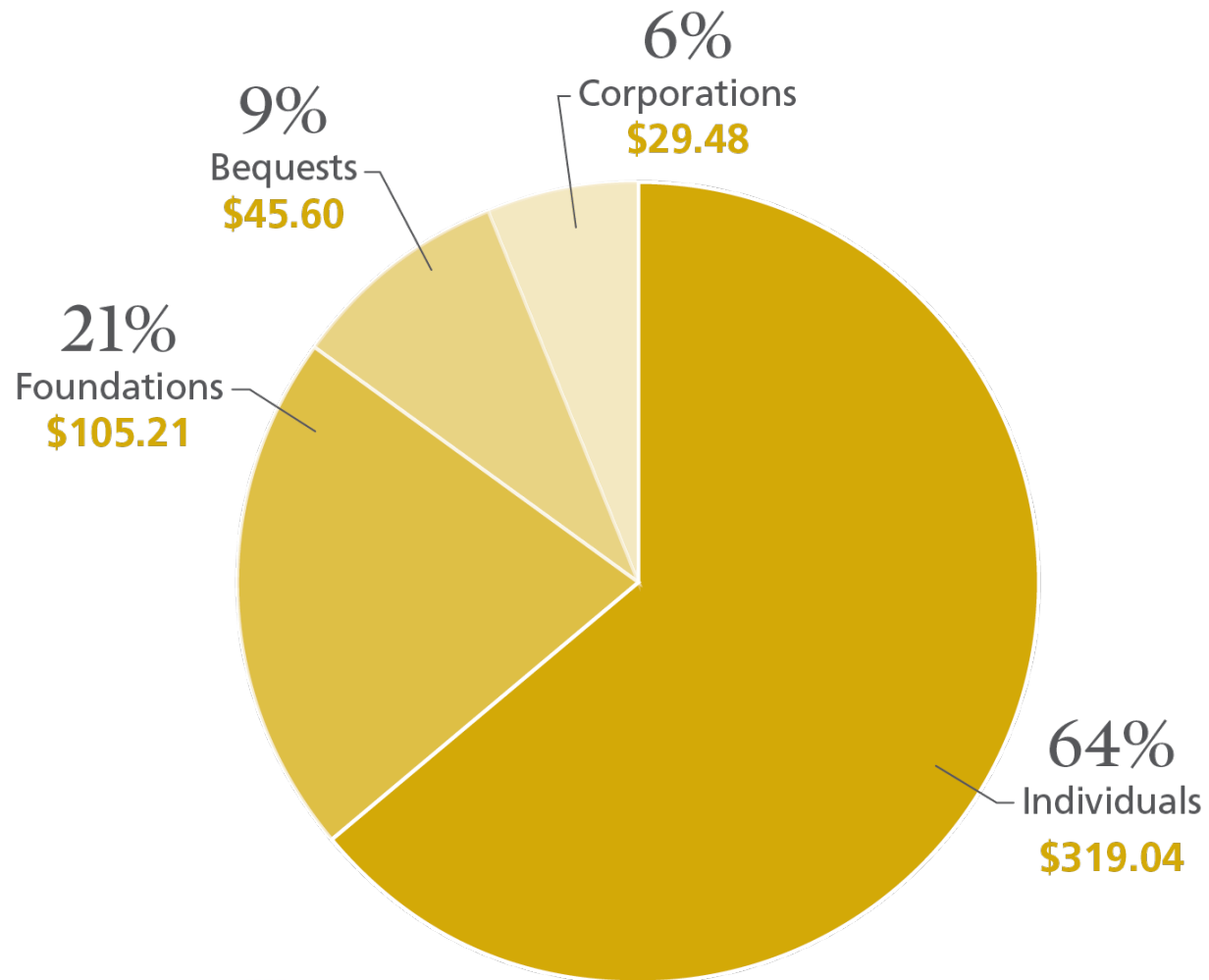
Corporate giving as a percentage of corporate pre-tax profits, 1982–2022

(in current dollars)



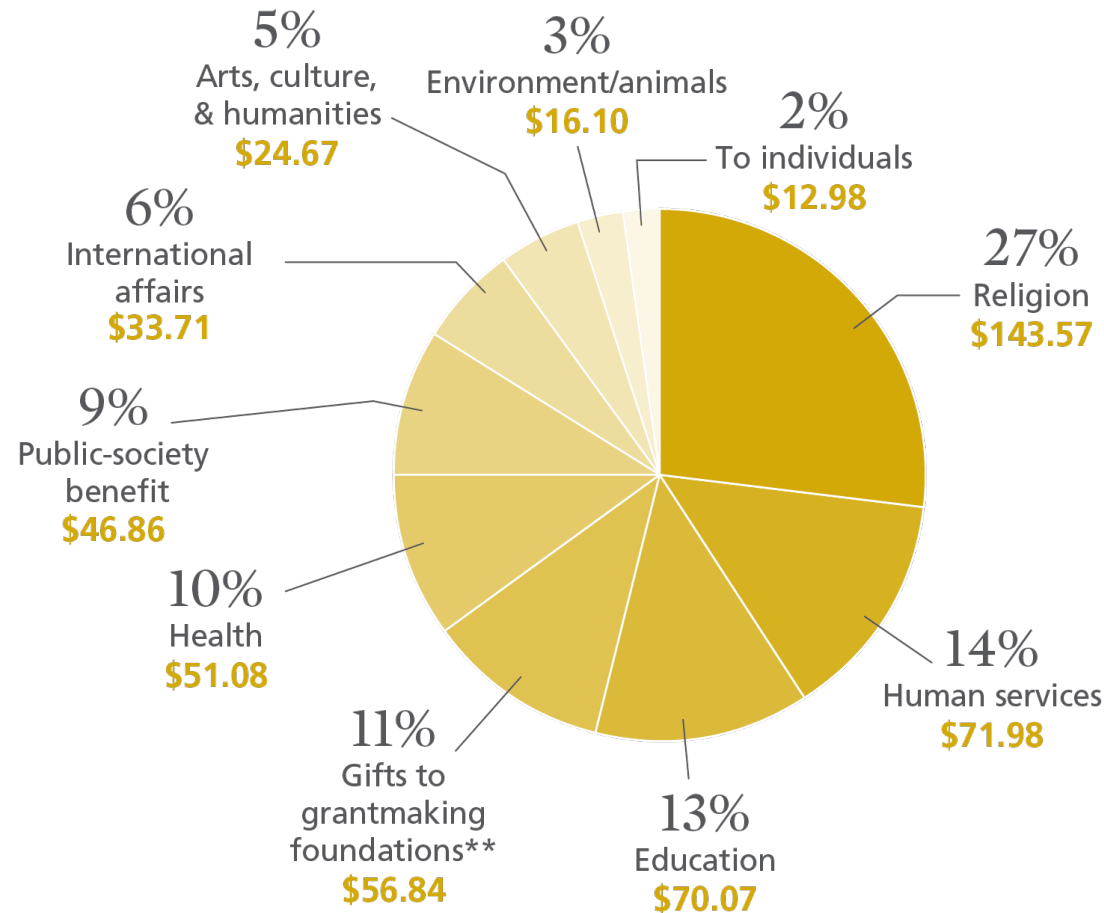
2022 contributions: \$499.33 billion by source of contributions

(in billions for dollars – all figures are rounded)



2022 contributions: \$499.33 billion by type of recipient organization*

(in billions for dollars – all figures are rounded)



* Total includes unallocated giving, which totaled -\$28.54 billion in 2022.

** Estimates developed by the Indiana University Lilly Family School of Philanthropy using data provided by Candid.





Go Deeper

Gilded Giving 2022

How Wealth Inequality Distorts Philanthropy
and Imperils Democracy

Chuck Collins & Helen Flannery
Charity Reform Initiative • Institute for Policy Studies
July 2022



Top Charities in US (2020) by total giving



1. Fidelity Charitable - \$10.7B
2. National Philanthropic Trust - \$4.96B
3. Schwab Charitable Fund - \$4.72B
4. United Way Worldwide - \$3.57B
5. Goldman Sachs Philanthropy Fund - \$3.57B
6. Vanguard Charitable Endowment Program - \$2.08B

Gilded Giving 2022 – Key Findings



Largest single recipient of charity for the past 6 years is Fidelity Charitable

Gifts to private foundations & donor-advised funds now divert nearly a third of charitable dollars away from working nonprofits

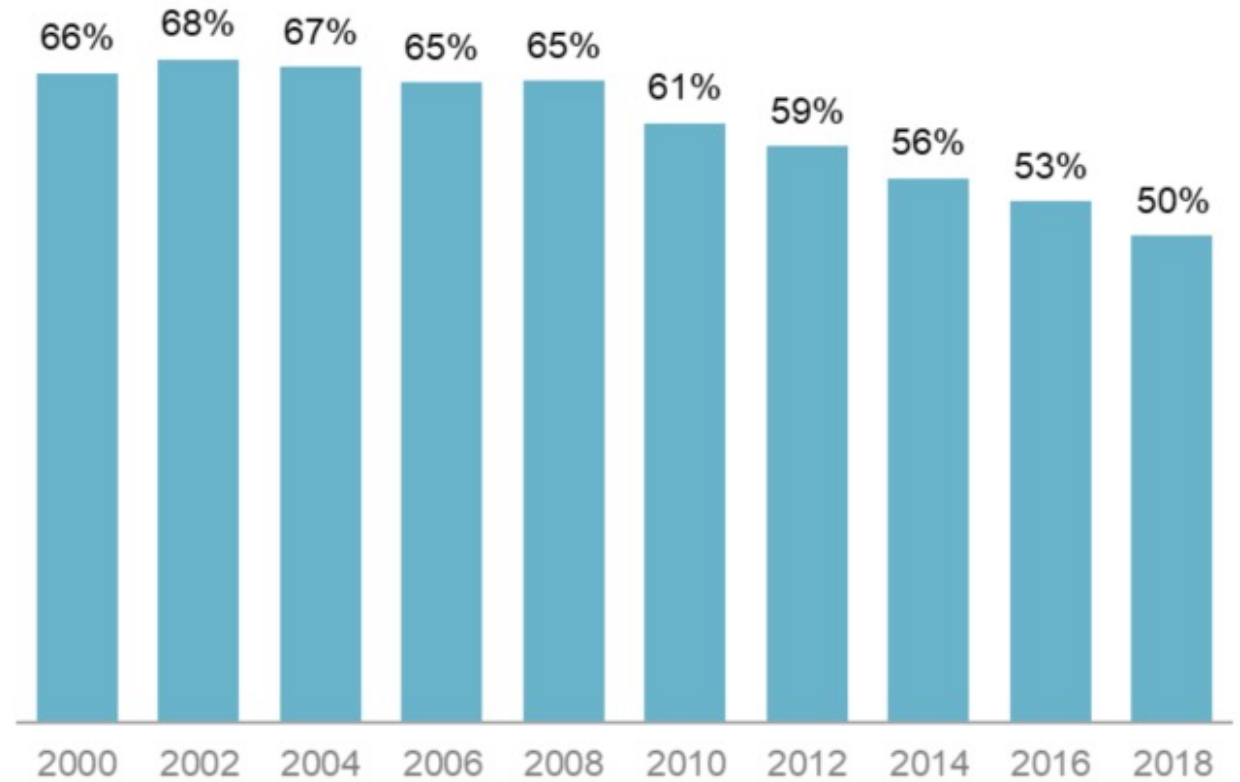
Since 1990, assets held in private foundations increased 693%;
From \$145 billion to \$1.2 trillion today

Top 2 charitable causes of ultra-wealthy are their own private foundations and donor advised funds

Fewer than half of US households now give to charity

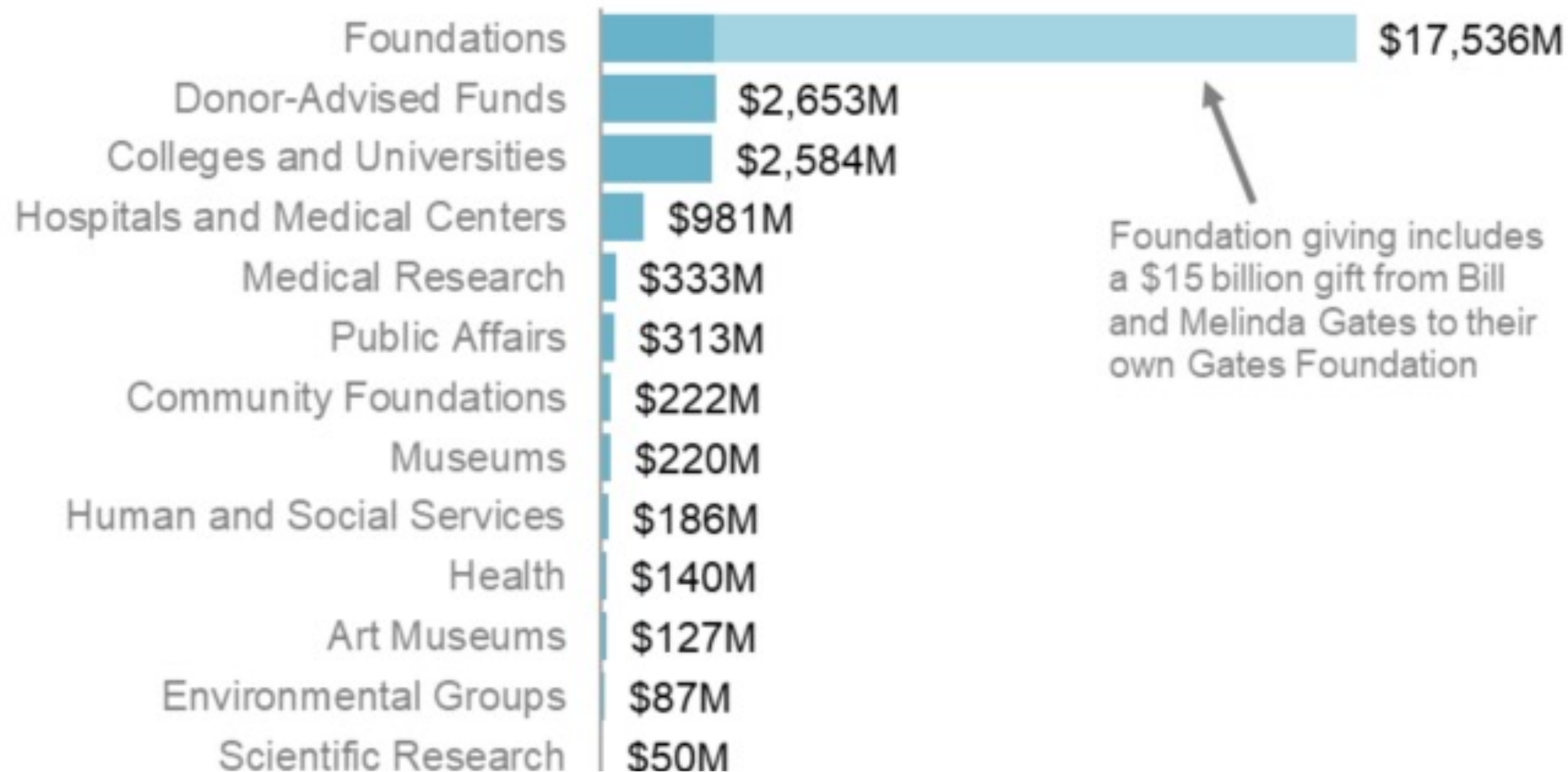
Decline in Household Giving

Percent of U.S. Households Giving to Charity (2000-2018)



Source: "The Giving Environment: Understanding Pre-Pandemic Trends in Charitable Giving," IUPUI Lilly Family School of Philanthropy, July 2021, p. 14.

Where Donations of \$1 Million or More Went in 2021



Foundations & Donor Advised Funds



\$1.2 Trillion - Total Assets held in private Foundations

\$229 Billion – Total Assets held in Donor Advised Funds

5% - minimum payout rate for private Foundations

No minimum payout rate for Donor Advised Funds

Annual Payout Rates for Private Foundations

Median annual payout rates for private non-operating foundations filing electronic tax returns



Source: IPS analysis of electronically-filed tax forms of private foundations, publicly available from the IRS.
Data excludes foundations that weren't required to pay out anything at all in the year shown.
Data also excludes operating foundations, as they have different payout requirements than other foundations.

We have used the IRS definition of payout, which includes all qualifying charitable distributions (program-related investments, trustee pay, administrative overhead, etc.), not just grants. Non-operating foundations are required to pay out at least 5% qualifying charitable distributions per assets per year.

Concerns

Billions in charitable \$\$ are warehoused & not deployed to working nonprofits

Voices of impacted communities and working nonprofits are often excluded from decision-making

No legal requirement for DAFs to deploy dollars to working charities

Donors get publicly-subsidized tax deductions when they donate, but money can sit for years or forever in DAFs

Lack of transparency and oversight of DAFs

Concerns

Small number of people making decisions

- The social issues that get addressed
- The organizations that receive funding
- When funds are distributed
- Amount of funds distributed
- How funds are distributed
- If funds are renewed

Building a High Performing Development Program



5 Disciplines of Fundraising



Annual/Digital Giving

Grants (private & government)

Special Events

Major Gifts

Planned Giving

Discipline	Activity	ROI	Use of Funding	Cycle
Special Events	Gala, Golf Tourney, etc.	Low	Unrestricted Operations Equipment Special Projects	6 to 12 months
Annual/Digital Giving	Direct Mail, Social Media, Group fundraising & presentations, workplace giving, crowdfunding	Low/Med	Unrestricted Operations	Days/Weeks
Grants	Funder research, Proposal writing	Med/High	Program Capital Capacity	6 months to 1 year
Major Gifts	Building Relationships w/individuals and Trusted Advisors, Small salons, customized engagement based on donor interest/values; personalized stewardship	High	Program Capital Expansion Pilot Endowment	18 months
Planned Giving	Deepening Relationships; Presentations on vehicles; Leverage Trusted Advisor Relationships	High	Unrestricted Operations Endowment Program	Years or Decades

Characteristics of a High Performing Development Program

**Staff & Volunteers are knowledgeable
& set up for success (time & tools)**

**Modern, well-resourced
operations built on best practices**

**Evaluation is data driven & leaders
know what's working & what's not**

**Accurate Donor & Giving
Information**



Proactive, year-round engagement & high value activity

Built around high ROI disciplines; maximizes giving capacity

Strategic & focused on constant growth



Compelling case statements & giving opportunities that are donor centric

Healthy donor & prospect base

Revenue gains are consistent & can be replicated



Discussion and Questions

Upcoming Sessions



Thursday, February 1st – Major Gifts: Expanding Your Portfolio of Prospective Donors

Thursday, February 15th – Major Gifts: Aligning Donor Interest with Mission

Thursday, February 29th – Planned Giving: The Basics

Thursday, March 14th – Grants: Overview of Funding Environment

Please Stay in Touch



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Sources

Giving USA

US Census

Council on Nonprofits

National Center for Charitable Statistics

National Philanthropic Trust

The Center for Policy Studies