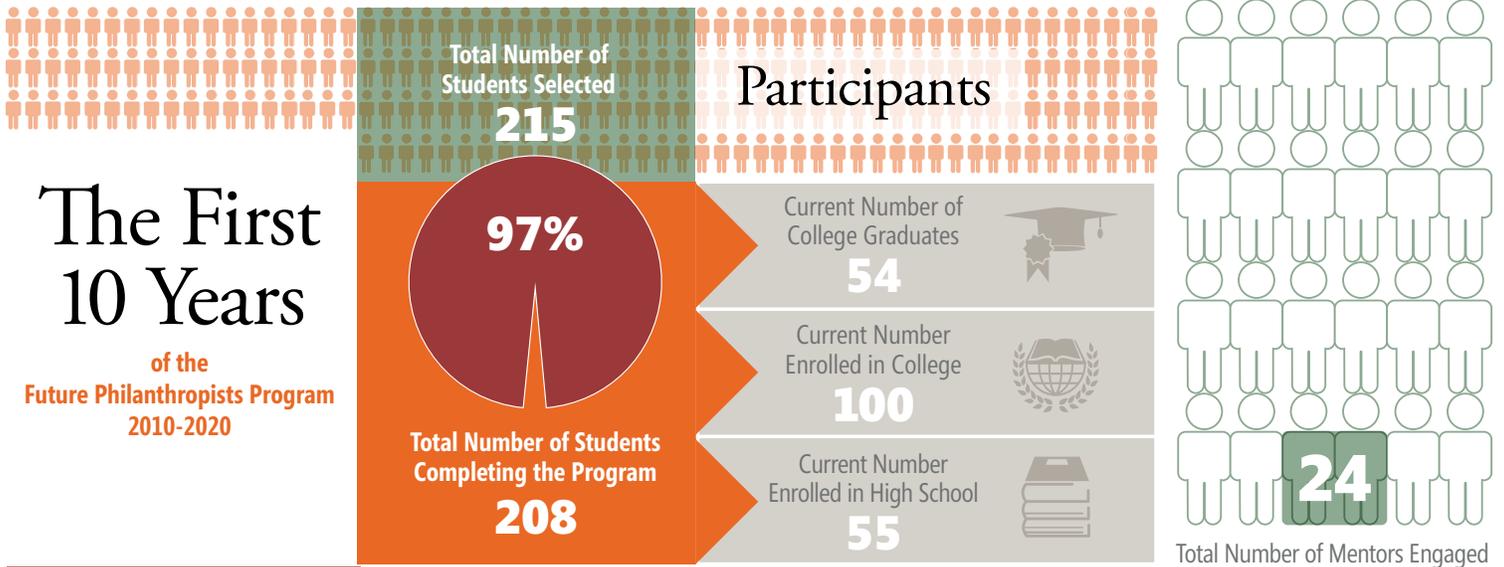
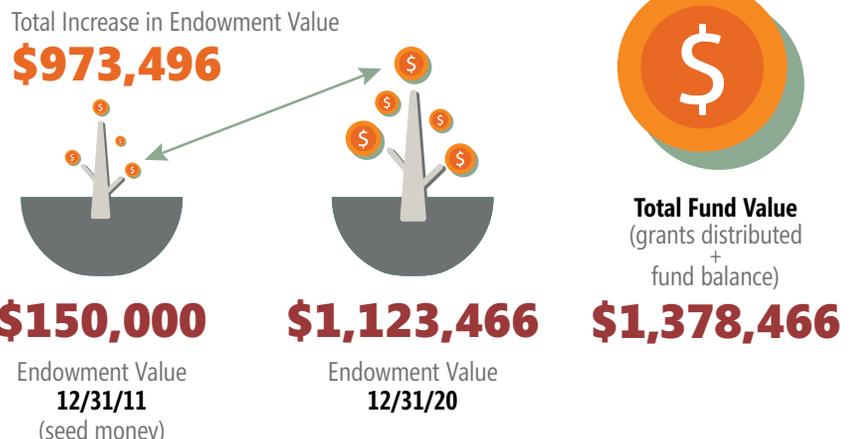


Future Philanthropists Program is an educational program supported by the Oak Park-River Forest Community Foundation

## LAUNCHED IN 2010, FPP DEMONSTRATES ITS IMPACT BY THE NUMBERS.



## Growth of FPP Endowment





## Editor's Note

The world continues to battle the COVID pandemic that is in its 18th month now. Like all other sectors affected by this public health disaster, philanthropy has experienced changes that were neither anticipated nor as impactful as they first appeared. Those who study trends and patterns in U.S. giving were prepared for the worst while hoping for the best. No one really knew what the impact of the health crisis would have on giving. Now, we have the first look at philanthropy in 2020, thanks to Giving USA who just released their detailed analysis of giving during that most tumultuous year. The following brief summary of their report highlights the most surprising, in some cases ironic, results that may either be a blip on the radar or a glimpse into things to come. Giving in the U.S. is dynamic and while 2020 saw an overall increase in charitable sector gifts over 2019, the pattern of who gave the dollars and who received the dollars shifted, in some cases dramatically. Gifts to arts and culture organizations, for example, dipped 8.6% at a time when most of these venues were dark. Surprisingly, gifts to healthcare dropped 4.2%, an ironic turn of events given the public health needs in 2020 while gifts to public benefit organizations like Feeding America and Black Lives Matter saw gifts increase by 14.3%, their largest ever one-year leap. As the findings continue to be unpacked, there is no question that 2020 will be remembered as a significant watershed year that, from a historical perspective, was one-of-a-kind.

Rick King, Editor  
Director, FPP

# Giving in 2020: Ironies Abound

## Turbulence in the Year of COVID Reveals Trend-Bucking Results

by Rick King

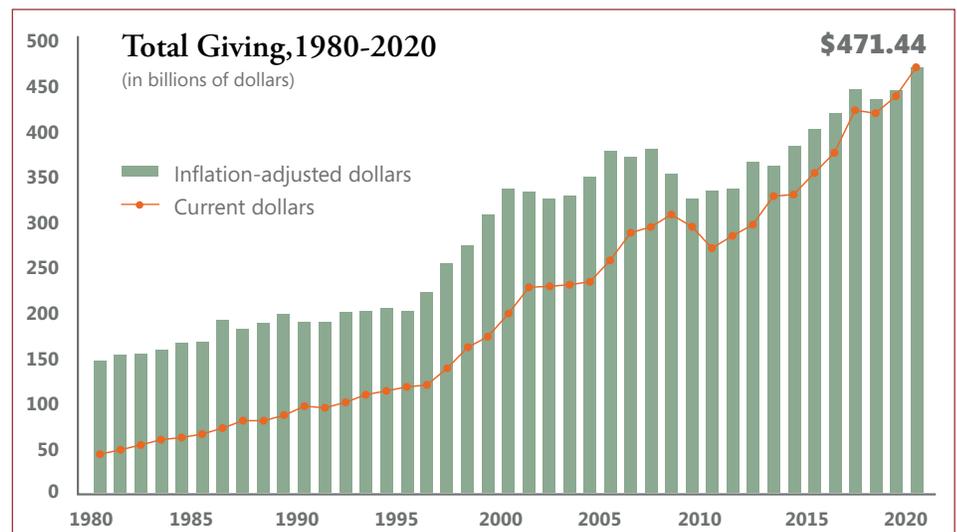
According to the recently released Giving USA report, the total amount of charitable giving in 2020 increased by 3.8% after inflation to \$471.4 billion, a new record high. Given everything that happened last year, those who thought this was a good number and those who thought this was a disappointing number seemed to be equal. Regardless, without further analysis we would miss the real story behind 2020 giving, a year that historically may represent one of the most, if not the most, tumultuous year in philanthropy ever.

As we all know, 2020 began with word of a dangerous virus spreading in China that had the capability of turning into a major global pandemic. By mid-March, our daily lives were upended by quarantine measures, school closings, business interruptions and social isolation. The economic fallout of this led quickly to high unemployment and a recession-ary economy which required government intervention with massive, trillion-dollar level assistance packages (we are already half-way through 2021 and a new wave of government assistance is on the horizon).

But even as unemployment reached nearly 15%, the highest since this data started being collected in 1948, the stock market, which many had feared would plummet during the recession as it had during the 2008-2009 Great Recession, defied economic logic by experiencing **increases** in its value. By the end of 2020, the S&P 500 had gained nearly 15%. Total U.S. giving for the year ended up representing a record 2.3% share of the \$21 trillion U.S. gross domestic product. Remarkably, the gross domestic product actually declined in 2020 as did corporate pre-tax profits, both of which resulted in corporate giving declining 7.3% for the year.

The murder of George Floyd in May added a sharp element to a year already filled with great apprehension and anxiety. The issues of civil rights and racial justice again came to the forefront, but this time the outrage was more palpable. This time, foundations, under pressure from grantees as well as donors, decided to respond more quickly to these problems by reducing barriers to grant making, among other reforms. This led to larger and more timely grant making specifically focused on racial inequality. As a result, giving from foundations surged 15.6% to nearly \$89 billion for the year and there is already evidence that increased foundation giving will continue in 2021. The debate on whether the IRS minimum 5% distribution requirement should be increased also heated up, both among those in the field of philanthropy and those in Washington.

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Perhaps the most worrisome data coming out of giving patterns in 2020 are related to individual giving. Giving by individuals increased just 1% year-over-year. For decades, the percentage of individuals who gave to charity has represented the largest source of giving by far compared to foundations, corporations and bequests. In any previous year, giving by individuals was 70+ percent of all giving. At one time, it was in the 80+ range. But last year, individual giving shrank to its smallest share of overall giving – to 69%, the lowest ever recorded. Even worse, if you take out MacKenzie Scott’s nearly \$6 billion in personal donations in 2020, individual giving would have actually decreased from its 2019 level. Is that data a blip in an unusual year, or is it a harbinger of things to come?

There is a tendency to treat atypical results in an atypical year as an outlier year, worthy of noting but not accounting for much in terms of long-term trends. I’m not so sure about that when it comes to philanthropy. The interrelatedness of government, business and the charitable sector is complex. And while they all have the same end goal in mind, i.e. improving the human condition, they all go about it in different ways. 2020 was a very different year in philanthropy, full of ironies and influenced by an odd collision of public health issues, social upheaval and economic disturbances. But it was not a year that should be discounted as an aberration, even after the experience of a once-in-a-hundred-year pandemic. From a historic viewpoint, it may in fact represent the year that, through necessity and resourcefulness, marked the beginning of a “new” modern era of philanthropy. We will see.

## Joeisms

### Laugh, pray and exercise every day.



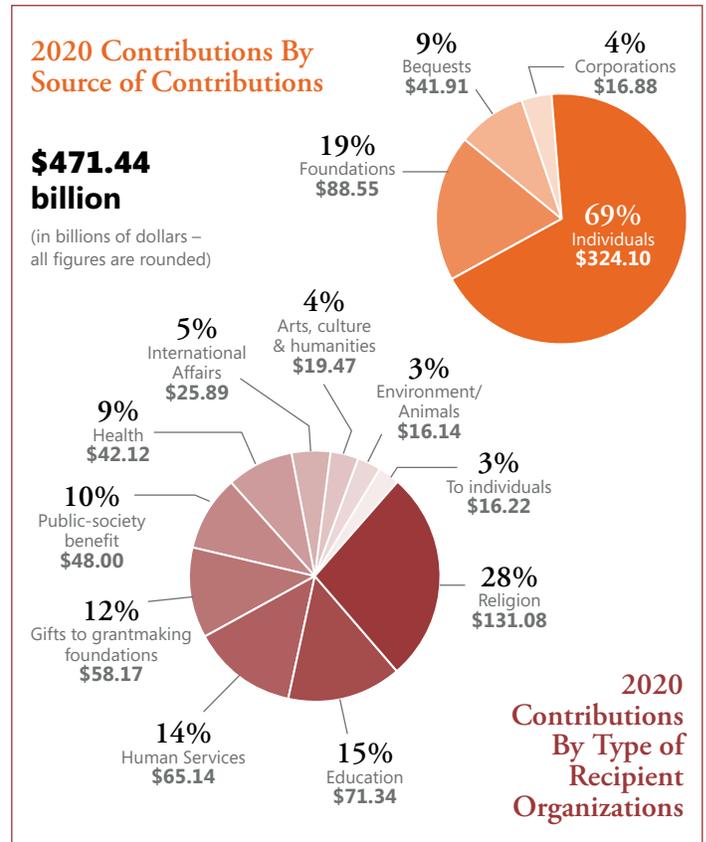
Joe Smith, FPP Mentor

There can be an apprehension in reading this Joeism so let me put your minds at ease. There is no intent to “convert” anyone to anything.

This contribution to the list was recorded during an intriguing era in my professional life. The time was the mid-1990’s. My colleagues and I were trying to obtain approval from the FDA to bring to market the first anonymous, at home counseling and testing service for HIV. Fear, anger, and prejudice were the coin of the realm. Sounds a tad like today and thus my choice to share this particular Joeism with you.

Laughter is the gift of being able to escape reality by looking at reality with something of a sideways view. Example: *Why does Minute Rice® need a microwave recipe?* Sharing the absurdity of that question with someone can stimulate thought, ease a tense situation, and add to the connectivity which we have all so sorely missed since March 2020.

Whenever you must tell the truth, try to make people laugh. Otherwise, they may kill you. – Churchill



Now prayer can be the slippery slope. One of the components of FPP that must never be undervalued is confronting the concept of the Root Cause Analysis. In the world of language Root Cause Analysis is best served by not only defining words but examining their origins. The word prayer comes from the Latin word: precare: to act and think earnestly. Interacting with people in honesty, integrity and compassion is a far better use of a petition than the silent mumbling of scripted words.

Laughter and prayer are exercises of the mind. They are ill-served if the exercise of the body is neglected. The CDC states that 61% of Americans reported gaining weight during the shutdown. If that number is half right, it makes the argument about food insecurity nebulous. There must be a great deal of food available and not too much of it good for us.

A simple walk around the block, ten minutes of yoga or stretching and even parking the car farther away from the entrance to a store can show respect for the unique machine that carries your essence. The Roman author of *The Satires*, Juvenal, ties it all together:

A sound mind in a sound body is a thing to be prayed for.  
It makes all humor possible.

We will always be your Mentors.

# Donors of Different Generations View the Value of Charities' Work Differently

## EXCERPT FROM THE CHRONICLE OF PHILANTHROPY

By Michael Theis | June 9, 2021

DATA ABOUT DONORS

Are you looking to win donors on the strength of your charity's impact? Then you need to account for big differences in how different generations define the term, according to a new survey from the Better Business Bureau's Wise Giving Alliance.

The definition is important because due to pressures from institutional donors, charities are increasingly soliciting contributions based on their ability "to make a difference" in a quantifiable way, according to the report released Wednesday. But the fluid nature of "impact" and the wide variety of metrics a charity can use make it a challenging goal.

Among members of Generation Z, a 40 percent plurality defined "charity impact" as "organizations reaching defined goals." Among their older, millennial peers, the most common definition was "how efficient the organization was in its spending," with 27 percent responding so. Among Generation X, 23 percent defined it as reaching defined goals. And among "matures" (people born before 1945) and baby boomers, "quality of programs" was the most popular definition, selected by 26 percent and 24 percent, respectively.

Elvia Castro, manager of regional charity reporting for the Wise Giving Alliance, said a mature might think charities have impact "if they create a good service. A millennial might think they're impactful if you're getting more for your money. There's a very noteworthy change in perceptions there."

Forty-seven percent of those polled said they either did not know or were unclear on what the phrase "charity impact" means.

In other results, 32 percent said long-term results were highly important when rating a charity's impact, while 21 percent said immediate results were highly important.

This pattern held across generations, but older donors were much more likely to prioritize long-term results over immediate.

Approximately 28 percent of matures said they attribute high importance to long-term results, while only 12 percent attributed high importance to immediate results. But while all generations ranked long-term results as more important than immediate results, younger people placed relatively more importance on immediate results than other generations.

Roughly a quarter of Generation Z, millennial and Generation X respondents said immediate results were highly important.

Asked to consider program quantity – such as the number of homeless people who are fed – versus quality, 38 percent said quality is highly important, compared with 32 percent for quantity. This pattern of priority also held across generations, although older donors were much more likely to prioritize quality over quantity. Thirty-eight percent of donors born before 1945 said program quality was highly important. Only 15 percent of those older donors said program volume was highly important.

Over all, however, trust in specific nonprofits was the most popular "very important" priority among donors, with perceived charity impact the second most popular signal.

Castro said the goal of the report was to investigate how donors understood "charity impact," a term she said has gained momentum in the world of fundraising over the past several years because of pressure for institutional donors to demonstrate the effectiveness of their charitable grants.

"For some donor types, particularly organizations, foundations and some businesses, it is very important to align their social investment strategies with the way they are spending their money and to even justify their spending in a very kind of measurable way," said Castro. "I think that has trickled down into an assumption that donors are actively seeking to support highly impactful organizations."



# The Rise of American Philanthropy

By Sabine Roser, Class of '22



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From a political standpoint, philanthropy promotes and strengthens democracy and diversity in the United States. Charitable giving provides opportunities for citizens seeking community involvement, and can be a means of support for projects that are not supported by the general public or the government.

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It seems almost impossible to imagine our country without giving, as philanthropy has played such a crucial role in the formation of American society. What started as the simple act of families helping their neighbors has grown into an integral part of American culture. In 2020 alone, Americans gave over 471 billion dollars to charities across the nation. These charitable dollars went to thousands of organizations that support education, religion, international affairs, the environment, public health, and human services.

This would not have been possible without those that laid the foundation throughout history, such as John D. Rockefeller and Julius Rosenwald, who set the philanthropic bar high for generations to come. John D. Rockefeller believed that it was his "duty to make money and still more money to use it for the good of my fellow man according to the dictates of my conscience." Rockefeller spent years bettering the education system with a donation of 35 million dollars to the University of Chicago. Additionally, he played a substantial role in the formation of the General Education Board which promotes education in the United States regardless of one's sex, race or religion. Similarly, Julius Rosenwald spent his days contributing to the construction of numerous YMCA facilities for African American communities across the country, as well as YWCA programs for African American women. Rosenwald once said, "The aim of my life is to make \$15,000 a year - \$5,000 for expenses, \$5,000 to be laid aside, and \$5,000 to go to charity." This notion is now taught to children nationwide with brightly colored three tiered piggy banks that read: save, share, and spend.

From a political standpoint, philanthropy promotes and strengthens democracy and diversity in the United States. Charitable giving provides opportunities for citizens seeking community involvement, and can be a means of support for projects that are not supported by the general public or the government. Moreover, donors are likely to give money to organizations of which they share similar beliefs and political opinions. Many of these political nonprofits support policy change and human rights – for example, the Black Lives Matter Foundation. In 2020, Black Lives Matter received over 90 million dollars from private donors. The Black Lives Matter movement is not the only political issue that has received widespread attention from philanthropic donors. In response to the immigration crisis, private donors have been providing organizations such as UNICEF and Oxfam with the money needed to help refugees obtain medical, legal and resettlement assistance. Although there is some government money provided to take care of refugees, many resources refugees need are not covered by government funds.

This is where philanthropy comes in and plays a defining role in the political aspect of American society.

When the American economy is faced with a crisis, it is often philanthropic organizations that step up to meet the basic needs of citizens. This was never more apparent than in this past year during the Covid-19 pandemic. As a result of Covid-19, over 22 million workers lost their jobs and could not provide for their family. During these months of hardship it was philanthropic efforts that provided food, toiletries, and job assistance to Americans affected by the pandemic. Citizens donated their time and money to organizations, such as Feeding America and the Greater Chicago Food Depository, in hopes of minimizing food insecurity nationwide.

Additionally, philanthropy drives economic growth by promoting partnerships across different organizations that are united in their beliefs. When organizations and industry leaders rally around a common goal, the power of philanthropy is multiplied. All charitable giving efforts essentially aim to create a nation where all citizens are able to work and thrive, and it is because of these historical, political, and economic efforts that American philanthropy is substantially larger than any other country in the developed world.



Matt Smith

## On Becoming a Leader

Ret. Lt. Colonel Matt Smith is a 1994 graduate of OPRF High School. After graduating from Norwich University he was commissioned as a second lieutenant in the United States Army. Over the next several years he was deployed twice to Afghanistan.

On June 8, 2013 upon the conclusion of a meeting with senior members of the Afghan Army, Major Smith along with four other officers and one civilian were ambushed by one of those senior Afghan officers. Major Smith received a near fatal wound that severed his femoral artery and caused him to lose his right leg above the knee. While sitting on the ground and applying his own tourniquet, Major Smith directed the troops who stabilized the situation. When medics arrived, he directed them to those more seriously wounded than himself.

Major Smith spent a year at Walter Reed Military Medical Center where he exceeded the expectations of his physicians and therapists in the recovery from injuries and in adapting to the use of a prosthetic device. His courage and optimism during physical therapy served as an inspiration to other Wounded Warriors, his family and friends.

He and his wife Megan and sons Patrick and Charlie currently reside in Bethesda, MD.

“I don’t like that man. I must take the time to get to know him better.”

– Abraham Lincoln

One thing is certain, you will become a leader. You’ve already cleared the highest hurdle, desire. Who knows, you may already be a leader. At this point in your story it doesn’t really matter. What matters is recognizing that leadership is a long journey complete with definitions and redefinitions. As you begin to chart your own path, challenge yourself to think hard about the kind of leader you want to be. Every leader is different but the great ones have certain shared qualities. They are accountable. They have vision. They trust. They forgive. They make hard decisions. They love learning. They assume responsibility and deflect praise. And, above all, great leaders connect people to positive outcomes.

Think about a moment in your life when you observed someone providing an individual or a group of individuals with purpose, direction and motivation. Stop reading now and really think about this person and this moment. What were they doing? How were they doing it? What about this moment appeals to you? The leader you are right now is woven out of the fabric of this moment. And this moment belongs to you. The leader you will become will provide these moments for others. And those moments will be your gift to them.

Whenever I need to make a far-reaching decision, I employ this thought exercise. I’m blessed. Over the years I’ve been surrounded by amazing leaders who have given me many moments to select. And while each of them are unique, their basic syntax remains unchanged. The leaders who have had the



Matt Smith, 2019

biggest impact on me have two qualities that stand above the rest. They have an uncanny ability to empathize with people, accompanied with a genuine love for the process of helping them achieve a goal. These leaders always took the time to understand a problem from my point of view and, with joy in their heart, they helped me work through it with grace and patience. In the end I felt like I had ownership of the situation, and a vested interest in helping the broader organization succeed.

As I continue to refine my own leadership style, I spend more time understanding who the people are than I do with the details of the work. The work is important. But the development of the people is absolutely essential. The best led organizations are filled with capable people who are ready to do the next-level job because their leaders took the time to train them, and provided them with opportunities where they could routinely learn and grow.

So, since you’ve decided to become leaders, make the harder decision to become great ones. Work hard. Learn something new from every leader you work with. And when your time comes, build organizations that underwrite honest mistakes and focus on the person behind the task. I wish I could tell you it was an easy journey. It’s not. There will be many moments when you feel alone and unappreciated. In those moments, remember not everyone can be a leader. There’s a reason you’re in the position. Though the journey isn’t easy, it’s well worth it.

Enjoy the ride and have fun.

# New Study Shows That Majority of Donor-Advised Funds Are Sending Little or No Money to Charity Every Year

## EXCERPT FROM THE CHRONICLE OF PHILANTHROPY

By Michael Theis | July 1, 2021  
INDIVIDUAL GIVING

One of the first studies ever to look at donor-advised funds on a micro level has found that every year, 37 percent on average don't distribute any money and over half give less than 5 percent of their assets. The findings are fueling demands for passage of a Senate bill that would spur donors to do more to channel their money out of the funds faster.

The study of donor-advised funds at Michigan Community Foundations found that in 2020, 35 percent of those funds distributed no money, 22 percent distributed less than 5 percent of their assets, and 43 percent distributed more than 5 percent. Across the entire four-year period covered in the study (2017 through 2020) 86 percent of the advised-fund accounts gave money to working charities.

The findings come amid a growing debate over legislation proposed by Sen. Angus King, a Maine independent, and Sen. Charles Grassley, Republican of Iowa, that would add new incentives to encourage donors to give fast. For instance, donors would get an immediate tax break if they distributed their funds within 15 years, while delaying tax benefits for funds distributed beyond that span and requiring all funds to be spent within 50 years.

Proponents of the legislation have seized on the results as evidence that the measure is needed. At issue is the lack of a requirement for donor-advised funds to give money to charities similar to laws requiring private foundations to distribute at least 5 percent of their assets to charity every year.

"If society is going to subsidize through the tax code the creation of donor-advised funds and private foundations, then there is a responsibility that those vehicles transmit resources into the community in a timely manner," John Arnold, a prominent philanthropist pushing for Congress to change regulations for donor-advised funds, told the Chronicle. Arnold is a founder of the Initiative to Accelerate Charitable Giving, a group of donors, scholars, and foundation leaders who drafted many of the ideas included in the KingGrassley measure.

"Opponents have said the bill is a solution in search of a problem, and this report explicitly describes the problem," said Arnold. "There are too many DAF accounts that have received a tax benefit and are not distributing resources into the community."

Not everybody agrees with that analysis.

"One shouldn't assume that because a DAF didn't make a gift in a particular year that the donors were basically taking advantage of the tax code," said Leslie Lenkowsky, a professor emeritus at the Indiana University Lilly School of Philanthropy and self-described "skeptic" of the Initiative to Accelerate Charitable Giving. He noted

that the 15 years that the King-Grassley bill allows for an immediate tax break is a sign that nobody thinks all spending needs to happen right away.

## Detailed Study

The study, commissioned by the Council of Michigan Foundations and conducted by the Dorothy A. Johnson Center for philanthropy at Grand Valley State University, is notable for its methodology, which used account-level data from 2,600 funds held by the council's member foundations to get a detailed understanding of how – and how frequently – the funds were being disbursed by account holders. It's believed to be the first account-level study of donor-advised funds.

Because that data is so rare, the debate over donor-advised funds has mainly relied on aggregated data from multiple accounts and fund sponsors. While researchers have been able to glean organization-level insights from data contained in Forms 990 or in summaries of national donor-advised fund activities, the activities of bigger donor-advised-fund grant makers can obscure how the funds are being used on an individual basis.

The account-level data in the study covered 85 percent of all community-foundation-sponsored donor-advised funds in Michigan.

The study found small donor-advised funds led the way in terms of share of assets distributed annually. Funds with balances of less than roughly \$15,600 distributed 46.3 percent of their assets in 2020. The largest funds, those with assets exceeding about \$500,000, distributed the least, or 4.6 percent of their assets that year.

On average, 25 percent per year received no contributions and made no distributions, while an average 12 percent per year received contributions but distributed nothing.

Kyle Caldwell, CEO of the Council of Michigan Foundations, said both proponents and opponents of calls to overhaul donor-advised funds will find things in the report to support their arguments. But he also said the report "does not provide a compelling case" that affirms the need for the changes proposed by King and Grassley.

Arnold dismissed that analysis.

"If you look at the year 2020, in which the need for charitable giving was arguably the greatest ever, that there's 35 percent of DAF accounts in Michigan that made no distribution, I think is a real problem," said Arnold. "And this statistic that 90 percent made a distribution of at least \$1 in aggregate is an incredibly low bar, and one I don't think defines success."

# Gates Foundation Pours \$2.1 Billion Into Women's Causes

## EXCERPT FROM THE CHRONICLE OF PHILANTHROPY

By Alex Daniels and Maria Di Mento | June 30, 2021  
FOUNDATION GIVING

In the first billion dollar-plus commitment since Bill Gates and Melinda French Gates announced their plans to divorce, their foundation said Wednesday that it would devote \$2.1 billion over five years to promote women's and girls' health, economic opportunity, and access to power.

The approach buttresses much of the work Melinda French Gates has pursued both at the foundation and through Pivotal Ventures, her investing organization.

In 2019, French Gates committed \$1 billion in Pivotal Ventures investments and grants to promote gender equality. The strategy aims to help women get elected to public office, steer investment capital to women entrepreneurs, end a culture of sexual harassment, and bring women's pay on par with that of their male counterparts.

The worldwide spread of the Covid-19 pandemic over the past 15 months and its economic fallout have made the foundation's commitments in these areas far more urgent.

"The recession and the early trends of the recovery make the case for action perfectly clear: Women face structural barriers that have made them more vulnerable to the pandemic's impacts – and eliminating these barriers will jump-start the recovery," said French Gates in written remarks about the foundation's latest commitment.

## Access to Leadership

This latest commitment pours more money into three areas: women's economic empowerment, family planning and health, and expanding women's access to leadership positions.

Of the total, the foundation is directing \$1.4 billion toward increasing options and access to contraceptives and will provide backing to a network of family-planning groups including



Frederic Courbet, © Bill & Melinda Gates Foundation

United Nations Population Fund Supplies Partnership; Family Planning 2030, a United Nations program; the Global Financing Facility, the World Bank's program to ensure health and well-being of women, children, and adolescents in, Africa, Asia, and Latin America; and a new program called Shaping Equitable Market Access for Reproductive Health.

The foundation is putting \$650 million toward expanding its existing economic empowerment efforts by backing women's collectives

and groups that work to improve women's access to employment and entrepreneurship opportunities as well as child and family care.

The remaining \$100 million of the total \$2.1 billion pledge will go toward efforts aimed at speeding up women's inclusion in leadership roles especially in economics, law, and health care globally.

## Grassroots Focus

The Gates Foundation began a larger body of work to help women in 2016 when it committed \$80 million to collecting data on issues women face globally and supporting grassroots groups led by women.

It followed up two years later when it announced a \$170 million strategy to improve women's financial standing globally. That effort started by supporting research, community organizing, and policy development in India, Kenya, Tanzania, and Uganda. Grants went to create self-help groups to help women find support and amplify their collective voice, connect with market opportunities for their products and services, study land ownership and inheritance patterns in the developing world, and push for greater access to digital financial services for women.