



PHILANTHROPY AND THE NEXT GENERATION

THE PRINCIPLES OF EFFECTIVE GIVING

A Best Practice Guide for Young Philanthropists

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Services

A new generation of philanthropists is finding fresh and innovative ways to contribute to the causes they love. In what observers call the “democratization of philanthropy,”¹ cell phones, social networking and online connections have thrown open the doors to the world of charitable giving. Many members of Generation Y and Millennials are joining the growing national and global movement to make the world a better, safer place for all people.²

BIG DREAMS, FOCUSED GIVING

At the World Youth Forum of the United Nations in August 2001, then-U.N. Secretary-General Kofi Annan said, “Young people should be at the forefront of global change and innovation. Empowered, they can be key agents for development and peace. If, however, they are left on society’s margins, all of us will be impoverished. Let us ensure that all young people have every opportunity to participate fully in the lives of their societies.”³

A FORMULA FOR CHARITABLE GIVING SUCCESS

Whether you are preparing to make your first-ever charitable contribution, or you’re an experienced philanthropist, effective giving is based on a few essential principles:

- Articulating your philanthropic goals
- Educating yourself to give responsibly
- Deciding how you want to give
- Deciding what you want to give
- Evaluating outcomes and impact

You may tackle these issues separately or concurrently – there is no perfect plan. But abiding by these principles, bringing a critical eye to your process of giving and incorporating the right tools for measurement can help you to be a more effective philanthropist to the benefit of your charitable beneficiaries for years to come.

Seeing the effects of philanthropic contributions may take years. If you are new to philanthropy, begin by choosing carefully the causes that matter most to you and remain committed to them for as long as you see meaningful results. At Northern Trust, we are dedicated to helping a new generation of philanthropic individuals and families embark on the journey of charitable giving. To assist in this effort, *Philanthropy and the Next Generation* was written keeping in mind the specific challenges and opportunities younger donors may encounter.

CONTINUED



PHILANTHROPIC TIMES

Philanthropy is all around us. The media provides a constant supply of coverage of the world's foremost and famous humanitarians: Bill and Melinda Gates making grants to set the U.S. educational system aright; U2's front man Bono and his vocal crusade against extreme poverty in Africa; George Clooney's phone-athon for earthquake victims in Haiti; Alicia Keys entreating fans to text-message \$5 donations to combat the AIDS epidemic. NBC even had a primetime show *The Philanthropist*, which followed the adventures of a globe-traveling donor.

Today's philanthropy is an entire generation's response to the needs of a complex and interdependent global community. Colleges have created courses teaching students how to make charitable gifts responsibly. Beyond the classroom, they offer volunteer opportunities on campus and service trips to areas in need, while fraternities and sororities raise millions of dollars each year to support charitable causes.

In the post-graduation years, a majority of workers in their 20s prefer employment at companies where volunteerism is encouraged, according to a 2007 survey by the consulting firm Deloitte LLP. As a result, employers are finding ways to provide such opportunities for their young professionals. The virtual gathering places for many 20- and 30-somethings, Facebook (Causes) and Twitter (TuitCause) are making sharing and promoting philanthropic interests easier than ever before.

ARTICULATING YOUR PHILANTHROPIC GOALS

As you explore your philanthropic motivations and goals, try to answer the question: *If I could change one thing in the world, what would it be?* You may have a few areas of interest, so try to be specific in what you seek to accomplish and focus energy and resources on a few measurable action items. While your donation of time and energy will benefit others, giving to something you truly care about will make your own experience more meaningful. As you reflect on your core values, some philanthropic issues that are of interest to you will take shape (see below).

CRAFTING YOUR PHILANTHROPIC GOAL

- Do some **personal reflection**: What are *you* passionate about?
- Have an **open discussion** with family members, friends, colleagues and peers.
- Consider **family values**: Why are you drawn to an issue or group of people?
- Ask for help from a **philanthropic mentor**, someone with experience who can serve as a guide.

Reflection on your area(s) of interest is important if you seek to create a strong connection between your interests and the charitable causes in which you will invest valuable time, energy and financial resources. Also, there are numerous charities – almost one million public charities in the United States alone, according to the National Center for Charitable Statistics.⁴ If you don't have a specific mission or some idea about what you want to accomplish, it may be all too easy to lose focus on your goal.

One way to strategize and make a long-term plan for your giving is to write a philanthropic mission statement. A mission statement provides clarity, gives you a sense of purpose and defines how you will execute your plan. For example, if you're interested in disaster relief, your mission statement might say that you seek to address the needs of those people affected by storms or floods in your local community by supporting a national nonprofit like The American Red Cross. From your mission statement, you can create specific goals that will start you on the path to accomplishing your mission. A mission statement may include these elements:

- **History** of you/your family – origins, values, business interests, traditions
- **Field of interest** and what you intend to accomplish
- **Program focus** and specifics of where grants are targeted
- **Key goals** and desired outcomes

Here is an example of a mission statement:

“James and Mary Smith are dedicated to promoting protection of the environment and respect for cultural diversity. We will focus funding on committed, grass-roots organizations that rely strongly on volunteer efforts and where our financial support will make a significant difference.”

A mission statement may also be used within the structure of a charitable giving vehicle like a donor advised fund or private foundation:

“The Bedford Falls Community Enrichment Fund was established to enhance the quality of life for all Bedford Falls residents. To fulfill our mission, we will provide funding to organizations whose purpose is to effect long-term benefits for societal, educational and cultural needs of the Bedford Falls community.”

If you still have trouble identifying a cause, consider a few of your deeply held values. It may be helpful to list and prioritize these values as they may shape your giving and the charitable causes that interest you (see below).

| VALUES AND INTERESTS | | | |
|---|----------------------|---------------------------|----------------|
| CREATE OR REFINE YOUR MISSION STATEMENT BY ARTICULATING YOUR VALUES (FOR EXAMPLE): | | | |
| Acceptance | Creativity | Freedom | Knowledge |
| Beauty | Democracy | Generosity | Love |
| Change | Dignity | Harmony | Peace |
| Commitment | Diversity | Healing | Respect |
| Communication | Equality | Honesty | Responsibility |
| Community | Excellence | Hope | Security |
| Compassion | Faith | Independence | Service |
| Courage | Family | Justice | Tradition |
| THEN CHOOSE ONE OR MORE AREAS OF INTEREST (FOR EXAMPLE): | | | |
| Animals | Disaster Relief | Environment | Poverty |
| Arts & Culture | Drug & Alcohol Abuse | Health & Medical Research | Prison Reform |
| Children | Domestic Violence | Homelessness | Religion |
| Civil Rights | Economic Justice | International Development | Sports |
| Demilitarization | Education | Human Rights | Women |
| Disability Rights | Employment Training | Parks & Preservation | Youth |

ARTICULATING YOUR PHILANTHROPIC GOALS: EDUCATING YOURSELF TO GIVE RESPONSIBLY

Education About Philanthropy

The field of philanthropy is a dynamic topic. There are numerous philanthropic membership organizations and peer networks whose aim is to share resources, help donors learn best practices and provide guidance so donors can avoid common mistakes. Large national organizations like the Association of Small Foundations (3,000 members) and the Council on Foundations (2,000 members) support their members primarily via the Internet and with national publications and annual conferences. Smaller membership organizations focused on the local grantmaking community (such as the The Donors Forum in Chicago) offer workshops, peer-to-peer learning opportunities and a library of resources.

Another avenue to start learning could be to subscribe to *The Chronicle of Philanthropy*, the national newspaper of the nonprofit community. Published 18 times per year digitally and in print, *The Chronicle* includes regular sections on gifts and grants, technology in philanthropy, events, and facts and figures in giving. *The Chronicle* is one way for you to remain informed about the current state of philanthropy. In addition, Indiana University’s “Center on Philanthropy,” an academic center, provides a Web site dedicated to increasing understanding of philanthropy and improving its practice worldwide, as well as resources and research for making effective gifts.

Education About Potential Recipients

Educating yourself about the issues you are focused on is another important step in the giving process. In an interview with *The New York Times*, Bill Gates was asked what advice he would share with those interested in giving. He answered, “The key thing is to pick a cause, whether it’s crops or diseases or great high schools, pick one ... and get some more in-depth knowledge.”⁵

If you have identified an area of interest but no specific donees, you can talk with experts – academics, nonprofit professionals or peer grant makers – to find out what resources are needed or which potential partners may be underserved. Leaders in the field of nonprofit work you are interested in may be identified and contacted through the organizations listed in the box at right.

Finding Nonprofits that Fit Your Mission

As you search for a charity to support, there may be quite a few organizations that fall within the scope of your mission statement. You might find nonprofit recipients through word of mouth, by talking to your friends and colleagues about their philanthropic activities, or through someone in your family that knows of a charity doing good work. The idea of “giving back” to the organizations that have made a difference in your life might be one fulfilling way to start engaging in philanthropy: your high school or college alma mater, for example. Perhaps there’s a botanical garden you enjoy, a favorite ballet or opera company, or a youth activity center that you attended as a child. You might also try to identify a philanthropic mentor – someone who is experienced in philanthropy, perhaps even in your particular area of interest – who can help you find a recipient. A friend or relative who has some charitable giving experience could be a philanthropic mentor. Colleges and workplaces may also have resources available to help you connect your interests with philanthropic needs or to match you with a mentor whose goals are similar to yours.

Another option is to find a charity that fits within your mission via the Internet. For this purpose there are free online databases that allow you to search a catalogue of nonprofits by issue category, organization type, geographic location, budget level and other criteria. GuideStar is one such database that is widely used by U.S. grant makers (see “ONLINE DATABASE TOOLS” on page 6). GuideStar’s basic access is free and offers fundamental information such as organizations’ tax ID numbers, income and asset figures, and the IRS Form 990. Designed for professional users, GuideStar Premium (approximate cost of \$1,500 annually) is a customizable tool that enables more sophisticated analyses of nonprofits.

A new online project, called Jumo, is a social networking tool that will help users find causes, organizations, and giving and volunteer opportunities that match their interests. People who visit the site are asked a series of questions related to their likes and dislikes, which the site uses to determine which organizations are likely to be appealing. Jumo (meaning “together in concert” in a West African language) was developed by one of the co-founders of Facebook and is scheduled to be released soon.

RESOURCES FOR GIVING & ORGANIZATIONS THAT SUPPORT EFFECTIVE GIVING

Association of Small Foundations – A membership organization of over 3,000 foundations; enhances philanthropic impact of donors by providing learning opportunities, tools and resources. smallfoundations.org

Better Business Bureau Wise Giving Alliance – Publishes charity reports and standards, complaints and reviews; offers free “Wise Giving Reports” and an accredited charity directory. bbb.org/us/charity

The Center for Effective Philanthropy – A Boston-based nonprofit organization focusing on the development of comparative data so philanthropists can better define, assess and improve their effectiveness and impact; provides research and assessment tools. effectivephilanthropy.org

The Center on Philanthropy at Indiana University – An academic center dedicated to increasing understanding of philanthropy and improving its practice worldwide through research, teaching, training and public affairs programs; provides donors with resources and research. philanthropy.iupui.edu

Council on Foundations – A membership organization that supports grantmakers in various aspects of foundation management. cof.org

Do Something – Site young people can visit to discuss how they can make a difference in their communities and to learn how they can find the resources they need for their philanthropic projects. dosomething.org

The Foundation Center – National organization dedicated to maintaining a comprehensive database on U.S. grantmakers and their grants; issues a variety of print, electronic and online information resources and offers free and affordable educational programs. foundationcenter.org

Institute for Philanthropy – A donor education organization based in New York and London. Programs include The Philanthropy Workshop (established in 1995 by the Rockefeller Foundation) and Next Generation Philanthropy, connecting young donors to peers, charitable giving knowledge and networks. instituteforphilanthropy.org

Learning to Give – An organization whose mission is to develop lessons and resources that teach giving and volunteerism, civic engagement and character through service learning; the curriculum division of The LEAGUE, a school-based system that combines state standards-based lesson plans with community service events. earningtogive.org

Philanthropy Indaba – A consulting entity that creates customized field trips and service or internship opportunities to enhance donors’ philanthropic initiatives through experiential learning. Philanthropic travel experiences can be integrated into broader educational programs in partnership with advisors. philanthropyindaba.com

Resource Generation – A national organization who works with young people with financial wealth who are supporting and challenging each other to effect progressive social change through the creative, responsible and strategic use of financial and other resources; promotes innovative ways for young people with wealth to align their personal values and political vision with their financial resources to deepen their social and civic engagement. resourcegeneration.org

Youth in Philanthropy – Web site of the Foundation Center, links to online resources to help young people get involved in philanthropy and allows visitors to share stories about their volunteer service. youth.foundationcenter.org

Youth Service America – A coalition of thousands of organizations that seek to increase the quantity and quality of service opportunities for young people, ages 5-25; an international nonprofit resource center that partners with thousands of organizations in more than 100 countries to expand the impact of the youth service movement with families, communities, schools, corporations and governments. ysa.org

ONLINE DATABASE TOOLS

CHARITY NAVIGATOR - CHARITYNAVIGATOR.ORG

Charity Navigator assesses the financial health of charities and publishes numbers-based ratings.

| | |
|---|------|
| My Charities (flags charities of interest in a portfolio) | Free |
| Compare Charities (performs side-by-side comparisons) | Free |
| Historical Data (ratings and financial data) | Free |

CHARITYWATCH - CHARITYWATCH.ORG

CharityWatch is the Web site for the American Institute of Philanthropy, a charity watchdog organization.

| | |
|---------------------|------|
| One-year membership | \$40 |
|---------------------|------|

GUIDESTAR - GUIDESTAR.ORG

GuideStar is an online database that gathers and publicizes information about nonprofit organizations.

| | |
|----------------|--------------|
| Basic access | Free |
| Premium access | \$1,500/year |

You may decide to give to public charities, such as food pantries, churches, the Red Cross or Habitat for Humanity. You might also consider giving to a community foundation, either in your local community or in an area about which you feel strongly, like the city or town where you grew up. Community foundations are

public charities dedicated to the social improvement of a specific place. They are autonomous, publicly supported institutions with broad-based charitable interests that benefit residents of a defined geographic area and can pool donations for greater impact both in terms of investments and for grantmaking purposes.

In addition, you can define the geographic region in which you want to make an impact. If there is a city, country or continent that is most important to you, you might focus your giving there. Or, perhaps there is a culture or community about which you're very passionate. Recognize that if you choose a recipient located far away, you may not be able to see your gift in action. If this is important to you, consider that desire before making a gift to a charity that is geographically remote.

Due Diligence

Doing research to better assure the recipients you choose have "good credentials" is another important step in effective giving. You should always make sure the nonprofit organization is a 501(c)(3) public charity (see box at top of opposite page), so your contributions are tax deductible.

One easy way to get more familiar with any nonprofit is by reading its annual report. The annual report offers a good introduction to an organization because it often contains financial figures and budget items. Many organizations make the report available online. If it isn't, feel free to call and request a copy in the mail; the financial information the report contains is a matter of public record. Depending on the size of the nonprofit (and its marketing budget) you might also request an informational DVD or program booklet about the work it does.

Another key resource for due diligence is a nonprofit's tax form, the IRS Form 990. Revised in 2008, the new Form 990 is a combination of an 11-page "Core," together with one or more of 16 associated schedules. The "Core" is a good starting point for learning about the work of a nonprofit. More than a numeric compilation of revenues, expenses and assets, it is a useful summary of an organization's mission and significant activities, as well as governance and program service accomplishments. In addition, you can find information on compensation (Schedule J), loans to insiders (Schedule L) and fundraising (Schedule G). You can find the Form 990 for many nonprofits online at guidestar.org. Any organization you give to should be financially healthy enough that you feel satisfied by its fiscal responsibility.

RESOURCES FOR DUE DILIGENCE

| RESOURCE | WEB SITE | FUNCTION |
|--|------------|---|
| Better Business Bureau | us.bbb.org | Sets standards for marketplace trust; celebrates marketplace role models, denounces substandard marketplace behavior |
| Federal Trade Commission (Bureau of Consumer Protection) | ftc.gov | Protects consumers against unfair or fraudulent practices in the marketplace; conducts investigations, develops rules to protect consumers and educates consumers about their rights; collects complaints about consumer fraud and identity theft |
| Internal Revenue Service | irs.gov | Provides key resources including IRS determination letter, confirming that contributions are deductible and Form 990, the tax form historically filed by over 200,000 large non-profits, including publicly-supported charities |
| Audited Financial Statements (prepared by a Certified Public Accountant) | | Certifies that financial statements meet requirements of U.S. Generally Accepted Accounting Principles |
| Annual Report – May contain some of the following components: | | |
| ■ Annual operating budget | | Is organization well established or more grass roots? |
| ■ Board of directors list | | Are peers and colleagues already involved? |
| ■ Staff directory and bios | | Can you put a face and personality with an organization? |
| ■ List of donors | | How broad or narrow is the funding base? |
| ■ Mission statement | | Do the mission and methods match yours? |
| ■ Description of programs | | Are specific programs available to fund? |

Lastly, if the charity you're interested in is nearby, consider going on a site visit to see the work they do firsthand. Whether it's sitting in on a class at a charter school, touring a community center or paying a visit to the symphony during a rehearsal, seeing the work a charity does firsthand can be informative and rewarding.

Once you have identified a specific donee and completed your due diligence, you can be more effective by engaging the donee(s) you've chosen. Talk with the recipient to find out what the needs of the organization are and how you can help.

Educating yourself about potential recipients is especially important if you choose to support a nonprofit with a large budget. It might be very important to you that most of your donation reaches the end recipient. Or, you might prefer to fund general operating expenses, which enables your gift to go toward administrative expenses to pay the salaries of employees, or to maintain a presence in a community by leasing office space.

DECIDING HOW YOU WANT TO GIVE

The next important step in the charitable giving process is deciding whether you would like to give gifts of cash or securities. You might also donate your time as a volunteer.

Gifts of Cash or Securities

Monetary gifts may be structured in a wide variety of ways and still be beneficial to the recipient. The most direct way to give a charitable gift is to make an outright contribution of cash, securities, real estate or collectibles. A good first step is to focus attention on your personal financial resources, and then evaluate what you feel you can give. You could structure long-term gifts that seek lasting solutions to social issues like homelessness or domestic violence, to provide a continuing (even if it's not immediate) response. Or instead you might try to meet basic needs by providing immediate material assistance – money, food, clothing or shelter.

While outright gifts to public charities may be as simple as writing a check without any kind of restrictions, some donors want a greater degree of control and choose to place restrictions on their gifts. For example, you might decide to restrict the use of the gift for a special purpose, specify how gift proceeds are to be invested, or even direct the recipient to produce a report that details how the donated funds have been used.

Donor Advised Funds

Instead of a direct gift to a charity, you might consider establishing a donor advised fund. In simple terms, a donor advised fund is a contractual arrangement with a sponsoring charity through which donors make irrevocable charitable contributions. Donor advisors retain the right to recommend grants to qualifying charities in amounts and frequencies of their choosing. Each donor creates a separate account, owned and controlled by the sponsoring charity. A donor advised fund is easy to establish and maintain and does not require a custom-drafted legal agreement.

Private Foundations

Family foundations may also be excellent vehicles for younger family members to learn about grantmaking. If your family has a private family foundation, consider making gifts through that existing charitable vehicle. By being actively involved in the grantmaking process as a member of a foundation's grant committee, for example, you will have an opportunity to learn about philanthropy and may be introduced to portfolio management and the importance of budgeting and cash flow management.⁶

CONSIDERATIONS FOR ESTABLISHING A PRIVATE FOUNDATION

A PRIVATE FOUNDATION:

- Is a wholly charitable trust or corporation
- Generally disperses funds to public charities
- Is ideal for donor and family participation
- Is tax-exempt, but generally pays 1% to 2% federal excise tax
- Offers maximum control and flexibility

DRAWBACKS TO A PRIVATE FOUNDATION:

- Is administratively complex
- Is subject to complicated rules on self-dealing, excess business holdings, jeopardizing investments, a minimum distribution requirement and taxable expenditures

Online Giving Options

A variety of new Web sites allow donors to go online, make a gift, then track and witness the impact of their gift. This type of giving often helps connect the donor with the recipient on a more personal level. Internet-based 501(c)(3) charities like See Your Impact (seeyourimpact.org), an online charity portal, or Kiva (kiva.org), a Web-based microcredit clearing house, allow donors to give or make small loans with specific people or projects in mind.

For example, using See Your Impact you can go online and choose from numerous gift options, like subsidizing a month of tuition for a child or purchasing a solar lamp for a family. Within a few days of making a donation, you receive a photo or video of the actual recipient. Using Kiva, you can lend funds that are then used by global and domestic microfinance institutions to give low-interest loans to poor farmers and artisans in the developing world who need relatively small amounts of capital to start businesses. Kiva users receive e-mail updates on the individual to whom the microfinance institutions choose to lend. You choose how much to give and may sign up to receive e-mail journal updates on borrowers featured on the Kiva Web site, so you see the tangible impact of your gift in the life of the borrower. When you get your loan money back, you can lend the funds again to someone else.

Another Web site, donorschoose.org, lets teachers at public schools throughout the United States submit project proposals for materials or experiences to enhance their students' learning. Requests range from bus transportation for educational field trips, laptop computers for visual interaction with subject matter or multiple copies of various works of literature to foster discussion among students. Donors review the teachers' projects online and choose projects to fund. Opportunities to fund similar projects are available for donors at globalgiving.com and jolkona.org.

Giving Circles

Giving circles have become a popular way for donors to combine philanthropic resources to increase impact. Members of a giving circle pool their charitable resources and discuss their philanthropic goals, identify recipients, make grants and measure results. Giving circles not only provide a forum for ideas, but they also enable philanthropists to collaborate and make a more significant impact. If, as a member of a giving circle, you contribute \$1,000 per year and there are 20 members, you can be a part of making a substantial \$20,000 grant rather than giving a smaller individual gift.

According to a study titled "The Impact of Giving Together,"⁷ giving circles influence their members to be more strategic in their giving and increase knowledge about philanthropy and the nonprofit sector. The One Percent Foundation is an online giving circle geared toward young adults in their 20s and 30s. The site helps users calculate how much they can give, pools incoming funds and allows users to nominate and select grant recipients. Learn more about finding a giving circle or starting your own at givingforum.org.

Volunteering and Service Learning

Many nonprofits also work with professionals who can provide services pro bono. Depending on your skills and the needs of the organization, there may be opportunities to offer legal, technical, accounting or consultative services that can make a significant and lasting impact on a nonprofit and its constituents. Sitting on the board of a nonprofit – or a junior or associates board – is another way to get involved. Volunteerism in the United States continues to inch upward: the percentage

of Americans who gave of their time rose from 2007 to 2008 according to a report from the Corporation for National and Community Service, and the nation's youth (ages 16 – 24) stepped up their community involvement, with 441,000 new volunteers giving their time.

Some charities, government agencies and schools (elementary, secondary or undergraduate) offer learning opportunities by way of volunteer work. Service learning integrates community service with instruction and reflection, enabling the volunteer to apply academics to everyday problems. Volunteers offer their time and energy, while the nonprofit, school or agency provides a structured academic curriculum, fostering opportunities to think, write and exchange ideas about service experiences. Service learning might include, for example, serving dinner at a soup kitchen and talking with the guests about their experiences, offering suggestions for the neighborhood to reduce homelessness and hunger, then talking or writing about the experience with the help of a community foundation or school. Through service learning you may develop a better understanding of the issues in which you're most interested. The National Service-Learning Clearinghouse is a repository of service-learning resources and can be found at servicelearning.org.

DECIDING WHAT YOU WANT TO GIVE

How much and how often you feel comfortable contributing to a charitable cause will depend on your financial situation and level of comfort with the organization. For example, you could make a one-time donation or continuing annual gifts. If you're contributing financially, it's wise to start small and work up to the level that suits you best. The same applies for time you might give as a volunteer. The decision about what you give – cash or appreciated stocks, or in-kind donations of materials like books, clothing or school supplies – should be made in consultation with your financial and tax advisors.

For any financial contribution, explore whether matching gifts are offered by your employer. Many companies have corporate giving programs and will match their employees' charitable contributions, sometimes on a two-to-one basis, increasing your gifts two- and three-fold. The human resources department in your workplace can provide more information on whether your employer matches.

You might also consider setting aside funds for “unplanned giving” to support those organizations and people whom you don't know about yet, but may want to support given your interests and mission. Unforeseen giving opportunities or events like natural disasters may come up, at which point you may want to have some funds in reserve. Rather than commit all of your resources right away, give throughout the year, leaving a portion of funds for unexpected opportunities.

EVALUATING THE OUTCOMES AND IMPACT OF YOUR GIVING

After making a gift to a charitable organization, you will likely want to consider the impact of your gift on the recipient organization, the causes and the communities you are supporting. Nonprofit organizations have become more adept at evaluating the impact of donors' contributions and communicating quantitative and qualitative results to donors. Donors *and* nonprofit organizations are equally focused on demonstrating accountability and transparency in their charitable endeavors, to ensure that every philanthropic dollar is used wisely. Yet many philanthropists have found that assessing the impact of their philanthropy is one of their greatest challenges.

Especially if you've decided to make several gifts to the same charitable organizations, you may want to create and formalize a process for soliciting feedback from these organizations. It is quite common for donors to ask gift recipients to provide information about how the donors'

contributions have helped the organization achieve its objectives. For example, you may request progress reports for particular programs that you have funded or ask the staff of the organization to describe how your gift has helped the organization “make a difference.” You could also opt for direct observation of the work in progress, or conduct interviews or surveys with constituents of the nonprofit(s) you support.

When reviewing the feedback that you receive from a charitable organization, you might begin your analysis of the outcomes and impact of your gift by asking yourself (and, when appropriate, the recipient charitable organization) the following questions.

- From the recipient charitable organization’s perspective, what has worked well? What has not worked so well?
- How has my gift contributed to improving/changing the condition? How has my gift helped address a critical need, raise awareness of the issue, support collaborations?
- Can any particular milestones (e.g., number of individuals, families, communities served) be described?
- Has the recipient charitable organization identified areas for improvement (e.g., in its service delivery systems, leadership, organizational development and efficiency)?
- What have I learned about the range of factors that affect progress on this issue by focusing my giving in this particular area?
- What additional information (internal and external factors) do I need to know about what’s happening in the field or my area of interest?

Of course, how you choose to measure the outcomes and impact of your giving will depend on many factors including the size of your gift, your commitment to a particular cause and the resources of the charitable organizations that you choose to support.

Andrew Carnegie, the American industrialist and philanthropist, once said, “[i]t is well to remember that it requires the exercise of not less ability than that which acquired the wealth to use it so as to be really beneficial to the community.”⁸ Foundation grantmakers, philanthropists and nonprofit leaders would say that evaluation is a core learning practice, an ongoing process and an essential aspect of charitable giving. More specifically, taking time to evaluate the outcomes and impact of your giving will help you determine if your giving practices are consistent with your charitable mission statement and short- and long-term philanthropic goals.

GIVING TOMORROW AND BEYOND

Whether you have years of philanthropic experience or none whatsoever, whatever your age or financial situation, you can make meaningful charitable gifts. The process will require significant investments of time and energy to take stock of your own goals and resources and to learn about the charities you plan to support.⁹ Knowing that your contribution of assets, time or non-cash goods is making the difference you want is well worth the effort.

Special thanks to the contributing editors and writers: Grace Allison, James J. Carroll, Ann Freel, Bindi Garg, Marguerite H. Griffin, Stephanie Anne Harper, Nikki L. Hudson, Lisa Lundgren, Katie M. Miller and Julie Kiser Waldman.

FOOTNOTES

1. Katherine Fulton, "You Are the Future of Philanthropy" Presentation at TED Conference, Monterey, CA, March 10, 2007.
2. Caroline Preston, "Generations X and Y Make Up Majority of Potential Donors, Study Finds," *The Chronicle of Philanthropy*, March 14, 2010.
3. Katrin Eun-Myo Park, "The World Youth Forum: Empowering Today's Young People," *U.N. Chronicle*, June-August 2002.
4. The National Center for Charitable Statistics, a national repository of data on the U. S. nonprofit sector, indicated the total number of public charities in the United States in 2009 was 973,354 and the total number of private foundations equal to 115,340. nccs.urban.org.
5. Nicholas Kristof, "Bill Gates's Next Big Thing," *The New York Times*, January 25, 2009.
6. See *The Diversity of Philanthropic Solutions*, one in a series of three white papers developed by Northern Trust, for a deeper introduction to the vehicles of charitable giving. For an in-depth look at the benefits of private foundations specifically, see also *Northern Trust's Topics in Estate Planning: Private Foundations* which summarizes the essentials of private foundations, providing a high level introduction to foundation operations and benefits. *The Diversity of Philanthropic Solutions*, in addition to outlining the family philanthropy benefits of private foundations, offers comparisons to donor advised funds. To obtain a copy of these white papers, or to listen to a podcast on the material, visit northerntrust.com/giving.
7. *The Impact of Giving Together: A Snapshot of a Study on Giving Circles' Influence on Philanthropic & Civic Behaviors, Knowledge & Attitudes*, Forum of Regional Associations of Grantmakers, May 2009, givingforum.org.
8. Andrew Carnegie, *The Gospel of Wealth*, 1889.
9. Due to the complexities of the charitable tax law under the Internal Revenue Code, this piece focuses entirely on the non-tax aspects of giving. For a deeper explanation of tax-efficient giving methods, you may wish to reference Northern Trust's resources on tax and charitable giving, *The Diversity of Giving Series*.

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