

The Giving USA 2023 Report, which measures the previous year's philanthropic performance, shows a decline in giving, marking only the fourth drop in U.S. philanthropy in the last 40 years.

While economic uncertainty and stock market volatility have influenced giving patterns in the past, inflation's impact created an anomaly in 2022 — a decline in giving, marking only the fourth drop in U.S. philanthropy over the last 40 years.

That said, Americans still gave a generous \$499.33 billion to charity in 2022, despite the latest numbers from Giving USA 2023 indicating a 3.4 percent decline in overall giving and a decline in individual giving by 6.4 percent. The report measures the previous year's philanthropic performance.

It's not all doom and gloom, though. The GDP rose nine percent, signaling that, despite such challenges, economic growth continues. Unemployment also is at its lowest in 50 years. The other good news: corporate executives sitting on nonprofit boards can help their organizations adapt and strategize accordingly.

Understanding what, exactly, is at play is the first step. The decreased giving simply reflects today's unique circumstances, including donors who are experiencing fatigue after having dug deeper into their pockets in response to COVID, social unrest and the political climate the last few years. With the stock market dips at year end — the time when people commit gifts – many donors delayed giving decisions as opposed to postponing them.

What's more, many donors clamored for normalcy as the pandemic waned – wanting to put COVID and all of its health, social and economic outcomes behind which meant less urgency for the funding of immediate needs and social justice causes. The exception was individual donors funneling dollars away from traditional giving to the Ukrainian war crisis.

But despite these challenges, many sectors are doing well — giving increased:

FOUNDATIONS 25% BEQUESTS 23% CORPORATIONS 23%

## Philanthropic Resilience Compromised by Inflation



#### What The Numbers Say

In the meantime, nonprofits should:

Go where the money is. Even though individual giving decreased during 2022, it still comprises the largest percentage of all giving and included \$319 billion in philanthropy. Nonprofits shouldn't forget that individuals also can give through their foundations, bequests and donor-advised funds (DAFs), all of which together represent 85 percent of giving. Pursue all sources in a balanced way.

**Give donors options.** Help donors explore what's best for them: outright cash; multi-year pledges; planned and legacy gifts; unrestricted, temporarily and permanently restricted gifts; stocks, personal property, real property or trusts. Give donors flexible options for structuring their gifts: single fiscal year versus multiple years; combination gifts (part cash-part planned or legacy gift); DAFs instead of outright cash; extended payment periods; unrestricted or in-relief-of-budget gifts instead of those supporting new initiatives or programs.

**Diversify the organization's revenue and fundraising priorities.** Show donors
the organization is financially responsible and be
transparent about the nonprofit's financial position and
fundraising achievements, prioritizing those initiatives
with the greatest need and impact.

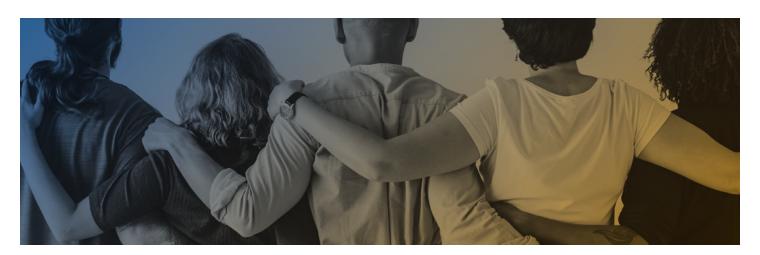
#### Think about short- and long-term funding.

Identify — programmatically, operationally and financially — what resources the nonprofit needs short-and long-term. Communicate those needs to donors in a compelling way.

**Consider endowment fundraising.** Donors want to know that the organizations they support are stable, sustainable and scalable — and that they're prepared to weather future economic and societal storms. With this long-term stability in mind, endowments become more compelling.

**Be patient and persistent.** Build relationships for the long term, and steward donors in good times and bad. Don't apologize for asking for money. Realize that, today, it may take more time, more negotiation, and more creativity for donors to commit to a gift.

When in doubt, ask. They're common questions: Will the donor be interested in capital or a program? How big should the ask be? Who makes the final giving decisions in the family? When's a good time to ask? When in doubt, go to the source. Allow donors to be part of the process of developing the right ask. They want to make smart, impactful, rewarding investments. Working together can often garner the best results.



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### **Looking Forward**

While inflation, disposable income and stock market declines have made donors a bit more skittish and concerned about their own finances and wealth, they continue to exhibit impressive resiliency. The most successful organizations adjust to these fears and act with innovation. They're flexible with donors' gift

structures; they target donors with the most money – and most flexible money. They identify new donors and resources that reflect their nonprofits' missions, and they engage community and volunteer leaders, giving them access to new projects and champions.

# Where Did the Dollars Go?

Philanthropic contributions by designation in 2022:

**RELIGION** 

\$143.57 billion

DEINEFIT

\$46.86 billion

HUMAN SERVICES **\$71.98** billion

INTERNATIONAL AFFAIRS

**PUBLIC-SOCIETY** 

\$33.71 billion

EDUCATION

\$70.07<sub>billion</sub>

ARTS, CULTURE, HUMANITIES

\$24.67 billion

**FOUNDATIONS** 

\$56.84 billion

ENVIRONMENT/ ANIMALS \$16.10 billion

HEALTH

\$51.08 billion

**INDIVIDUALS** 

\$12.98 billion

rarely does a nonprofit fit into only one category; often it offers programs and services in other areas as well. To expand fundraising dollars, explore institutional and individual donors who have a track record of supporting these top categories.



**The Author:** Richard Tollefson is founder and president of The Phoenix Philanthropy Group, an Arizona-based international consulting firm serving nonprofit organizations as well as institutional and individual philanthropists. **phoenixphilanthropy.com**