

# Arizona Grantmakers: Who's Got Dollars & How to Find Them

Sept 23, 2008



**Patrick McWhortor**  
**President & CEO**

With appreciation to...



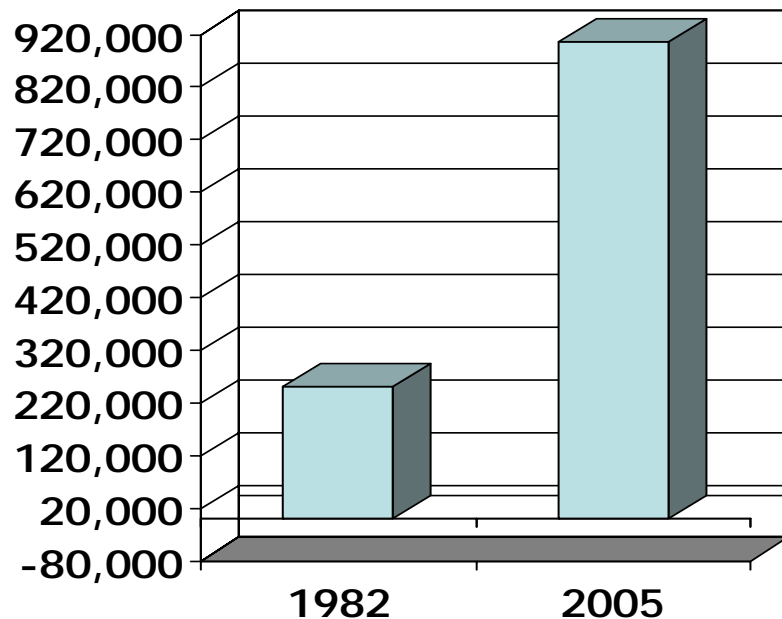
ARIZONA GRANTMAKERS FORUM

[www.arizonagrantmakersforum.org](http://www.arizonagrantmakersforum.org)

**Marissa Theisen**  
**President & CEO**  
**Arizona Grantmakers Forum**

# Nonprofits: An Economic Engine

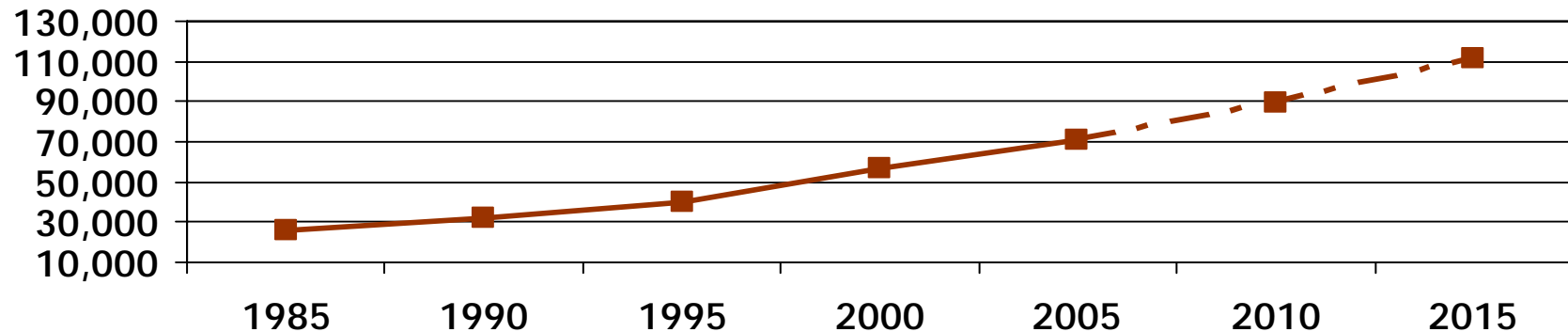
**200% increase in Number  
Of Nonprofits**



- Nonprofits now employ 10% of the nation's private workers, 25% in Washington, D.C., and 32% in some other cities
- Nonprofits represent \$800 billion in annual purchasing power; \$18 billion in Arizona
- Nonprofit expenditures account for 8.5% of national income
- Nonprofit sector is the 3<sup>rd</sup> largest contributor to the U.S. GDP, after retail trade and wholesale trade
- Therefore, the line between profit and nonprofit is blurring

# Foundations Growing Too

Growth in Philanthropies



Source: NCCS; CW Projections

The number of foundations has increased by about 25% every 5 years (except for 1995-2000 when the rate was 41%).

If that pace keeps up, there will be over 110,000 foundations by 2015, only 8 years from now.

Nearly **80%** of foundations will have been formed just since **1980**.

# Scale & Scope of the Nonprofit Sector

## Comparative Gross Expenditures

U.S. GDP	ca. \$12 trillion
Government Expenditures	ca. \$4 trillion
Nonprofit Expenditures	ca. \$1 trillion

## Sources of Nonprofit Income\*

(all subsectors)

Earned	43%
Government	32%
Donated (All sources)	25%

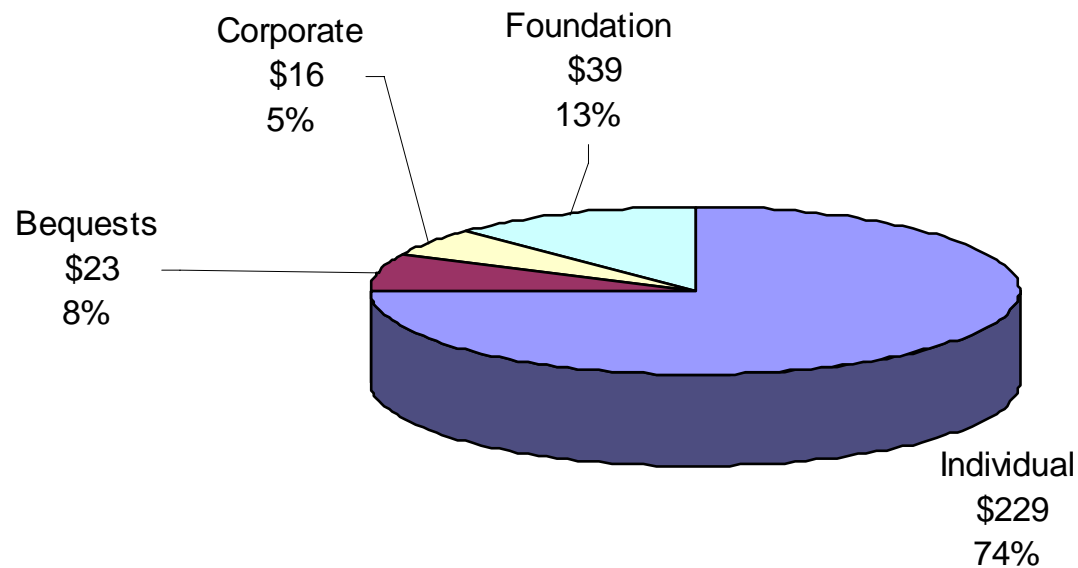
## Income Sources by Sub sector\*

	Earned	Gov't	Donated
<b>Human Services</b>	25%	60%	15%
<b>Arts</b>	50%	10%	40%
<b>Health</b>	54%	45%	1%
<b>Education</b>	70%	10%	20%
<b>International</b>	20%	20%	60%

# Sources and Uses of Charitable Contributions, 2007

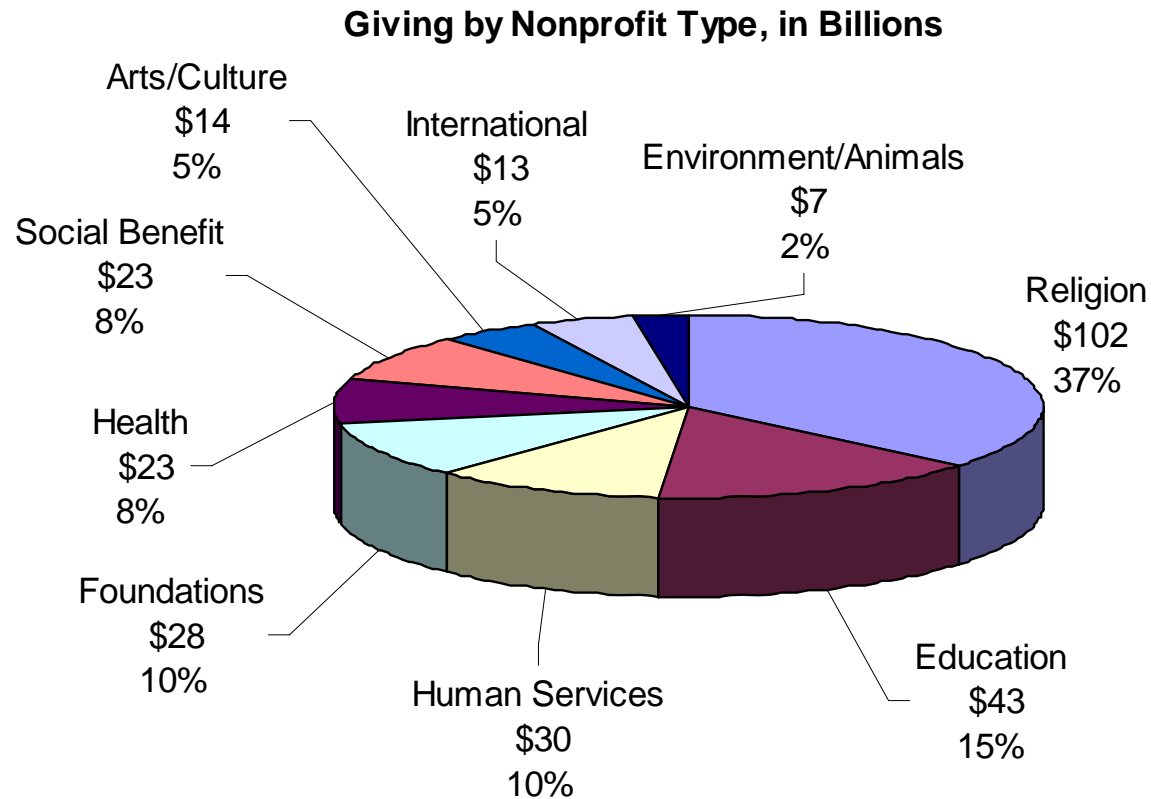
**Total Giving = \$306.4 billion**

**Donations to Nonprofits, in Billions**



Source: Giving USA Foundation, *Giving USA 2008*

# Sources and Uses of Charitable Contributions, 2007



Source: Giving USA Foundation, *Giving USA 2008*

## U.S. Individual Giving is Strong

- 82% of giving comes from individuals
- In 2007, more than 67% of U.S households donated to charity, contributing over \$300 billion
- Giving increased 3.9% in 2007; increases across the board for all types of nonprofits
- Average contribution per return = 2.47% of AGI; that is more than Americans save each year
- Nearly 98% of wealthy households (incomes > \$200K or assets >\$1 M) donated
- Most wealthy 3% of households (>\$200K) contributed 66% of total (\$126 billion)
- Around 60% of individual contributions support religious organizations

# A Glimpse of Institutional Charitable Giving in Arizona

Institutional giving in Arizona is small

- Philanthropic assets (public and private foundations) have more than doubled since 2000 to approximately \$4 billion.
- Arizona has 2% of U.S. population but less than 0.8% of foundation assets.
- In 2004, private foundations and public grantmaking charities like United Ways made grants of around \$333 million and corporate donations may have added another \$100 million.
- The top 25 largest private and public foundations in Arizona represent 75% of total foundation assets and approximately 47% of total grants.
- Since Jan 2004, more than 190 new foundations have registered in Arizona with assets totaling \$123 million. Only 23 have assets greater than \$1 million.

## Tribal Gaming Philanthropy

- AZ 2007 tribal casino revenue - \$1.94 B
- Total tribal distributions - \$103.6 M
  - \$92.2 M (88%) to State of AZ for education, trauma services, tourism, wildlife conservation, gambling treatment, etc.
  - \$11.4 M (12%) distributed to local gov't's and nonprofits
- Nonprofits seeking funds must work through a government entity

# Emerging Trends in Philanthropy

(Looking Out for the Future)

## Old Patterns

Giving late in life

Foundations/key institutions

Social benefit = NP sector

Philanthropy corrects for the market

Older white male leaders

## Emerging

Giving throughout life

One of many forms

Social benefit from any sector

Philanthropy connects to the market

Diversifying leadership

## Emerging Trends (cont.)

Focus on local communities

Local and global focus

Donors fund great strategies

Donors also have great strategies

Donors set general goals

Donors set specific targets

Donors make gifts

Donors make investments

Money is resource, grants  
the tools

Influence is resource,  
money is one tool

## Emerging Trends (cont.)

Donors keep grantees at arm's length

Donors highly engaged

Donors give independently

Donors also give together

Donors content to do good

Donors try to assess impact

Donors learn from their own work

Donors learn and share with others

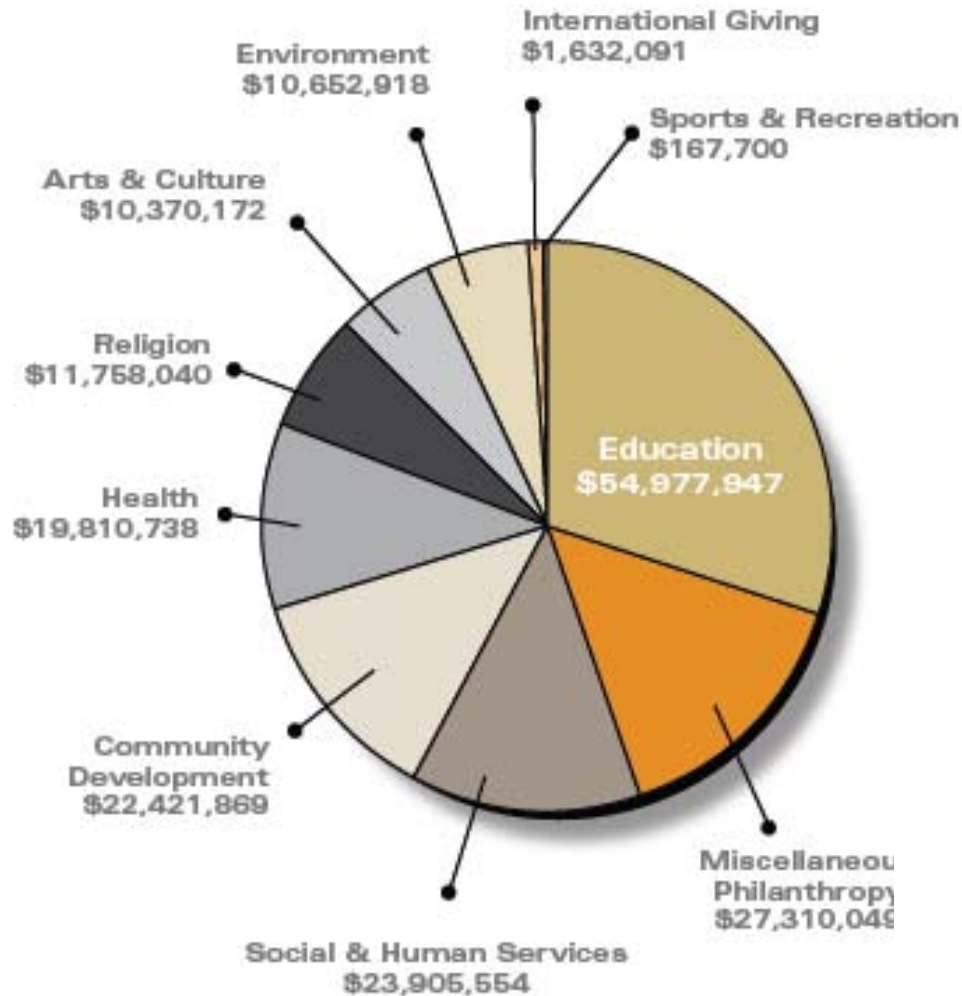
# Foundation Grants Made to Nonprofits (1999-2006)

	# of Grants	Total Grant Dollars
<b>Grants From All Foundations to AZ Nonprofits</b>	<b>24,992</b>	<b>\$913,381,059</b>
<b>Grants From AZ Foundations to All Nonprofits</b>	<b>22,489</b>	<b>\$996,134,215</b>
<b>Grants From AZ Foundations to AZ Nonprofits</b>	<b>10,723</b>	<b>\$449,434,736</b>

## Grants From Out of State

- **Top 200:** \$117.7 million in 2004-2006 from foundations outside Arizona
- 64 of those 200 (32%) were to organizations based outside Phoenix (and others in statewide projects)

# Where Arizona Foundation Dollars Are Going



31% of private foundation grants go to education (\$54.9 M); another 14% are allocated to Social and Human Services (\$23.9 M) and another 12.6% (\$22.4 M) are allocated to Community Development

# Competition for Grants is Stiff

According to a 2006 report by the ASU Center for Nonprofit Leadership and Management, there are well over 18,000 501(c)(3) nonprofits in Arizona all competing for grant dollars from a total of approximately 1,000 grantmaking entities – fewer than 270 of which have assets of over \$1 million.



## Where to Search

- GrantStation
  - Free with Alliance membership (\$599 value)
- JustGrants! Arizona
  - most complete Arizona database
  - [www.azgrants.com](http://www.azgrants.com) (Alliance 20% discount)
- AzGATES (Arizona Grants Access Tool and Expert Source)
  - Free email notification service
  - [www.azgates.asu.edu](http://www.azgates.asu.edu)

# Generational Strategy

- \$41 trillion transfer of wealth from one generation to next 2005 to 2055
- Arizona is \$596 billion
- If 5% is donated, that is \$30 billion in Arizona
  - Over \$2 billion in 2010 alone - \$100 million
  - Coconino, Mohave, Apache, and Navajo Counties: 2010 \$191.5 million, translating to more than **\$9 million in donations**

# Generational Strategy

- What This Means:
  - Use Grant Dollars to leverage individual giving
- Building Relationships
  - Engage donors in your work
  - Link their strategies to yours

# Arizona Grantmakers: Who's Got Dollars & How to Find Them



**Alliance**  
OF **ARIZONA**  
NONPROFITS

[www.arizonanonprofits.org](http://www.arizonanonprofits.org)