

HORATIO ALGER ASSOCIATION
OF DISTINGUISHED AMERICANS, INC.



INVESTING IN
**PEOPLE
AND
COMMUNITIES**

HORATIO
ALGER
ASSOCIATION
of Distinguished Americans, Inc.



HORATIO ALGER ASSOCIATION
OF DISTINGUISHED AMERICANS, INC.

INVESTING IN
PEOPLE AND
COMMUNITIES

HORATIO
ALGER 
ASSOCIATION
of Distinguished Americans, Inc.



CONTENTS

FOREWORD	4
ABOUT THE AUTHOR	6
HOW YOU CAN USE <i>INVESTING IN PEOPLE AND COMMUNITIES</i> IN GOVERNANCE, MANAGEMENT, GIVING, AND VOLUNTEERING	
CHAPTER 1	9
INVESTING IN PEOPLE AND COMMUNITIES	
CHAPTER 2	14
GOVERNANCE OF NONPROFIT ORGANIZATIONS	
<i>Accountability and Effectiveness of Nonprofits</i>	
<i>Creating a Job Description for the Ideal Nonprofit Board Member Before You Say “I Do”</i>	
<i>Charities’ Responses during Challenging Economic Times</i>	
<i>What Does Diversity Mean for Nonprofit Boards?</i>	
CHAPTER 3	28
EFFECTIVE MANAGEMENT OF NONPROFIT ORGANIZATIONS	
<i>Who Does What? The Nonprofit Board and CEO</i>	
<i>Nonprofit CEOs: Ability to Walk on Water Highly Desirable</i>	
<i>Would You Buy Stock in Your Charities?</i>	
<i>You Want to Start Your Own Nonprofit?</i>	
<i>Stewardship: What Do You Say after “We Love You”?</i>	
<i>Wanted for Your Nonprofit: Mother Teresa, Bill Gates, and Superman</i>	
<i>Changing Mind-Sets from Me to Us</i>	
<i>Elections, Politics, and Charities</i>	
<i>Lobbying by Nonprofits and Charities</i>	

CHAPTER 4	48
GIVING AND VOLUNTEERING IN NONPROFIT ORGANIZATIONS	
<i>Before You Send Orphans to Summer Camp</i>	
<i>Give Five or Ten or One, but Get Started</i>	
<i>Raising Charitable Children, and Maybe Some Adults</i>	
<i>The Power of Half Can Be Life Changing</i>	
<i>Deductible or Not, Americans Give to Charity</i>	
<i>Imagining a Better Community</i>	
<i>Thank You, Whoever You Are</i>	
<i>Does Charity Begin, and Stay, at Home?</i>	
<i>The Many Legacies We Leave</i>	
<i>Charity Holiday Fund Pleas to Please Help</i>	
CHAPTER 5	69
BASIC DATA ON THE NONPROFIT SECTORS IN THE UNITED STATES AND CANADA RESOURCES FOR NONPROFITS	
CHAPTER 6	76
POLICIES AND REGULATIONS PERTAINING TO CANADIAN NONPROFIT ORGANIZATIONS	
CHAPTER 7	80
PHILANTHROPIC AND COMMUNITY SERVICE OF HORATIO ALGER LEADERS	
SPECIAL THANKS	114

FOREWORD

The Horatio Alger Association of Distinguished Americans is proud to publish *Investing in People and Communities* as a contribution to the betterment of governing and managing nonprofit organizations. We hope this book will be widely disseminated by our Members and friends of the Association to the charitable organizations where they serve as board members, donors, and volunteers.

Our Members make significant contributions through their time and philanthropic investments, which enhances the effectiveness of the nonprofit organizations upon which many people depend every day. All of us engaged with charities should expect even better results by sharpening the skills and commitments of governance and executive staff leadership. We see this as an investment in the future.

The Association's Board of Directors is committed to governing the Horatio Alger Association using the best practices of management and accountability. We have been honored to receive Charity Navigator's coveted four-star rating—the highest possible—for solid fiscal management.

For almost 75 years, the men and women who have received the Horatio Alger Award have shared common bonds of overcoming adversity and working hard to become leaders in their chosen fields. Regardless of how hard we believe we worked, we also know that we did not achieve our successes without the help of others. Many of us were inspired and mentored by a teacher, coach, neighbor, member of the clergy, or our first employer. We can attest to the people in our lives who helped us turn adversity into opportunity and achievement.

One of the criteria for receiving the Horatio Alger Award—and for receiving one of our scholarships—is a demonstrated commitment of service to others. This book's chapter of profiles of selected leaders of the Association provides fascinating testimony to the broad range of philanthropic and voluntary leadership roles of our Members. Whether through chairing boards of colleges, hospitals, museums, career and technical schools, or youth programs, the examples highlighted are replicated many times by the more than 325 Members of the Horatio Alger Association in the United States and Canada.

Our Members and Life Partners are active in their communities because they see a world they believe can be made better for others. They hope to leave it better than they experienced it as children. Through personal successes and failures, they—we—have learned the value of compassion for others. We want to make our individual and collective contribution to a stronger, more educated, and caring citizenry.

Nonprofit organizations are wonderful venues for channeling our philanthropic interests. Regardless of locale, we are fortunate to have countless charities that reflect our personal and family interests, whether they are centered in education, the arts, hospitals, youth development, hunger, senior citizens, literacy, or finding cures for diseases.

Through our active engagement on charity boards, however, we also know that charities are corporations that must be judiciously governed by their boards and effectively managed by executive staff. Our experience has been that mission-centered, and highly focused organizations are the ones that ultimately achieve results worthy of the time and financial investment of their donors and governance leaders.

We welcome your engagement in investing in people and communities.



**The Board of Directors of the
Horatio Alger Association of
Distinguished Americans**



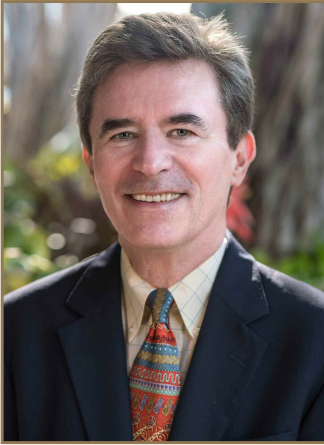
**The Board of Directors
of the Horatio Alger
Endowment Fund**



**The Board of Directors
of the Horatio Alger
Association of Canada**

ABOUT THE AUTHOR

Brian E. Foss



Brian Foss brings more than 40 years of experience in executive positions with national and regional nonprofit organizations. He served as Vice President of Independent Sector during Brian O’Connell’s leadership, Executive Vice President of the national office of The National Conference for Community and Justice (founded as The National Conference of Christians and Jews), and senior staff positions with leadership and educational organizations including Presidential Classroom, American University, and the National Association of Secondary School Principals. He served as a consultant to the Horatio Alger Association for 14 years.

Brian is a graduate of American University in Washington, DC, and has participated in professional development programs with the Center for Creative Leadership and Trustee Leadership Development. He has developed and facilitated countless training sessions in board governance and nonprofit leadership. A former recipient of the National Professional Performance Award from the American Society of Association Executives, he has served on numerous boards of directors of charities.

He currently serves on the Board of Directors and is Chairperson of the Governance Committee of The Community Foundation Martin St. Lucie. He provides strategic leadership and philanthropy training for CEOs, boards of directors, and philanthropists.

Brian has authored three books on governance and strategic management for the Horatio Alger Association of Distinguished Americans: *Investing in People and Communities*; *Governing Effective Nonprofits in the 21st Century*; and *Ten Traits That Make Nonprofits Great*.

How you can use

Investing in People and Communities in Governance, Management, Giving, and Volunteering

This book was written to raise questions and stimulate new thinking about the roles of boards of directors and executive staff of nonprofit organizations. The ultimate goal is to increase the effectiveness and accountability of charities that serve people and communities.

Perhaps you are on the board of your community's food bank, Red Cross, YMCA, heart association, hospice, museum, NAACP, college, Girl Scouts, Jewish Federation, preservation organization, church, or temple. If you are like many people, you are a financial donor to a wide range of causes and you serve as a volunteer for a few organizations that are close to your heart. Or perhaps you work at a local, regional, or national charity. Regardless of the role(s) you have in or with charities, you should aspire to:

- Maximize your time and talents as a governance or program volunteer.
- Contribute significantly to the fulfillment of the mission and the quality of the programs of your favorite charities.
- Ensure that the funds entrusted are used wisely and for their intended purposes.
- Expand the awareness of your favorite causes and the number of donors and volunteers.

Chapter 1 is an overview of the important roles of nonprofit organizations and the critical leadership roles of boards and staff in enhancing the effectiveness of charities and the quality of life of people and communities. Chapters 2, 3, and 4 focus on strategic ideas and best practices around governance, effective management, giving, and volunteering.

Chapter 5 provides some basic data about the size and scope of the United States and Canadian nonprofit communities. You may be quite surprised by what you learn! There is also a brief suggested resource list if you are interested in doing more research on the nonprofit sector.

Chapter 7 is an inspiring series of profiles of leaders who have achieved incredible success in their professions and made enormous contributions as philanthropists in their communities and around the world. These leaders of the Horatio Alger Association of Distinguished Americans have chosen to share their time and resources because they have a shared commitment to making our nations better than they experienced them as young people. Their common bond is that each overcame significant adversities prior to achieving the highest levels of accomplishment in their careers. We hope you will be inspired by their example, even as you look around your community for role models of success and a commitment to future generations.

As you read this book, think about the charities with which you serve as a board member, donor, program volunteer, or staff member. Select a variety of the articles in Chapters 2–4 and suggest to the organization’s CEO and board leader that at upcoming meetings of the board, agenda time be set aside to talk about one article per meeting as it pertains to the charity. Distribute copies of the article in advance and examine where the organization is in relation to the issues raised. Talk through what your organization could do to increase its effectiveness and focus on strategic directions for the future.

What might be some results of these discussions?

- Through discussing one article at each board, staff, or volunteer meeting, your organization will build a shared commitment to its mission and programs.
- Board and staff will have a deepened understanding of their individual and collective roles.
- People who are not truly committed to the mission and programs will drop away, thus creating new opportunities for people who have passion for the organization.
- Participation in board meetings should increase; research indicates that increased volunteer interest and activity correlates to their higher financial commitment.

In the “busy-ness” of the business of nonprofit organizations, too little time is devoted to the professional development of board and staff leaders. Investing 30 minutes at every meeting to explore governance, management, giving, and volunteering will yield a tremendous return on investment for the people and communities your organization serves.

CHAPTER 1

INVESTING IN PEOPLE AND COMMUNITIES

Investing in people and communities is a hallmark of the finest American values. We bring together our finite financial and infinite human resources to invest in the lives of people around us, whether they are strangers or friends. We strive to create and sustain communities that have excellent schools, programs that fulfill the needs of seniors and infants, robust arts and culture, and healthy places to work and enjoy life. We try to do this for our own neighborhoods, as well as for settings around the globe that we may never visit.



— Terrence J. Giroux, Executive Director
Horatio Alger Association of Distinguished Americans

Today's Nonprofit Sector

First observed and extensively acclaimed by Alexis de Tocqueville in *Democracy in America* in 1835, the nonprofit and voluntary sector has served as a model for evolving democracies. The evolution of the nonprofit sector has been gradual over the centuries and has now become a part of the American fabric.

Today, the charities in our communities contribute significantly to the quality of our lives in quiet but influential ways that help people realize their fuller potential.

Whether it is the life-changing experience of attaining a career or trade through our extensive community college system, the gift of Meals on Wheels for homebound persons, art museums that open a new world to people of all ages, or homeless shelters operated by faith communities, the nonprofit community touches every person from cradle to grave.

Thirty years ago, colleges and universities began offering a small number of courses designed to teach young people about management of nonprofit organizations. Students can now attain undergraduate and graduate degrees from hundreds of universities in nonprofit management, as it is recognized as a field that is informed by, but distinct from, the private and governmental sectors and requires specialized skills.

Most of us channel our giving and volunteering through the nonprofit sector. As you will read in the chapters that follow, we have developed this extensive third sector of society that complements and further enriches the private and governmental sectors. More than 12 million people—10 percent of the U.S. workforce—work full time with U.S. charities and nonprofit associations. With annual expenditures approaching \$2 trillion, the United States' 1.4 million nonprofits contribute 5.4 percent of the nation's gross domestic product. However, most of the nation's charities are relatively small, with 60 percent of organizations having budgets of less than \$500,000, and 92 percent having annual budgets of less than \$1 million. Be sure to explore Chapter 5, "Basic Data on the U.S. and Canadian Nonprofit Sectors and Resources for Nonprofits," for an overview of the size and scope of nonprofits.

The data helps us understand that investing in people and communities requires a tremendous amount of time and financial investment. Effectively managing and governing 1.4 million U.S. nonprofits requires not only the passion for the mission and commitment of the voluntary boards of directors, professional staff, and volunteers, but also the expertise, skills, and strategic focus of those who serve on the boards and staffs of nonprofit organizations.

Actualizing the mission and programs of charities requires effectiveness, transparency, and accountability.

INVESTING IN PEOPLE AND COMMUNITIES

This book is designed to help boards of directors and staff leaders enhance the capacities of nonprofit organizations.

Charities and nonprofit associations play critical roles in assisting people and communities to realize their maximum potential. Much can be learned by sharing best practices and policies that have helped transform good organizations into great organizations. The best leaders are perpetually in the pursuit of new knowledge and growth opportunities.

Effectiveness is the result of implementing strategies that have been tested and proven to be successful.

When titling this book *Investing in People and Communities*, the word *investing* was intentional. The author could have used the phrase *giving to people and communities* as we usually talk about giving to charities or making gifts to people and organizations. However, the focus of this book goes much deeper than giving to charities. Investing in people and communities is a different mind-set, urging all of us to engage more strategically in the mission and programs of

nonprofit organizations that we support. Investing requires more thought and commitment of the giver and raises the bar of expectations for results from the recipient organization.

Investing in an organization requires research with the type of discipline used in buying investments for your retirement fund. A careful reading of the Chapter 3 essay “Would You Buy Stock in Your Charities?” provides a set of criteria to consider before investing your time or money in any charity. If you are unsure where to begin investing in people and communities, reading the Chapter 4 essay “Give Five or Ten or One, but Get Started” provides guidance for your consideration.

We invest in nonprofits because we have seen the positive impact of charities on people’s lives and the communities where they live, work, and raise families.

The active engagement of community and business leaders is essential for sustaining a healthy and vibrant nonprofit sector. In turn, charities—through their board and staff leaders—have a serious responsibility to maximize the impact of the philanthropic, tax-exempt dollars that are invested.

Investors expect that charities should be mission-focused, well-managed organizations that make a significant difference in the lives of the people and communities the organization serves. Being “not-for-profit” does not negate that charities are corporations that should use the best principles of management, accountability, transparency, and effectiveness.

THE HORATIO ALGER ASSOCIATION’S COMMITMENT TO INVESTING IN PEOPLE AND COMMUNITIES

Founded in 1947, the Horatio Alger Association of Distinguished Americans is dedicated to the powerful belief that hard work, honesty, and determination can overcome all obstacles. The Association honors the achievements of outstanding leaders who have accomplished remarkable successes in spite of adversity. One of the criteria for receiving the Horatio Alger Award is that the person must demonstrate a commitment to others through philanthropic engagement as a significant donor and volunteer. Chapter 7 includes profiles of several of Horatio Alger’s leaders in the United States and Canada, each of whom has made significant philanthropic investments in their communities and around the globe. Their examples of selflessness and commitment are mirrored in each of our 325 Members.

Almost 40 years ago, the Horatio Alger Members determined that they would work together through the Association to support promising young people with the resources and confidence needed to overcome adversity in pursuit of their

dreams through education. Association Members, Life Partners, and Friends of Distinction have already provided more than \$180 million to 27,000 students and returning veterans to receive training and certification at career and technical schools or earn undergraduate and graduate degrees. Each scholarship recipient has addressed a serious adversity in life, has an excellent academic record, has held leadership positions, and has significant financial need.

Association Members strive to be role models and mentors for youth who might otherwise not experience a post-secondary education. Members' direct contact with scholarship recipients are part of their commitment that our nations are filled with promises and that any and all of us can achieve and be of service to our communities.

Many nonprofit organizations struggle with a question: choose a set of programmatic initiatives that touch a broad array of many people or go deeper with significant assistance that can change the trajectory of potentially fewer people. Based on its mission, the Association has elected to make strategic investments in young people that go far beyond writing a check for tuition. Our approach has been to invest in "the whole scholar" by providing strategic support services that make their post-secondary education possible. The Association's investment in young people is designed to go far beyond an education by building the capacity for a person to have a fuller and meaningful life that leads to service to others. The Members are committed to providing scholarship recipients with the tools to begin their journey toward the American Dream. They see this as an investment in America's future.

YOUR OPPORTUNITIES TO INVEST IN PEOPLE AND COMMUNITIES

A vibrant nonprofit sector buttresses democracy and undergirds the principles of freedom and economic opportunity for all people. Achieving those goals requires the active engagement of all of us.

There are countless ways that we can personally and professionally invest in people and communities. Whether you are currently serving on the board of directors or staff or as a volunteer for a nonprofit organization, we hope that this book will stimulate new thinking, enhanced best practices, and deeper personal and financial commitment to the organizations that are meaningful in your life.

There are no requirements to invest time and resources in people and communities. We do so out of our commitment to others and sense of caring about the future of our neighborhoods, nation, and the world. Your engagement with charities can provide an extraordinary opportunity to witness the endless acts of true patriotism, selflessness, and generosity that are demonstrated every day by millions of people. Please enjoy your journey in investing in people and communities.

CHAPTER 2

GOVERNANCE OF NONPROFIT ORGANIZATIONS

Accountability and Effectiveness of Nonprofits

The spotlight on leadership and ethics in government and corporations should shine equally on nonprofit organizations. Being not-for-profit or charitable is not an excuse for anything less than superb management, excellence in program delivery, and keen oversight of financial resources. The public is entitled to raise legitimate questions regarding accountability and effectiveness.

In the past few decades, the national offices of several large and well-known charities have experienced serious management, financial, or personnel scandals. These organizational nightmares forced their governance boards to reexamine their oversight and implement new policies and practices in order to restore the public's trust.

Scandals at charities are particularly heinous because they create an atmosphere of distrust for all charities and give people an excuse to not write a check. Is it fair to hold nonprofit organizations to high standards of accountability? Absolutely. The public should settle for nothing less.

Who is responsible for ensuring that charities are effectively governed and managed? The board of directors. Yes, nonprofit board members are volunteers (with the exception of some nonprofit hospitals and foundations that pay their board members), but in accepting a board position, board members are the legal fiduciaries of a tax-exempt corporation. When problems arise, board members often say, "We were out of the loop and not given enough information to make good decisions; we're just volunteers."

Board members often overlook that they are legally responsible for the actions—and debts—of the organization. Board members often fail to see the parallels of serving on a corporate versus nonprofit board. Each requires an unflinching commitment to accountability and effectiveness, and to ensuring a balanced budget.

The problem can be compounded if the CEO is the founder and has recruited friends as board members who in turn think of it as "their organization" rather than as a charitable organization created for the public's benefit. As debts pile up, the CEO is quick to note "the board hasn't raised the funds needed" while the board proclaims, "the debts didn't happen under my watch" or "the board doesn't have control over finances."

How can a nonprofit board and CEO move to accountability and effectiveness in its governance and management? A few key questions for board members to consider:

- Is the board governing and the CEO managing (and does each party know the difference)?
- Are there a sufficient number of board meetings—and enough time set aside at the meetings—for the board to provide appropriate policy and fiscal oversight?
- Is the board acting on one of its most important roles in the recruitment, annual evaluation, and oversight of the CEO?
- Does the board understand the business of the organization and insist on a realistic business plan and number crunching to support the business?
- Do board members ask, “Would I do this in my own business?”
- Is the board reviewing and discussing financial statements at every meeting?
- Is there adequate time on the agenda for inquiry on critical issues raised by any board member, versus being told “that’s handled by a committee, don’t worry about it”?
- Is the board supportive of, but independent in decision making from, the CEO?

There is a wonderful adage that board members and CEOs ought to believe enough in the mission, programs, and effectiveness of the organization that they would buy stock if it were a publicly traded company.

Most nonprofit organizations do a tremendous job every day in meeting critical community needs and doing so within budget. They are staffed by selfless, dedicated professionals. They are governed by wonderfully committed board members who are generous with their time, talents, and financial treasures. Public mistrust generated by scandals at charities unfairly taints the great work done by most charities. The public—all of us—should insist that every charity be governed and managed with the highest standards of accountability and effectiveness.

For more information on this topic, refer to the chapter “Preparing for Effectiveness of 21st-Century Nonprofits” in Governing Effective Nonprofits in the 21st Century, and the chapter “Are Committed to Excellence” in Ten Traits That Make Nonprofits Great. Both books, written by Brian Foss, are published by the Horatio Alger Association. Visit the website of the Horatio Alger Association at horatioalger.org and click on the tab “Publications and Research.” There is no cost to download the books or chapters.

Creating a Job Description for the Ideal Nonprofit Board Member

Charities are only as effective as the board and staff who provide leadership in addressing the mission and executing the programs and services of the organization. Contrasted to their staff counterparts, most organizations do not provide their board members with a job description or have a clear set of expectations for their service.

All board members should understand the expectation that they are to give money, and lots of it. Often. Enough cannot be said about the importance of board members being the first, most generous, and consistent donors. If a board member is not investing financially in the organization, why would they expect anyone else to do so? Yet some board members do not give and do not think they need to. In some instances, this is because the board members were never given a set of clear expectations for their service, or the CEO and board chair never had a forthright conversation regarding the full array of expectations—including financial—for serving on the board.

Thus the need for a job description for every member of the board and, if serving as a committee chair or officer, an additional job description for those roles. What are the key elements of a nonprofit board position description?

- The first responsibility of board members is to be stewards of the public trust. As a board member of a tax-exempt organization created to serve the public good, nothing ranks higher than seeing one's self as a trustee of the mission and resources of an organization.
- As a legal fiduciary of the corporation, every governing board member is responsible for ensuring the charity prepares monthly financial statements; is audited annually; reviews the United States IRS Form 990 prior to its submission (which has an extensive set of questions regarding required policies that must be in place); files appropriate documents with applicable state and federal agencies; has a state-of-the-art human resources program in place for staff; and uses best practices in developing, implementing, and evaluating the programs and services of the organization.
- Board members review both the income and expenditures of the corporation, ensuring that the income sources are diverse and that the annual budget is built on an annual business plan developed by management and approved by the board. The business plan must be built on realistic expectations based on the past and the current environment, not a wish list.

- A meaningful annual gift should be expected but should not be set as a minimum amount for each board member, as that does not reflect the varying giving capacities of board members. Board members also engage in raising funds through their relationships.
- Many nonprofits have missions that are broad and could be executed through a wide range of programs and services. Good board members help to keep the organization focused on doing what the organization does best and in a manner that is not competitive or repetitious of similar organizations in the community. That focus keeps the organization from diluting its best work and resources, despite the temptation to do new things because they are different or new. That guardianship role of the mission is critical—and missing in too many organizations.
- Effective board members must have personal or professional passion for the organization’s mission and can easily talk about the programs and services with enthusiasm. If you don’t have passion for the organization, resign and find a cause that excites you.
- Board members set the strategic directions for the charity’s future and proactively plan how to achieve those future directions through setting measurable strategic goals and objectives.
- Great board members ask the CEO, “What can I do to be of most help to this organization and to you?” A great board member is ready to follow through on the commitments made and occasionally contacts the CEO to ask, “How are things going? How are you? What can I do that would be most helpful to you?” In return, the brightest CEOs suggest tasks that are strategic to the organization’s work and future, not busy work that is a poor use of the board member’s time.
- The best board members constantly introduce new people to the organization and find ways to engage them through becoming donors, volunteers, or serving on committees or the board. Some organizations refer to their board members as “ambassadors to the community” in creating goodwill, expanding awareness, and bringing new resources.
- Good board members are allies and advocates for the CEO, assuming such support is merited. If the CEO is not effective, board members should remember that one of their functions is the hiring, nurturing, and annual performance evaluation of the CEO; they should direct their concerns within the evaluation process, if not sooner. Boards should also be appreciative of the vital roles of the staff and volunteers, always encouraging the CEO to develop the talents of the staff through professional development opportunities (including providing such funds in the budget).

- Creation of policy is a unique responsibility of boards, contrasted to staff, volunteers, and donors who often attempt to create policy. Only board members are the legal owners and fiduciaries of a not-for-profit corporation.
- The best board members understand the difference between governance and management and govern through transparent processes. They keep other board members in check when they wander into the staff's management role.
- Great board members ask good questions in appropriate settings at appropriate times to expand the thinking of the board regarding the organization's mission, effectiveness, accountability, and the unique roles that it plays in fulfilling its reasons for existence.
- Board members actively participate in board and committee meetings and attend programs offered by the organization to the public.

If your organization does not have a job description for board members, create one, perhaps by using the above points and others that may be pertinent to your organization's circumstances. Every board member should receive a copy of the job description annually, with a copy to sign and return to the board chair affirming the member's commitment for the next year. Such a checklist is an excellent way to be reminded of your responsibilities and to determine areas on which you may need to focus in the year ahead.

For more information on this topic, refer to the chapters "The Role of the Board," "The Board and the CEO," and "The Board and Fundraising" in Governing Effective Nonprofits in the 21st Century, and the chapter "Have Board Members Who Want to Participate and Give Generously" in Ten Traits That Make Nonprofits Great. Both books, written by Brian Foss, are published by the Horatio Alger Association. Visit the website of the Horatio Alger Association at horatioalger.org and click on the tab "Publications and Research." There is no cost to download the books or chapters.

Before You Say “I Do”

The conversation usually goes like this: “You need to join the board. You will like it. It’s not a lot of work, very few meetings, and the staff does all the work. There are some good people on the board you should meet.” You start receiving meeting notices and find yourself serving on the board of a charity. Congratulations, maybe.

Before you say “I do” to joining any charity’s governing board, you need to step back, ask a series of questions, do some research, and learn about the organization. **The most important questions are:**

- Why me?
- What is motivating me to serve on *this* board?
- Do I understand the mission and work they do?
- If I understand it, is it something I really care about?
- What do they expect from me?

Assuming you know the answers to the above questions, decide if you are willing to fulfill the five reasons people are asked to join a charity board:

1. Your money and time
2. Your contacts
3. Expertise you can contribute to the organization
4. More of your money and time
5. More of your contacts

If you can’t or aren’t willing to fulfill all five criteria, you are not ready to say “I do.”

Also consider these questions: How do people you know and trust feel about this organization, if they know about it? Is the organization serving an important role in the community, does it have a unique niche, or is it hard to distinguish from other organizations that do similar things? Could you explain what it does in a 30-second elevator ride with a colleague? You are going to be asked to give your

own money—and get more from others—so you need to be able to easily talk about the organization’s mission and work. Do you know and respect the members of the board? Is serving on the board the right role for you at this point in your life?

If you are still interested, great. Your community’s nonprofits need strong leaders, and most communities need a broader set of leaders, as many boards overlap. Therefore, adding new voices with new ideas and new relationships would be helpful for your community’s charities.

Time for your homework. Before you say “I do” you need to:

- Have a one-on-one meeting with the CEO and determine if the leader has “the vision thing” for the organization. If the CEO doesn’t, no one else will. This person needs to show some strong leadership attributes.
- Have a one-on-one meeting with the board chair to discuss the expectations of the job (yes, it is a job!). Is the board chair someone you feel comfortable with? Does the chair seem to know what is going on in the organization?
- Ask for a position description for board members and a list of the expectations to serve on the board.
- Ask for copies of the last two audited financial statements, the last three sets of board minutes (how is board attendance and do the issues discussed in the board minutes interest you?), and a copy of their United States IRS Form 990 (the equivalent to a tax return).
- Does the organization provide Directors and Officers Liability Insurance?

Read and study everything. Through the 990 and audit, you can get a handle on the organization’s finances, their top salaries, and how much is being spent on administration versus programs; in short, you can determine if the organization is fiscally healthy. Have they been running deficits and do they have an endowment or reserves? Is the CEO someone you feel very comfortable supporting and introducing to your friends? Are you ready to financially invest in this person’s vision? Other than money and contacts, how can you help this organization?

There are numerous ways to check out the charity via unbiased sources. You can review the charity with Charity Navigator, at charitynavigator.org, or candid.org (sponsored by the former Foundation Center and GuideStar).

Congratulations for completing your due diligence. You won't regret it. Now go back to the beginning and ask yourself again, "Why am I doing this?" One hopes you now have a solid set of reasons, and this could be the start of a wonderful and fulfilling long-term relationship.

For more information on this topic, refer to the chapters "The Role of the Board," "The Board and the CEO," and "The Board and Fundraising" in Governing Effective Nonprofits in the 21st Century, and the chapter "Have Board Members Who Want to Participate and Give Generously" in Ten Traits That Make Nonprofits Great. Both books, written by Brian Foss, are published by the Horatio Alger Association. Visit the website of the Horatio Alger Association at horatioalger.org and click on the tab "Publications and Research." There is no cost to download the books or chapters.

Charities' Responses during Challenging Economic Times

Nonprofit organizations experience economic ups and downs as do other segments of the economy. In recovering during challenging economic times, for-profit corporations have some advantages over nonprofits, because corporations have an easier time borrowing capital and can issue additional shares of stock to get back on track. Historically, corporations are nimble in quickly right sizing their staff and are less human-resource dependent than nonprofit organizations, which typically expend up to 70 percent of their resources on maintaining their workforce because they focus on delivery of programs and services rather than the “goods” of many for-profit companies.

Especially in tough times, charity boards and staff must carefully reexamine whether they are focused on their most critical mission-centered priorities and be willing to shelve programs and projects that are not essential to their survival. Contrasted to corporate boards, nonprofit boards are not known for acting swiftly. A corporate CEO colleague who became deeply engaged with charities once shared a story of his perspective on how for-profits and nonprofits react to tough economic conditions. He said, “In our company, if one of our products had fallen 5 percent in sales in a quarter, we would convene a meeting of our senior global team within 48 hours. We would lock ourselves in a conference room until we had a plan to tackle that problem and begin implementing it immediately. In the nonprofit sector, my experience is that a similar economic problem would get raised at a board meeting, deferred to a task force that would be asked to report back within 90 days to the full board, and then be debated for at least another meeting or two until final action was taken.” Sound familiar? His analysis is too often experienced in the nonprofit sector.

The board of directors is the leadership vehicle for making the policy changes that are required for organizations to fulfill their mission. During economic downturns, smart nonprofits will recognize that there may be structural changes required in the way they will be funded for the foreseeable future; to go on with business as usual could be costly. A clear action plan and communication plan to donors and the public needs to be developed.

Tough times bring out the best, and worst, in board members stepping forward with even greater financial commitments to ensure that the organization remains solvent and delivers on its promises. Beyond the board members, think about the educational, cultural, and human services organizations that define and make your community a special, and better, place to live. They will all need your support.

Keep in mind that even modest contributions make a big difference. If thousands of us don't renew memberships to our favorite museums or make gifts to effective local and national charities, we may be putting those organizations at serious risk.

As fiduciaries:

- The board is charged with having a plan for tough economic times.
- Challenging financial times present opportunities to merge with similar organizations that share your mission.
- A financially driven reassessment of a charity is not inherently a bad thing. Although painful, it forces the board and staff to reassess what is central to the mission and values of the organization, and to envision the programs and services that are core to fulfilling that mission.
- Tough times force the questions, "What must we do and do strategically?" contrasted to, "What would be nice to do if we have the money and time?"

As a board member or donor to a charity, these are the questions you should be asking regardless of the economic climate. They are equally important in good economic times because they address the central issues of any nonprofit organization.

Financial oversight is one of the many responsibilities of trusteeship. Serving as a trustee or director of a charity should be a joyous, fulfilling, and selfless act, but with that responsibility comes accountability and the public trust.

Tough times—and good times—require creative approaches and new strategic thinking, but, most important, they require the active engagement of all of us. Be a part of the solution.

What Does Diversity Mean for Nonprofit Boards?

What does diversity mean for nonprofit boards and staffs in the 21st century? Does it have a “feel,” a “look,” or is it a “voice”? And why are many nonprofit organizations focused on being diverse? Diversity for the sake of diversity is hollow if it does not bring with it full inclusion of each board member. Russell Reynolds Associates states it this way: “But diversity for its own sake falls short of both the need and the opportunity. An evolution is under way, and boards are now beginning to realize that it is the breadth of perspective, not the mere inclusion of various diverse traits, that benefits the organization.”

There are passionate viewpoints regarding the importance of diversity in governing and managing nonprofit organizations. The National Council of Nonprofits states, “Having a board with diverse perspectives is critically important. Each person will bring his or her own personal and professional contacts and life experiences to their service on a nonprofit board. With a diversity of experience, expertise, and perspectives, a nonprofit is in a stronger position to plan for the future, manage risk, make prudent decisions, and take full advantage of opportunities. A diverse board that is also sensitive to cultural differences is usually one that has a stronger capacity to attract and retain talented board members—as well as be in touch with community needs.”

What is the strongest rationale for diverse charity boards and staff? To most effectively address any organization’s mission, a diverse set of perspectives is required, including diversity of race, gender, culture, age, and so forth. Yet the tremendous benefits that diversity can bring to an organization’s governance and management are often lost because the diverse perspectives around the board table (1) are neither sought nor heard or (2) are quickly dismissed. Too often, the agenda and meetings are so tightly controlled by a small number of board members that the potential for greater effectiveness that diversity might bring quickly vanishes.

Ideally, a nonprofit board of directors should strive for diverse perspectives from a cross-section of the leadership in the communities it serves. Given the unique role of a governing board and its fiduciary responsibilities, the focus should remain on attracting community leaders who bring skills that are critical to the effective governance and strategic decisions that are the sole responsibility of the board of directors. Every charity should be committed to inclusion of diverse board leaders, contrasted to specific exclusion based on the characteristics each of us holds.

The 21st-century mind-shift should expand from seeking diversity to seeking diversity with inclusion. A focus on inclusion can bring the best aspects of diversity but adds the dimension of all leaders being engaged, being heard, and using the skills and perspectives of the diversity of the board. Inclusion requires sharing the responsibilities of leadership more broadly and making certain that key committees and decision-making processes include diverse people and voices. Many organizations feature on their letterheads what appears to be diverse boards, but the real question is whether they are inclusive and use the gifts and talents of that diversity. The National Council on Nonprofits weighs in: "Boards that are not diverse risk becoming stagnant: if all of the board members travel in the same social circle, identifying and cultivating new board members will be a constant challenge."

One national nonprofit, the Horatio Alger Association of Distinguished Americans, addresses diversity and inclusion in its diversity statement and requires adherence across all constituencies: "The Horatio Alger Association values diversity and is committed to creating an inclusive environment for all employees. The Association is an equal opportunity employer that does not discriminate on the basis of race, color, religion, creed, sex, gender identity, sexual orientation, marital status, parental status, national origin, political affiliation, age, disability, or any other protected status . . . is also committed to maintaining an environment that encourages and fosters appropriate conduct among all persons and respect for individual values. The Association's policies extend beyond its staff to its Members, Scholars, Alumni, volunteers, associates, contractors, vendors, and affiliates."

Effective leaders welcome inclusion and inclusive practices into an organization, while weak leaders are often threatened by inclusion. Inclusion requires a willingness to listen and let others be heard . When used wisely, inclusive practices expand awareness of an organization and its circle of supporters.

What can you do to promote diversity and inclusion while serving on a board?

- Ensure that the board and its senior staff are diverse by proactively recruiting diverse leaders who value inclusion.
- Structure meetings to encourage full participation by every board member, allowing sufficient time for members to raise questions and comment on strategic initiatives and directions.
- Engage every board member, not just the executive committee, in the governance of the organization.

A critical caveat in achieving diversity of perspectives: to be successful, governance boards must create and operate within a climate of respect and trust. Effective organizations operate within the constraints—and opportunities—of an agreed-upon mission statement and set of programs and services. Any person invited to serve on a governing board should be clear regarding a personal commitment to the organization's mission and strategic directions. It is important for the nominating or governance committee to consider whether a candidate for the board has both the commitment and the temperament to work effectively as a team member within the board. Diversity of perspectives is critical, but it includes a commitment to working together for the good of the organization, which will ensure the effectiveness of a governance board.

CHAPTER 3

EFFECTIVE MANAGEMENT OF NONPROFIT ORGANIZATIONS

Who Does What? The Nonprofit Board and CEO

Conventional wisdom is that nonprofit organizations fail because they run out of money. However, history shows that organizations run out of leadership long before they run out of money.

A successful charity must have:

- A mission that is compelling and an approach to fulfilling that mission that is understandable and easily embraced by others.
- A board of directors that is committed to the mission and willing to invest time, talent, financial treasure, and trust.
- A CEO with vision, yet grounded in managing an organization and able to motivate a board, staff, and donors.

Vaults of money cannot overcome the absence of any of these foundations in sustaining and building an effective nonprofit. Money and mission aside, the downfall of many nonprofits occurs when there is confusion or conflict regarding the roles of the board and the CEO.

The most effective organizational structure is one in which the board governs, creates policies, and sets strategic directions, and the CEO manages. Unfortunately, boards often prefer to tell the CEO how to manage the organization, and the CEO prefers to set policy rather than execute it. The central roles of trusteeship are governing and holding the CEO accountable for policy implementation and good management.

Among the most important tasks any board undertakes are hiring, nurturing, and annually evaluating the CEO. Too many boards act only as a support group or cheerleading squad to the CEO, forgetting that board members are the legal owners and fiduciaries of the nonprofit corporation. They need to support the CEO if such support is merited, but their roles are very different.

Finger pointing arises when there are no clearly written expectations for board members and the CEO. Too few nonprofits provide their board members with a written job description and expectations, as discussed earlier in this book. Just as the CEO should have written goals, objectives, and an annual evaluation, the board's nominating or governance committee should assess the commitment of each director before reelecting them to another term. There are diverse perspectives on best practices regarding the number of years and terms a board member should serve. Given the breadth of sizes and types of nonprofits, "one

size does not fit all” on the matter of board terms and years of service. For any nonprofit, the best practice is to have an effective annual board evaluation of each member to determine if each person is fulfilling the expectations for board service. If there is an excellent annual board assessment, and the governance committee enforces the findings, the issue of years and terms of service will become self-evident.

Effective CEOs commit significant time to the “care and feeding of the board,” acknowledge and recognize the multiple forms of the board’s contributions, and understand the value that good trusteeship brings to the organization. Excellent charities are not referred to as “Pete’s organization” or “Sally’s group.” The best CEOs never attempt to make it “my organization,” as they understand they are temporary stewards of the organization’s mission and work. Self-aggrandizement blurs the mission, makes it tough on successors, and nullifies the important role of the board, donors, volunteers, and staff. CEOs who are serious about creating an effective organization build the support of others and recognize the value of their board and donors, rather than focusing on seeing themselves in the society pages. A charity is supposed to be about its mission and the people it serves, not its staff leader.

In turn, effective boards fairly compensate the CEO, never refer to him or her as “our hired hand,” and recognize accomplishments and leadership skills. Smart boards also make certain that CEOs, especially long-standing leaders, are in a constant learning mode by sending them to advanced corporate or nonprofit leadership training and professional development opportunities. Unfortunately, in tough times, the first budget item that boards cut is staff training, which might be the most important investment they can make.

The board must also initiate an honest dialogue that permits the CEO to discuss the challenges and opportunities of the organization without fear that such a conversation indicates weakness on the CEO’s part. Some organizations intentionally hold executive sessions (off the record) with their CEO to ask the simple question, “what keeps you awake at night?” in order to have honest conversations regarding the challenges of the organization. Every CEO and organization would benefit enormously from such honest conversations.

Ultimately, the board and the CEO must create a partnership of mutual respect. That includes (1) the board recognizing that the CEO is the valued leader of the staff, volunteers, and donors, and (2) the CEO demonstrating that the board is the fiduciary partner, always keeping the board fully informed of the good news as well as the problems facing the organization.

Effectiveness of any charity ultimately depends on the leadership skills and commitment of the board and CEO. Developing that relationship is worth investing time and trust. Don’t let your favorite charities run out of leadership before they run out of money.

For more information on this topic, refer to the chapters “The Role of the Board,” “The Board and the CEO,” and “The Board and Fundraising” in Governing Effective Nonprofits in the 21st Century, and the chapter “Have Board Members Who Want to Participate and Give Generously” in Ten Traits That Make Nonprofits Great. Both books, written by Brian Foss, are published by the Horatio Alger Association. Visit the website of the Horatio Alger Association at horatioalger.org and click on the tab “Publications and Research.” There is no cost to download the books or chapters.

Nonprofit CEOs: Ability to Walk on Water Highly Desirable

What are the attributes of the ideal nonprofit CEO? When searching for a new CEO, smart nonprofit boards include “ability to walk on water highly desirable” in their advertisements.

Stellar nonprofit CEOs have “vision with a plan,” contrasted to fantastic ideas that are unattainable. The “vision thing” truly distinguishes a leader, but only when that leader can bring committed board leaders, staff, donors, and volunteers into the organization, share that vision, and let everyone own a piece of it.

Great CEOs see themselves as the temporary stewards of the organization’s mission, programs, and services. They do not own the mission of the organization; rather they see it as a position of public trust. They champion the mission as central to every action of the organization.

The best CEOs are focused on building the capacity for an organization to meet future needs. Capacity is built by hiring staff that complements—and supplements—the CEO’s skills. Excellent CEOs nurture and support the staff and confidently delegate work so that staff members will learn, grow, and excel in their jobs. Capacity is further realized by deeply engaging volunteers through board service that sets the policy direction of the organization and volunteers who become invested in program delivery.

A great CEO has an ego capable of giving credit to others and sharing broadly in the visibility of the staff, board, and volunteers to the community and media. For example, the CEO understands that in a photo that represents the organization, there is always someone—a board member, staff person, donor, volunteer, or client—who is far more important and more in need of being central in the photo than the CEO. Checked egos also encourage collaboration with other organizations, which saves money and increases overall capacity.

Among key attributes of the nation’s best charity CEOs:

- They understand the difference between what is urgent and what is important, as defined by author and leadership expert Stephen Covey.
- Beyond vision, they focus their role on strategic decision making. Without an emphasis on “strategic,” CEOs simply spin and spin.

- They have the ability to speak and write passionately about the mission and work of the organization and, although they are often the face of the organization, they understand that their purpose is the advancement of the programs, not self-promotion. There is a delicate balance between being known as the best advocate for a cause and making sure it is about the cause, not the CEO.
- They spend a significant amount of time working one-on-one and in small groups of the board of directors, bringing out the strongest talents and capacities of each board member. They understand and value their partnership with the board members and keep them informed at all times of the good—and challenging—issues facing the organization.
- They model professional and personal behavior in their interactions with boards, staff, volunteers, and donors. They inspire others to bring out their best gifts and talents for the organization.
- They are not shy to ask for help from others, including financial assistance, to ensure program success.
- They surround themselves with staff who complement and supplement the CEO's attributes, and they hire people who know far more about the area of expertise than the CEO. Such leaders do not suffer from control issues; they know what they don't know and hire people to fill those voids.
- They are able to balance passion for the cause with securing and managing the finances required to support that cause.

The most overlooked trait of a great CEO is the ability to be nimble. Nimbleness is about being able to quickly and effectively adjust and adapt to the mission with integrity in a constantly changing environment.

There are two equally essential factors in deciding whether to financially support a charity or to work for it as a volunteer or staff person: a charity must have a mission that speaks to your soul, and a leader capable of making it happen. One without the other is not enough. As you consider supporting charities that can make a difference in your community, look for organizations that have (1) great missions that resonate with you and (2) leaders who have the gifts and talents to realize your appropriately high expectations. It is all about leadership. Tall orders, even for those who can walk on water.

For more information on this topic, refer to the chapter "Have an Important Mission with a Great Leader" in Ten Traits That Make Nonprofits Great. The book, written by Brian Foss, is published by the Horatio Alger Association. Visit the website of the Horatio Alger Association at horatioalger.org and click on the tab "Publications and Research." There is no cost to download the book or chapters.

Would You Buy Stock in Your Charities?

Most of us have a finite number of dollars to give to charities, and therefore we ought to be careful how we invest those funds. Perhaps the best way to consider whether to make a charitable gift is to ask, “If this group was a company, would I buy stock in it?” Your charitable giving should follow the same principles you use in investing in the markets.

When thinking about what makes a charity worthy of your investment, consider these five questions in the same way that you research a company before buying stock:

- Is this charity the best in its class? Most nonprofits have competitors who do the same or very similar work. Doesn't it make sense to invest in organizations that do the best work? You wouldn't buy stock in a company that you thought was not the best of its type, so why would you invest charitable dollars any differently?
- Is the organization meeting its stated purpose for existence? If you don't know the answer, do some homework on the organization. It is amazing how many charities fall short of addressing and attempting to fulfill their mission. (You should be able to find the mission statement on their website.)
- Is the charity being governed by people you respect? Do they appear to be deeply engaged in fulfilling the mission? Are they also major donors to the organization? If the board members aren't major investors, why would you invest?
- What do you know about the staff leadership? Is this a stable and growing organization led by women and men who are managing and leading the charity wisely and effectively? Would you invest in a company if you knew nothing about its management and their capabilities to deliver?
- Does this charity have a vision for its future? Do the leaders know what they want to be doing in the years ahead? Do they have a strategic plan or business model to achieve that vision? You don't buy stock based on a company's accomplishments ten years ago, you buy stock based on a belief that the company has a future. Charities are no different.

There are countless charities in your community and around the country that are worthy of such investments.

Standard investment advice suggests that one should invest in a diverse range of companies to spread risk and not be overly dependent on a few companies. Similarly, most of us have the resources to invest in only a discernible number of charities. Those charities ought to track our personal and family interests so that we have passion for those causes and are excited about making a difference. Most of us invest in causes that have special meaning to us: our alma mater, an organization focused on a disease that afflicts a loved one, our faith community, programs that we have observed doing good work with the poorest among us, a museum or gallery we enjoy, or the type of music we love, to cite just a few.

Effective charities share common characteristics: a meaningful mission, a committed board of directors, a visionary staff leader, and best-in-class programs and services. They appear—and function—as blue chip investments and give the community dividends beyond measure.

Is it fair to hold charities to such high standards? Absolutely. Although charities are not-for-profit businesses, they ought to be run efficiently and effectively. Almost all charities are entrusted with taxpayer funds, enjoy tax-exempt status, and receive tax-deductible gifts. More important than tax issues, charities exist for the public good and millions of us are counting on them to fulfill their societal purposes. That's an even heavier burden than a for-profit corporation. Invest wisely and generously.

You Want to Start Your Own Nonprofit?

Countless people see a problem in their communities or around the globe and conclude, *I want to do something to solve that problem and I know how to do it. Unhappily, too many well-intentioned people determine that the only way to solve that problem is to start their own nonprofit organization.*

The United States federal government makes it easy and relatively inexpensive to create nonprofit organizations. The Internal Revenue Service is the gatekeeper and licensor of a vast array of nonprofit organizations ranging from your condominium association to the Red Cross, US Chamber of Commerce, The Asia Society, your house of worship, and Save the Chimps. Many nonprofits are not charities (e.g., your condo association and the local chamber), but they enjoy tax-exempt status even though you can't deduct donations to them (if you still itemize) as you can with charities such as your local food pantry or the Arthritis Foundation. If you want to start a charity, don't overlook the fact that, in addition to the IRS, you will need to be licensed through your state government.

There is no doubt that most nonprofit organizations improve the quality of life in our communities by making it possible for people to go to college or a career and technical school, breathe clean air and drink clean water, cure horrific diseases, comfort lonely seniors, save plant and animal species, introduce children to ballet, and feed the hungry. The lists of incredible accomplishments are truly endless.

However, those accomplishments are created by more nonprofits than you can imagine. Based on 2018 data, the U.S. IRS has granted tax-exempt status to more than 1.4 million nonprofit organizations, of which 1 million are 501(c)3 organizations. In some years, more than 80,000 new nonprofits are approved by the IRS. A 2019 study by the Center for Civil Society Studies at Johns Hopkins University found that 12.3 million people, representing approximately 10 percent of the total US workforce, are employed by nonprofit organizations. Despite the growth of charities, tens of thousands go out of business each year.

For example, if you love chamber music, do you really need to start a charity to support chamber music, or can you simply rent a hall or community center and enjoy playing and/or listening? A lawyer and his wife wanted to start a charity to donate school supplies to local classrooms. Despite my pointing out to him that the community already has several organizations that do this, he insisted his idea was different. A young man said he needed to start a charity so local kids could play water polo. His eyes glazed over after I asked him if he had considered the costs of liability insurance, audits, and his ability to raise money.

Before you conclude that you have to start a new nonprofit organization to solve a problem in society, please consider a few questions:

- Do you need a nonprofit organization to accomplish what you want to do or can it be resolved another way, perhaps working with an existing charity?
- Is a charity the only way to solve the problem, or can it be addressed through a business or government entity?
- Who is going to pay for your idea? Do you personally know enough people who are willing to underwrite expenses for the first several years of your organization's operations?
- Have you considered the infrastructure costs of operating a charity, including staff, office space, accountants, auditors, liability insurance, in addition to the actual costs of running the programs and services you want to provide?
- Can you join efforts with an existing organization to accomplish what you are seeking?
- What is unique about your idea?
- Are you qualified to run a charity? Can you foresee having the energy to sustain the organization for a long time?
- Are you assuming that someone else is going to pay for your expenses (county or city government, foundations, corporations, the public)? Do you know how to raise money, write grants, or are you planning to pay for all of the costs yourself?

If after considering all of these questions, you conclude that you really do need to start your own nonprofit because no other organization exists to address the need, go for it. Be sure to use the above questions in formulating your mission, developing your board and staff, and creating a multiyear business plan with sufficient funding to realize your aspirations.

The charitable impulse is wonderful and noble, but the likelihood is that you can channel that enthusiasm among at least one of the existing 1.4 million nonprofits without starting your own.

Stewardship: What Do You Say after “We Love You”?

Charities receive all types of revenues: large, small, grants, contracts, planned, in-kind, checks, stock transfers, pledges, membership dues, bequests, event ticket sales, memorial gifts, and more. The ways your organization responds to funding impacts whether that donor makes future contributions and tells friends about your organization. How you invest those funds in the mission, programs, and services creates a favorable, or unfavorable, reputation that determines whether donors make future investments.

Boards and staffs of nonprofits spend an inordinate amount of time figuring out how to raise money to cover the annual budget and long-term dreams of the organization. Board meetings often include lengthy discussions regarding meeting the budget, the next fundraising event, the status of grants and contracts, and the need for everyone to write bigger checks and identify new donors.

Too little time is spent discussing the best ways to acknowledge gifts and the people and institutions behind those gifts. The organization sends a thank-you letter because the IRS requires written acknowledgment of gifts larger than \$250. The letters range from personalized notes from the CEO regarding the importance of the gift in advancing the organization’s mission to impersonal form letters from accountants.

Stewardship is the art of figuring out what to say to donors after “we love you.” Stewardship is the process of ensuring that the investments in your organization made by individuals, foundations, corporations, and government are being prudently and effectively used for the purposes they were given. Good stewardship ensures you will do this wisely, effectively, within budget, and on time. Too many nonprofits are ineffective at stewardship because they have never had serious discussions regarding its importance. If focused on effective stewardship, their fundraising would not be as challenging, expensive, and time consuming.

Stewardship has many stages, including:

- Thanking donors for their gift.
- Keeping donors regularly informed about the work of the organization.
- Getting to know donors by listening to them and learning why they care about your organization.

- Cultivating those donors to make consistent and increased investments annually, perhaps in perpetuity through a bequest.

This is what your board and staff can do to promote good stewardship:

- Create an annual stewardship plan, including a gift acknowledgment system (letters, phone calls, face-to-face meetings) appropriate for the type of donor (individuals, foundations, corporations) and size of gift.
- Tell your donors why you exist, what you are trying to accomplish, that they are vital partners in your mission, and how their investment makes that happen.
- Talk about results, outcomes, changed lives, number of clients served, successes, and how capacities increased.
- Find out why your donors give to your organization. Let your donors do the talking. Your role is simply to ask, "Why do you give to us? What do you know about us?" People love to talk about themselves. Let them.
- Go out of your way for corporate donors. Splash their names everywhere, give them exposure on your website and in newsletters. Invite their senior staff to your facility, go to their offices. Give them a plaque for their lobby. Love on them unceasingly but don't spend too much money doing it.
- Communicate to your foundation donors about results and outcomes of their contributions. Six months into a grant, ask for a face-to-face meeting and present a 15-minute update on what is happening in your organization, including the impact of their grant.
- Recognize donors effectively to motivate others to want to see their names on the benefactor wall.
- Acknowledge gifts from your board leaders. They should be your best donors and strongest planned-giving prospects. Yes, it is an expectation that they will be generous, but don't forget to acknowledge their gift appropriately.
- Occasionally communicate without asking for money. Share something that demonstrates you are working hard and spending their money wisely. If you have a new program, send an announcement. Assure your donors that your organization is fiscally healthy but needs their financial help. If you have a bad year financially, tell them why, and why you need their help.

Ultimately, good stewardship goes far beyond telling donors you love them. It's about results and donors becoming lifetime investors in your organization and feeling that they have a vested interest in the outcomes of your work.

Wanted for Your Nonprofit: Mother Teresa, Bill Gates, and Superman

When it comes to selecting CEOs to lead nonprofit organizations, we aim for a blend of Mother Teresa, Bill Gates, and Superman. The leader has to have the humility and compassion of Mother Teresa (willing to work at a nun's salary), the business acumen and foresight of Bill Gates (and donate his salary back), and the ability to perform miracles daily like Superman (he even supplies his own uniform).

Running a nonprofit organization is challenging work. The strains on charity social service providers are enormous. More people are eligible and using the U.S. federal food program than at any time in history—a measure of the strained safety net. The widening gap between the growing numbers of wealthy and upper middle class citizens contrasted to the increasing number of the poorest families brings additional strains to service providers and educational institutions. Finding and retaining effective leaders who can inspire, lead, and manage across the divides of culture, income, and language requires special gifts and talents.

As if day-to-day operations weren't challenging enough, add to the mix serious questions regarding the future of funding streams for nonprofits. Most people do not realize that local, state, and federal governmental grants and contracts for services are the largest source of funding for most social service providers, including after-school programs, food delivery for senior citizens, youth activities, and many arts organizations.

Tax reform in 2017 in the United States dramatically reduced the number of people who are eligible to itemize tax deductions (fewer than 10 percent of tax filers), which could result in reduced contributions, particularly to smaller organizations, due to the lack of tax considerations as an incentive for giving.

The news is not all bleak for nonprofit leaders. During times of recession or a weak economy, leading citizens tend to step up and step forward by increasing their giving. Similarly, U.S. private and family foundations have the option of increasing their legally mandated minimum of 5 percent pay-out rates to higher amounts, while other foundations become more flexible in channeling funds from restricted program grants to unrestricted gifts so that charities can use the money where it is most needed.

How is running a nonprofit different from running a corporation? Many of the required skills are identical but there are significant differences.

- Nonprofit CEOs don't have a margin of error in financial management. They have to balance the books every year, as they can't issue more stock. Nor do they have significant assets to borrow money from banks to cover losses.
- Other than exceptionally large institutions such as universities and hospitals, most nonprofits don't have endowment funds or reserves to call upon in lean times.
- Most nonprofits are thinly staffed, and staffing costs often comprise more than 70 percent of the budget.
- Unfortunately, most nonprofits are not nimble enough to quickly reduce staff costs without massive lay-offs that would make them unable to provide the programs and services that are the reasons for their existence.

Other nonprofit leadership attributes mirror those in the private sector: vision, ability to hire the right people, ability to work effectively with the board, financial acumen, integrity, mission focus, and competence. In the end, nonprofits and for-profit corporations share the common aspiration of being strategic, strategic, and more strategic.

Without checking their closets for habits, Superman suits, or whether they have Bill Gates on their speed dial, your community is a better place because of the countless nonprofit leaders who bring their leadership skills to us daily. We need all of them to be operating at their very best to meet the needs of our communities.

For more information on this topic, refer to the chapter "Have an Important Mission with a Great Leader" in Ten Traits That Make Nonprofits Great. The book, written by Brian Foss, is published by the Horatio Alger Association. Visit the website of the Horatio Alger Association at horatioalger.org and click on the tab "Publications and Research." There is no cost to download the book or chapters.

Changing Mind-Sets from Me to Us

A note from a highly regarded colleague regarding a recent article said, “excellent advice and a clarion call for not just generosity, but our shared self-interests.”

At first glance, I thought it was a typo. Surely, the person meant to say “our shared mutual interests,” as both of our careers have focused on the nonprofit and charitable sectors of our nation. We have worked for people and organizations committed to advancing a civil society and providing the support for all people to enjoy “life, liberty, and the pursuit of happiness” as promised in the Declaration of Independence.

How do we change mind-sets from “what’s best for me?” to “what’s best for us”? Some commentators have characterized the past several decades as a time of growing distrust of government and all forms of societal institutions. These are acts of self-interest rather than our shared mutual interests.

Framing self-interest from a different context, during the peak of the coronavirus pandemic, Korn Ferry CEO Gary Burnison wrote to his workforce regarding the immense challenges facing the firm: “In tough times, you find out who people really are. You see stunning examples of how self-interest truly does give way to shared interest—all the way to selflessness. What I do know is that out of devastation comes hope and rebirth. The devastation will pass. Slowly, with a heavy heart, newfound humility, and grace and dignity, we will turn this page—not to be forgotten, but to be remembered.” A thoughtful perspective on moving from me to us.

Many nonprofit organizations provide social services or programs that create healthier communities by assisting those who are without help or hope. The results benefit all of us, not just the people receiving assistance. Communities that are unhealthy have characteristics that none of us desire: poverty, disease, crime, illiteracy, and hopelessness. Eradicating those problems benefits everyone in the community.

The charitable sector advances the quality of life for all of us through education, religion, music, dance, civil rights, autism programs, mentoring kids, career and technical training, care for the homeless, historic preservation, animal welfare, drunk-driving awareness, disability issues, Catholic Charities, Habitat for Humanity, food banks, United Jewish Appeal, and health care for the poor and uninsured. Yes, these are programs that help individuals, but the ultimate beneficiaries are all of us.

Campaign promises by politicians take many years, and trillions of dollars, to come to fruition, assuming they are eventually enacted. Despite promises for free or affordable college for everyone who wants to pursue higher education or career and technical school, it will be many years, if ever, before those promises are fulfilled.

One of the most respected organizations that focuses on helping young people who have experienced adversity attend college or career and technical school is the Horatio Alger Association of Distinguished Americans. A profile of the Horatio Alger Association's 2019 scholarship winners indicates the average family income for their recipients is \$25,029. Try to imagine the obstacles these future leaders are facing, despite having excellent academic records and leadership positions in their schools. Yet, 71 percent of these students ultimately graduate on time from college, contrasted to a 16 percent graduation rate for their low-income peers.

With the philanthropic generosity of its members and friends, the Horatio Alger Association has funded more than \$180 million in scholarships for more than 27,000 financially needy high school students in the United States and Canada and returning veterans from the Iraq and Afghanistan wars. They have turned a college education or programs that teach job and career skills at community colleges from a seemingly unattainable dream to a reality. Without help from all of us, a post-secondary education could become the purview of the few, not the many.

It is in society's shared mutual interest that young people go to college or receive training for a skill that will enable them to fully support their families, just as it is for every community to have an effective public school system, a vibrant cultural community, Meals on Wheels for seniors, and clean air to breathe. Regardless of political promises, we will be depending on the generosity of people to ensure that the American Dream is for all of us, not just some of us. That's the changing mind-set needed for today and beyond.

Elections, Politics, and Charities

At the end of the monthly board meeting of your favorite charity, one of the board members raises her hand and says, “The mayor’s race is wide open this year, and we really need to get behind Mary Sue. She’s been a great friend of this organization and deserves our support.”

Hopefully this does not sound familiar. Election season has become a year-round event in the United States, with one election seemingly blending into the next. If you are involved with a charitable organization—as a board member, staff, volunteer, or donor—you ought to know what charities can and cannot do during elections. Charities in this context are those that the IRS recognizes as 501(c)3 organizations that are tax-exempt and eligible for tax deductibility for contributions (if you are among the 10 percent of people who itemize). This group includes your college, the Audubon Society, National Urban League, nonprofit hospitals, children’s museums, Alzheimer’s Association, American Indian College Fund, church or synagogue, and more than a million large and small nonprofits.

Here are the basics that even a non-lawyer should keep in mind to keep charities out of trouble during elections:

- A charity cannot endorse a candidate or provide financial support. It doesn’t matter if it is a race for school board member, tax assessor, or county commissioner.
- The IRS states: “[charities] are prohibited from participating or intervening in any political campaign on behalf of, or in opposition to, any candidate for public office.” The IRS notes that the rules apply in nonpartisan elections, as the IRS has ruled that very few communities have truly nonpartisan elections.
- No donations may be made to candidates and no posters for a candidate may be displayed in the charity’s office.

However, that doesn’t mean that charities cannot be involved in the political process of electing people. Your charity can:

- Hold candidate forums, but you must invite all viable candidates to appear at the same forum. The candidates do not all have to attend, but all must be invited. Send position papers on issues that impact your charity to candidates, but you must send them to all viable candidates.

- Urge people to get out and vote.
- Distribute voting records of candidates, as long as your organization does not frame the votes as “for or against us” and you provide this information in non-election cycles as well.
- Offer to sell your membership list at fair market value to all viable candidates.

People associated with charities (board, staff, volunteers, donors) are not permitted to speak on behalf of candidates using their affiliation with a charity; if their name and charitable affiliation are noted in print or when introduced, they must clarify that they are speaking on their own behalf as a private citizen, not through their affiliation with the charity. Therefore, your charity’s staff may fully participate in the electoral process, but they would do so as citizens, not in their role with the charity. The same applies to your board members and volunteers.

You may be grumbling that if all of the above is true, why do we see candidates for local and national offices appearing in churches and synagogues? The IRS has issued guidelines on this (IRS Fact Sheet 2006–17), and the rules basically state that any charity must invite all serious candidates at the same time to appear. The IRS has an investigation unit focusing on charities that break the rules; it regularly issues reports, threatens organizations with losing their tax-exempt status, and provides educational materials to help charities stay within the law.

Sound complicated? A simple way to remember it all is, “people no, legislation and issues yes.” Charities can endorse legislation and actively campaign for its passage. Just don’t endorse the legislators. The IRS regulations are clear and can easily be accessed. In addition to counsel from lawyers who specialize in nonprofit law, you can find information from the Center for Effective Government (foreffectivegov.org) or the National Council of Nonprofits (councilofnonprofits.org). In the interim, don’t endorse Mary Sue for mayor.

Lobbying by Nonprofits and Charities

Many people think that U.S. charities and other types of nonprofits, because of their tax-exempt and nonpartisan status, are breaking the law if they lobby. Nothing could be further from the truth, and many tax-exempt organizations exist primarily for the purpose of changing laws.

Who do you think brought us clean water, eliminated smoking in public places, makes sure our manatees have a fighting chance, convinced legislators to mandate seatbelts, and saved small town historic districts from the wrecking ball? Many of the organizations that you and your family have supported for generations, including the March of Dimes, American Cancer Society, World Wildlife Fund, Audubon Society, YWCA, and Mothers Against Drunk Driving have tirelessly lobbied local, state, and federal governments to enact laws that have changed the quality of our lives for the better.

People mistakenly think of nonprofit lobbying and advocacy as being analogous to supporting a candidate for public office. Nonprofits can't support people for public office, but they can support issues. Just remember the phrase "people no, legislation and issues yes."

Some U.S. nonprofits exist for the sole purpose of influencing public policy; others provide services and advocate their cause. The amount of time spent on lobbying and advocacy may impact an organization's type of tax exemption with the IRS and may determine if donors' gifts are tax deductible. The environmental and conservation organizations you support are focused on changing laws to protect land, water, air, species, or ecosystems. A blending of services and advocacy makes good sense for many social service agencies that work with troubled youth, homelessness, persons with disabilities, diseases, and the challenges of veterans and seniors. Their boards and staff develop expertise in these fields, and it is a logical extension of their mission and programs to try to reshape public policy and practices to eliminate the problems they are addressing. The ultimate goal of any social service provider ought to be to put itself out of business by eradicating the need for its services. At times, we have been successful in eliminating a problem (such as polio) or drastically reducing the problem (such as smoking or air pollution).

Most communities have organizations that are effective in lobbying and advocacy. Contact your local YMCA, Chamber of Commerce, Habitat for Humanity, UnidosUS (formerly the National Council of La Raza), community foundation, Catholic Charities, council of churches or any human service provider to find out which groups in your area focus on lobbying your county commission or state legislature on housing, healthcare, jobs, and the needs of the poor in

your community. At times, groups tackle a highly focused area of concern, for example, child home safety issues, eradicating the import of exotic reptiles, elimination of asbestos, eradicating algae blooms—important work that can save lives and improve the quality of life for all of us.

Some people get hot under the collar about lobbying because they don't support the changes that are being advocated. Examine the range of issues that have been appearing on state and local ballots, and you can almost feel the passion they create, pro and con. Whether it is permitting slot machines and casinos to generate new revenues (with nonprofits on both sides of the issue), legalizing medical marijuana, or imposing term limits for elected officials (with nonprofits on both sides), some issues are controversial—and perfectly legal for nonprofits to attempt to influence.

The diversity of thought on major issues by the American people is mirrored by nonprofits. Pick a topic and you will find that it is impossible to generalize “how do nonprofits feel about this?” because there are likely nonprofit organizations lobbying from very different perspectives. Having organizations with diverse views is important to a free society and democracy. As John W. Gardner, a former U.S. Executive Branch Cabinet Member and Founding Chairperson of Independent Sector and Common Cause, stated so eloquently, “If you can't find at least one organization with which you totally disagree, then something has gone wrong with our pluralism.”

Some nonprofits face the challenge that their donors are unaware that they are legally permitted to lobby on issues. When a donor opposes the position of a nonprofit, the donor sometimes threatens to withhold future financial support. Board members and staff need to be prepared to share with donors the process—and thinking—that goes behind any positions taken on issues that come before a local, state, or federal legislature.

With the passing of decades, many problems that nonprofits have addressed have moved from controversial to mainstream thinking:

- The right for women to vote
- Child labor laws
- Civil rights for African Americans and Native Americans
- Minimum wage laws
- Historic preservation ordinances
- Mandatory public education for all
- Workplace opportunities for persons with disabilities

Are there rules and limits to what nonprofits can do in lobbying? Of course! Board and staff leaders would be wise to stay within the law by studying the regulations. They can be accessed from the Center for Effective Government (foreffectivegov.org) or the National Council of Nonprofits (councilofnonprofits.org). Until then, enjoy the clean air and the right to vote brought to you by nonprofit organizations.

CHAPTER 4

GIVING AND VOLUNTEERING IN NONPROFIT ORGANIZATIONS

Before You Send Orphans to Summer Camp

The call always comes during dinner. “Hi, can we count on your help to sponsor orphans to go to summer camp?” Trapped again by the We-Take-a-Huge-Cut-Telemarketers. (Charities are exempt from the U.S. government’s no-call list.) Like you, I love the idea of summer camp, and I want orphans to experience the great outdoors of summer camp, but I never give money over the phone. Even to orphans. Why? Because I have every reason to believe that my phone contribution will rarely result in orphans enjoying time at camp.

Americans are wonderfully generous people. Based on *Giving USA 2020* data, no other country comes close to the almost \$352 billion individuals and their bequests provided to wonderful and important charities in your community and around the globe. Foundations and corporations provided an additional \$96 billion. We do it because we want to and it makes us feel good. Given that only about 10 percent of us itemize our federal taxes, and therefore 90 percent of filers are not eligible to deduct their charitable contributions, we aren’t doing it for the tax deduction. We see enormous needs around us, and we want to participate in making our nation and the globe a better place to live.

Where does the money go, how do we give it, and what should you know before you break open the checkbook?

Charitable giving is best when it comes from the heart, not from guilt. Be proactive and think about the causes that are most important to you and your family: your faith community, diseases in your family, your alma mater, the homeless, career and technical education programs that prepare people with marketable skills, green space, and your favorite museum. We often give because someone asks us to, and if we are asked by a person we know, studies show that 80 percent of the time we say yes. We understandably assume that if our friends and colleagues think it is a good organization, it must be.

We get asked for money lots of ways: telemarketers, the child next door, direct mail, email, social media, walkathons, galas and special events, or we buy cookies from our neighborly Girl Scout.

Some forms of fundraising leave a lot to be desired. We should be concerned about any charity's use of our gifts when we receive too many calendars, mailing labels, note pads, and other forms of thank-you gifts when we make a modest contribution, particularly if we didn't request them. We get understandably annoyed when we receive a follow-on solicitation for more money within a few weeks of our check. Many charities sell their mailing lists or do list swaps, and most of us can testify that it is nearly impossible to get off a mailing list.

The *Giving USA 2020* report indicates that over 28 percent of our giving is to religiously affiliated charities and 14 percent to education. That leaves only 58 percent to be divided among other types of charity. Through annual gifts and bequests, individuals provide 78 percent of all giving, corporations give 5 percent, and foundations 17 percent.

Many of the wealthy form an effective philanthropic force. A stroll around any college campus, nonprofit hospital, museum, zoo, youth or senior recreation center, shelter for abused women, or lighthouse for the blind provides testimony to the generosity of individuals and families who have elected to give back to others. The explosion of community foundations is further proof that those who have achieved the American Dream can be counted on to provide help to others in perpetuity.

If you are uncertain about the legitimacy of a charity or want to study its financial statements, you can do online research on give.org, charitynavigator.org, or candid.org. Some charities include financial statements on their websites.

Get out your checkbook, think about the charities that really need your financial help, and write some checks. Don't forget to think beyond the organizations that you get personal benefit from; think about groups that work with the poorest among us. Charities need you and deserve your thoughtful support.

Give Five or Ten or One, but Get Started

Many years ago, Independent Sector sponsored a public service campaign titled *Give Five*. With the help of The Ad Council, the campaign challenged Americans to give at least five hours a week and 5 percent of their income to charity. The slogan was “What you give is five, what you get back is immeasurable.” Despite the tremendous need for volunteers and more funds for charity, the *Give Five Campaign* was a large stretch for most people in their giving and volunteering—and remains so today.

- Although some studies indicate that as many as 10 million people in the United States tithe (give 10 percent or more of their income to charity), most people make modest gifts to four or five charities each year.
- Ninety-one percent of high-net-worth households give an average of \$25,000 annually to charities, and they give 10 times the amount as general population households.
- Only 25.2 percent of adults volunteer. Yet they volunteer 8.9 billion hours at a value of \$167 billion according to the Corporation for National and Community Service.
- Those who volunteer at the highest rates are women, people ages 35 to 54, married people, parents, and those who are well-educated.
- The median amount of time spent volunteering is one hour per week, and it is most likely for one organization that is religious or educational.

Surveys indicate that more than 50 percent of families give to charity each year. Where does the money go? The top three recipients of contributions go to religiously affiliated organizations, education, and social services. The wealthiest 10 percent of households contribute more than half of the nation’s total giving. Bill and Melinda Gates and some of their philanthropic friends have launched a successful initiative urging the very wealthy to consider giving or bequeathing 50 percent of their total assets to charities. A welcome dialogue for all of us.

Getting hard data on charitable giving is becoming more challenging due to the overhaul of tax policy. The United States has gone from more than one-third of taxpayers itemizing to about 10 percent of us qualifying to file itemized tax forms; therefore, they are the only people who receive a tax deduction for charitable contributions. Yet, people continue to be generous, regardless of tax considerations. Being able to obtain detailed data on changes in giving will likely unfold in the next three years. We will learn how changing tax deductibility impacts the amount of giving, and to whom.

Having read this, you are either congratulating yourself for doing your share for charities or feeling a bit guilty that you are not doing enough in either volunteering or giving. If you are worried about whether this is pre- or post-tax dollars, put down your calculator and focus on the bigger picture.

Whether you want to start or increase your volunteering or charitable giving, the best way to choose charities is to consider:

- What do I care about?
- What has impacted my family and circle of friends?
- Where are my passions for using my time?
- Where are the gaps in this community that need my help?
- What charity does the best job at what they promise to do?

If you are not sure where to volunteer or give, ask your friends what they are involved in (48 percent say they volunteered because someone asked them to help).

Imagine your community, or any community, where everyone could read and had enough to eat and a place to live. Imagine a place where the streets and public parks were clean, kids had a safe place to play after school with coaches to teach them, and senior citizens had the companionship of a visitor. Look around you. Isn't it obvious that your community and the global community could use your help? Imagine the impact if we doubled the rate of volunteering to 50 percent of adults. The list of possibilities for you to engage as a volunteer or donor is limitless. If you are unsure where to start, talk to a colleague or neighbor whom you know is active in the community.

Whatever you are able to give of your time and financial support, remember that "what you get back is immeasurable."

Raising Charitable Children, and Maybe Some Adults

People have long debated whether certain behaviors are learned or innate. Based on her research, Carol Weisman, the President of Board Builders, has written a book, *Raising Charitable Children*, that suggests that having a charitable or generous spirit is the result of experiences and lessons taught at home. The book is easy to read, funny, and important for every parent and grandparent to enjoy and consider implementing.

Much has been written about the charitable instinct. All of us know people who appear to be more caring and expressive of their generosity than others, regardless of their personal financial circumstances. Some people seem to thoroughly enjoy sharing what they have and seek out ways to help those in need; others are better described as possessive or hoarders of their assets. Research suggests that more than 80 percent of us will give if asked by a person we know.

Even families with long histories of philanthropy have found that it is important to make special efforts to instill giving among new generations. Now in its sixth generation of philanthropists, the Rockefeller family continues to work on local and societal issues, and family members representing the fifth and sixth Rockefeller generations pool ideas and resources to fund initiatives.

Thousands of families with assets far more modest than the Rockefellers have joined efforts in establishing donor-advised funds at community foundations to increase the impact of their giving. A central theme of these strategies is shared values and a desire to work together to address problems. Ms. Weisman's book recommends that families annually set aside time to share their common joys and sadness with each other to prioritize the family's decisions about selecting which charities to support.

How did each of us learn about charity, and how is that changing today?

- Many of us were raised with UNICEF collection boxes at Halloween.
- We watched the Jerry Lewis Telethon for Muscular Dystrophy.
- We sold or bought Girl Scout cookies to help us learn about raising money for an important cause.

- Today, children are given the 21st-century version of piggy banks that have four sections to deposit their coins to learn about money: spend, give, save, and invest.
- People are using their iPhones to text contributions to earthquake relief and watching their favorite bands on international telethons for a range of good causes.
- Many couples now suggest donations to their favorite charities in lieu of wedding gifts.

Raising Charitable Children emphasizes the importance of involving children in charitable activities wherever possible so that they learn about volunteering as well as giving money. For example, a friend took her son to a Habitat for Humanity worksite and presented the workers with the money he set aside from his birthday gifts. Such visuals are far more influential than mailing a check, and her son now has a deeper understanding of what happens when money and volunteers come together to help others.

The book provides easy-to-follow suggestions for involving kids of any age, including the value of families working together on specific projects or through volunteer vacations. There is also advice on hard-to-reach kids or those who seem resistant to the idea of helping others.

A lot is at stake for charities in the education of future generations about the importance of giving and volunteering. Much has been written regarding the enormous intergenerational transfer of wealth that will flow to Baby Boomers and Generation X. In 2019, Cerulli Associates estimated that as much as \$68 trillion will move between generations in the next 25 years in the United States, and charities can be recipients of some of that largesse.

Schools are helping to develop volunteering and giving among young people through community service programs. Some states and school districts require students to complete a specified number of hours of community service before graduation. Other schools have created programs that provide students with grant money to distribute to causes they think are especially important in their communities. These learning opportunities help children understand the wonderful array of choices that their families and grant-making organizations have in distributing money.

Imagine the positive impact from raising charitable children, and maybe some adults, on our society. Whether you and your family have a lot or just a little time and money to help others, the recipients of your caring will be appreciative, and you will gain far more than you give from the experience.

The Power of Half Can Be Life Changing

People talk about “the power of one,” but a book that swept the talk-show circuit titled *The Power of Half* caught the imaginations and attention of millions of Americans. The book by Kevin Salwen and his teenaged daughter, Hannah, is based on her observation that their family had much more than it needed, while others around them were homeless, hungry, or out of work. Being young and idealistic, she prompted a re-examination of their family’s lifestyle and priorities.

This is an excellent book for anyone interested in philanthropy and voluntarism, yet it is an equally compelling commentary on the challenges and dysfunction of family life today. The book chronicles their rediscovery of each other and the family unit, and meaningful communication tools that were developed that might serve them effectively in the future.

The philanthropic premises are simple: Most people have far more than we need and could easily do more to help those around us. Through volunteering and giving, many of us try to alleviate suffering and create opportunities for others, but we rarely stretch the giving of our time, talents, and financial treasure. *The Power of Half* is about one family’s decision to sell their enormous home and invest half the proceeds in changing the lives of people. Such an action breaks the boundaries of those who dare to accept being called philanthropists. Melinda Gates said she was inspired by the book and its influence in creating the Giving Pledge, adopted by many philanthropists now committed to giving half of their wealth to charities.

What could be the impact on others of giving half of the time we spend watching television or playing with our hand-held devices? Can you manage life without half of your clothes, dishes, furniture, books, electronic toys, or the food you consume or discard? Might that time and those resources—along with some cash—make a difference in the lives of others?

The book raises deep questions regarding how to use your philanthropic impulse to be most effective with your money and time. The questions the family debated are valid for each of us as donors and volunteers:

- Do you want to help a few people a lot, or a lot of people a little?

- Do you want to provide relief to people, or do you want to focus on long-term solutions to people's problems?
- Is your effort empowering of others or simply a bandage to deeper problems?
- Who is involved in controlling the problem and its solutions or outcomes? Is it outsiders, or does it engage the influenced people?
- Can you have enough impact with the amount of money you are willing to commit?
- Is it important that your commitment's investment will have an ending, or are you open to long-term work that you may not see completed?

This family elected to go deep, give up personal control of their gift and thereby empower the recipients, and alter the course of the recipients' lives by creating systemic change. They also accepted that their role was to provide support, not answers, solutions, or relief. Believing that people need opportunity, not a hand-out, they focused on strategies that let recipients take charge of their fate. Unfortunately, most of us want to see quick results (e.g., we are very good at providing a case of bottled water, but lack the patience to drill a well or provide a source of water) rather than going the distance to create systemic change, which may explain why we get frustrated when we see the same problems reoccur.

Giving away half the "stuff" in our lives and a chunk of our time could absolutely alter the course of others' lives. Anyone engaged in giving and volunteering experiences the joy of helping others. Most will quickly admit that they receive far more in return than they give, simply by reaching beyond themselves.

Kevin Salwen concludes with an exciting and meaningful observation of the experience's impact on his children: "We hope we have nurtured citizens, not consumers."

Deductible or Not, Americans Give to Charity

Many of the activities we enjoy in life end up being taxed by the local, state, or federal government: dining out, going to a theater, finding the perfect new coat, or buying a car. Part of being a good citizen is paying taxes that benefit all of society, ranging from Social Security in our golden years to homeland security to keep us safe every day.

Historically, a selling point of charitable giving was “You’ll feel good, and it is tax deductible!” Today, it is far more complex considering that approximately 90 percent of U.S. taxpayers are no longer eligible to itemize and receive the tax deduction for charitable giving. All donors received a tax deduction for charitable giving until major tax reform in the early 1980s when the deduction was eliminated for non-itemizers. Through federal tax reform in 2017, fewer than 10 percent itemize deductions. A July 2019 study by *The Chronicle of Philanthropy* found that only 8.5 percent of taxpayers claimed deductions for charitable giving in 2018.

The bad news is that most people can’t deduct their gifts to charity. The good news is that they give to charities nonetheless. In 2020, people who itemize can deduct up to 60 percent of their adjusted gross income for charitable gifts. Generous giving by any and all of us benefits people and communities and should be encouraged and applauded.

A few pointers on how to be an effective and informed donor and legally enjoy those deductions—if you are eligible to itemize. Perhaps the most confusing areas regarding deductibility are galas, charity luncheons, and special events. When you buy that \$250 ticket, the charity is required by the IRS to tell you how much is a “charitable contribution,” because you can deduct only the amount that is not paying for food, wine, and entertainment. Some charities do not disclose this information because they are embarrassed to be spending 35–60 percent of your \$250 to wine and dine you and none of those costs are deductible. If the charity does not disclose the information, the IRS says the onus is on you to find out how much you can deduct.

How do you know what may be deductible?

- Bought tickets or a table to an event but don’t plan to use them? Unless you return the tickets in advance, your deduction is the same amount as if you had attended. If you know you will not be attending, inform the charity when you send your check and you will be entitled to a full deduction.

- Buy a raffle ticket for a charity? Not deductible.
- Buy a silent or live auction item at an event? Unless you paid more than the item is worth, you receive no deduction. For example, if you paid \$150 for a \$125 gift certificate, you can deduct \$25.
- Drop a \$20 bill in the Salvation Army kettle? Without a receipt, cash cannot be claimed on your taxes.
- Clean your closets and drop off the clothing at a charity thrift shop? Excellent way to free up closet space, but the IRS permits you to deduct only the amount the clothes would sell for in that thrift shop.
- If you are a charity board member and fly out of town for a meeting, you can deduct the cost of your travel, but only if you come right back. Stay a few days to see the sights, and you lose the deduction.
- Your time and expertise when volunteering are valuable but not deductible.

Charities can give you gifts that are valued at just a few dollars, but anything above that impacts the deductibility of your gift. You need a receipt or canceled check for everything, and must have a written acknowledgment from the charity if your gift is \$250 and above. No letter, no deduction.

The recent change in the U.S. tax code has led to some tax advisors urging their clients to bundle their charitable gifts and make them every other year if that permits them to itemize every other year. Great for the donor, but not so great for the charities that may be depending on you every year.

To learn more, download IRS Publication 526, "Charitable Contributions," and, as always, consult your tax advisor. Publication 526 should be required reading for nonprofit executives, board members, development staff, and philanthropists.

Does tax deductibility play a role in your decisions to give to charity? Interviews with major donors to charity indicate that the tax deduction influences their ability to give even more than they might have otherwise given. The tax benefits to the 10 percent of people who itemize are Washington's way of thanking you, as the benefits may permit you to give even more than you had planned. For the 90 percent of people who do not itemize, a special thanks for your generosity of supporting great charities.

Imagining a Better Community

We seem to hear a lot of complaining about conditions in our communities: schools that are not up to date, not enough safe public parks, too few after-school programs, and negligible activities for senior citizens. You've heard the list and probably participated in some of the complaining.

You can continue to be in the chorus of complainers or you can imagine a better community by being more fully invested in its life. There is much wisdom in the adage "I wondered why 'somebody' didn't do something, until I realized I was somebody." One way we can all participate is by increasing our volunteering. There are countless good nonprofit organizations in your community, and they need your help.

People volunteer because they see problems that they can do something about and they want to give back. We volunteer to meet people, share our skills, and do something out of the ordinary. Together, our impact is huge. The Corporation for National and Community Service found that more than 8.9 billion hours of volunteer time worth more than \$167 billion annually are provided in the United States.

Let's assume you want to help or give more time and you don't know where to start. What do you enjoy doing?

- Many of us like to volunteer outside of our daily routine or skills. My sister, a customer service advocate for a software company, pulled invasive weeds at a national park for the Audubon Society and cleared trails at the Presidio for the American Hiking Society.
- Maybe you have skills that many nonprofits need: accounting, marketing, public relations, answering phones, or fundraising.
- If you live in a condo and miss gardening, take a look around nearby public spaces that could use your skills and suggest to authorities that you might be able to spruce up that area.
- Many museums rely on volunteer docents and provide the necessary training.
- Big Brothers/Big Sisters, one of the best mentoring organizations in the country, is always in need of new volunteers to match with a child.

- Your local senior center, school system, or public library likely has an active program for volunteers.
- Your area's Red Cross always needs volunteers, and every soccer coach at the YMCA is a volunteer.
- You can contribute to affordable housing by pounding nails for Habitat for Humanity.

Explore your options. Most communities have volunteer action agencies connected with the local United Way, community foundation, your local food bank, Make-A-Wish, or online services through idealist.org, volunteermatch.org, volunteer.gov, networkforgood.org, or americaspromise.org. If you are unsure about what it takes to be a good volunteer, many of these organizations offer volunteer training. Also explore opportunities through your faith community.

An increasingly popular idea is to take a volunteer vacation where you spend a week or two working with and for others. If you are interested, Google "volunteer vacation" and you will find a wide range of opportunities with organizations such as globalvolunteers.org, goabroad.com/volunteer-abroad, volunteerhq.org, ifrevolunteers.org, and helpingabroad.org.

One approach is to think about specific charities you admire and send a note to that charity's executive director suggesting skills you could offer. Another: Ask your coworkers and neighbors if you can join them the next time they are doing some interesting volunteer work.

If you aren't a joiner and prefer to work quietly on your own, *informal volunteering* is a modern term for being a good neighbor. Whether your neighborhood is filled with high-rise condos, apartment buildings, or single-family homes, most neighborhoods are loaded with lonely people in need of a conversation, a batch of brownies, a contact in case of an emergency, or an occasional opportunity to have a ride in a car to see the outside world. Maybe you are the right mentor to that kid down the street who seems to need some direction in life.

Imagine the satisfaction of giving an adult the gift of learning how to read or learning English and earn a better living for the family. Imagine how much more wonderful your community would be if everyone invested their most precious asset—their time—in improving the lives of your community. Remember, no matter how many hours you give, what you get back is immeasurable.

Thank You, Whoever You Are

The media seems to enjoy reporting on anonymous donors to charities. There is irony in giving exposure to people who are trying to avoid the spotlight.

The surge in media attention to a practice that is centuries old may be explained several ways. Perhaps we are simply amazed to read that some person, or persons, sent more than \$100 million to several universities with the stipulation that the gift remain anonymous and will be revoked if a school reveals the identity of the donor. In a society where some of us love to receive public credit for a generous act—such as chiseling our name on a building or being given a full page with our photo in an event program—we are intrigued that someone would quietly write a large or small check just because it is the right thing to do.

Some people give anonymously because they believe they are called to do so by religious admonition; others feel a deep sense of personal satisfaction and don't want or need public accolades. They may also not want their voicemail filled with requests for money from every charity in the country. Some fundraising professionals are concerned about the increased number of anonymous donors as they advocate that people are inspired to give more when they see role models or can point to examples of generous members of the community: "If Mrs. Smith can do this, surely you will want to step up and help as well." Recognition—within appropriate boundaries—can be a useful incentive to encourage people to give generously to help others. Worthy and effective causes need as many caring contributors as possible to make it all happen.

An interesting example a few years ago was in Miami, where the largest reported anonymous gift was \$90 million to the New World Symphony for its new building. This astonishing gift received little media coverage, perhaps because many people speculated about the identity of the donor and thus the mystery was dispelled. Without that gift, which represented about 60 percent of the costs of construction, it is unlikely that the magnificent Frank Gehry–designed structure would have become a reality.

Some examples of recent anonymous and named gifts:

- In 2018, *The Chronicle of Philanthropy* reported that a person identified only as "Pine" made anonymous gifts totaling \$56 million, ranging from \$50,000 to \$5 million, based on profits derived from bitcoin.
- *Forbes* reported that in 2019, the largest philanthropic gift in the world was \$7.6 billion from an Indian high-tech mogul to his family charity.

- Stewart and Lynda Resnick provided \$750 million to California Tech University.
- Phillip and Susan Ragon gave \$200 million to Massachusetts General Hospital.

Given the possible restrictions of anonymous donors, we don't know if any anonymous gifts exceeded those 2019 gifts, but we can be assured that many large gifts were provided with the proviso of no recognition. *The Chronicle of Philanthropy* documented four very large anonymous gifts in 2019: \$100 million to Baylor University, \$75 million to Gordon College, \$75 million to New York University, and \$55 million to the Philadelphia Orchestra.

There are practical reasons for giving anonymously at any income level. A gift to a charity often leads to a flood of requests from other causes due to list exchanges, and some charities sell their donor lists to others as a way of raising funds. The theory is that if you are interested in breast cancer, for example, you are likely to also be interested in other health-related charities; if you donate to animal shelters, you are also likely to care about birds. Anonymous giving assures that your mailbox, voicemail, or email won't be flooded with even more requests because word is out that you are charitably generous.

Whether one gives anonymously or with full credit, the spirit with which a gift is given ought to matter. Philanthropy is defined by *Webster's Dictionary* as "altruistic concern for human beings manifested by donations to institutions advancing human welfare." Please note the word *altruistic* (unselfish concern for the welfare of others) within that definition. At a time when the media or a charity committee of peers are quick to declare a person to be a philanthropist, that recognition carries the weight of altruism and selflessness. Tall orders for any of us to live into.

Quietly, or with appropriate and deserved fanfare, all of us benefit when any of us share our resources to enhance society. Remember: people *choose* to give to others. Thank you, whoever you are.

Does Charity Begin, and Stay, at Home?

Many Americans ascribe to the perspective that we should “think global, act local.” However, most of us also know that problems in society no longer have borders between counties or countries. Societal problems of disease, poverty, drugs, violence, environmental degradation, or terrorism transcend nations and continents, and what happens in Mexico, China, or Pakistan impacts life in the United States and Canada. The COVID-19 pandemic was yet another example of the globalization of our challenges.

When natural disasters occur, such as the Indian Ocean tsunami, hurricanes in the Bahamas, or earthquakes in Haiti, people contribute to global charities such as the Red Cross, Doctors Without Borders, UNICEF, and CARE. Research indicates we are very generous at such times, but in between disasters little of our charitable giving leaves the United States.

With the highest number on record of people receiving the federal food program, and millions of children eligible for free or reduced-price breakfast and lunch at school, many people can rationalize the thought that “charity begins at home.” And yet we remain a very wealthy nation by most measurements. As we consider our charitable giving and volunteering, just as there is a place in our investment portfolio for international stocks, there is a good case for a portion of our charitable giving to go beyond our borders.

Let’s get creative and assume that you are totally maxed out on your ability to provide additional charitable contributions, but you would like to do something on a global level. Further, let’s assume you want your money to be used to create permanent change—something longer lasting than disaster relief. One creative approach to international giving is through micro-lending programs, many of which are run by nonprofit organizations.

Micro-lending is a loan program that helps individuals or small businesses with the seed funds to create or expand a business, particularly in parts of the world where there are few, if any, opportunities to borrow money from legitimate sources. Nonprofit micro-lending programs often focus on women’s cooperatives, artists, and craftspeople who are trying to find a way to earn a living. Many of the nonprofit micro-lending programs operate as revolving loan funds; when the loan is repaid, it can be extended to another person or organization.

A major focus of micro-lending—often called micro-credit or micro-finance—is long-term sustainability of businesses that will provide employment and income for communities—an attractive alternative to donors who want to encourage systemic change in communities that have been historically incapable of developing income streams. Muhammad Yunus of Bangladesh won the 2006 Nobel Peace Prize for his leadership in this field.

By focusing on nonprofit lenders, you can have a higher assurance that your funds will be used wisely. For example:

- Visit the website globalgiving.com to find an array of projects in which to invest, ranging from children, democracy, economic development, education, women, and the environment. You can choose projects in Africa, Asia, Europe, the Middle East, North America, South America, or Central America, and many have programs within the United States.
- One of the early leaders in this field was kiva.org. Their website provides excellent information on their programs and they require as little as a \$25 investment. They have engaged 1.8 million lenders and provided \$1.4 billion in loans, have programs covering 77 countries, and have an overall loan repayment rate of 96.6 percent.
- Most of the nonprofit organizations ask for a modest fee to cover the costs of administering your loan or gift, so be sure to carefully read the terms and conditions when visiting the websites of these organizations.

Without suggesting this list is complete, among the nonprofits you might consider researching to determine how they fit with your interests are:

- Kiva.org
- Globalpartnerships.org
- GrameenFoundation.org
- Globalgiving.com
- Opportunity.org
- Accion.org
- US.Accion.org

Through micro-lending, you can inexpensively expand your caring and make long-term investments in the lives of others around the world.

The Many Legacies We Leave

From an early age, we are exhorted to do good and to carefully guard our reputation lest we harm our family's good name in the community. Some people go through life so worried about their image that they hire "image creators" or publicists to manage the public's perception of them. A few celebrities and public figures have been suspected of reinventing themselves later in life in hopes that history books will be kind to them.

One of the many legacies we leave is our charitable imprint on people and communities. Some of us are generous donors throughout our lives; others store their treasure until death, when they distribute their assets to their favorite charities; others are generous in life and death.

The financial impact of bequests to charities is wonderfully staggering. The *Giving USA 2020* report notes that Americans bestowed \$43 billion through bequests in 2019, or 9.6 percent of total charitable giving. Several years ago, a University of Georgia study found that the biggest factor in determining whether a person provides for charities in his or her estate is the presence—or lack—of grandchildren. Among those who had written a will, 50 percent of people without grandchildren leave money to charities, contrasted to 9.8 percent of people with grandchildren.

More than 80 percent of people give money to charities at some point during their lives, yet the IRS reports that only about 5 percent of us provide for charities in our wills. The message to charities is clear: donors have to be asked, and reminded, to consider leaving a financial legacy while planning their estates. Although most of us are charitable in life, we are not inherently so in death, unless prodded.

Assuming you are among the 95 percent who have yet to include your favorite charities in your estate, some thoughts for consideration:

- Which nonprofits have you and your family been engaged with that you believe are doing important work, are effective, and managed properly?
- Would a bequest make a positive difference to the mission and programs of these organizations?

- Is there a particular program already existing within the organizations you would like to support, or do you want a new program created, or do you want to leave your funds with no restrictions?
- Have you considered leaving an endowed fund, or donor-advised fund, to your community foundation with or without restrictions on how you would like the funds expended?
- Would you like the funds to be named in honor of you or your family, or given anonymously?

Working with your attorney or financial advisor, there are many ways to support charities and community foundations through planned gifts, including designating a charity as the beneficiary of a life insurance policy or IRA. Many nonprofits will work with you to create a financial arrangement whereby you receive lifetime income from property or other assets and the organization receives the asset upon your death.

The reasons people do not create wills (approximately half of us die without a will) are varied, but one reason is a perception that they don't have enough resources to make a difference. There are countless community-based organizations, houses of worship, and scholarship programs that should challenge that idea—and invite your generosity.

Legacies are created in large and small ways. There are many examples of office secretaries or school teachers who led frugal lives and upon their deaths funded scholarships for future generations. Paul Newman's desire for making healthy and tasty salad dressing launched the Newman's Own brand of foods; he insisted that every penny of profits be channeled to charity. At the time of his death, Paul Newman's camps for critically ill kids and other causes had received \$300 million.

Your legacies will be celebrated by your actions today and, if planned properly, will be remembered for generations to come. Perhaps it is time to make that call to your attorney and put into motion the many ways you can help your community in the future.

Charity Holiday Fund Pleas to Please Help

They will come. Lots of them. Uninvited. They return at the same time every year, but they will eventually stop coming, until next year.

Starting in early November of every year, your USPS and email boxes will be inundated with year-end pleas from charities for your financial help. You will hear from organizations you have given to in the past and even more organizations that bought your name from a magazine list or from another charity. You will hear from organizations that you know to be wonderful, competent, and effective and from organizations you have never heard anything about and have no idea what they do with their money.

Some of the pleas will be tear jerkers, using emaciated children or dogs and cats as props, while others will be substantive explanations of the problem the charity is attempting to address. Unfortunately, a few charities resort to sending mail that looks like an invoice or that tells you it is “time to renew” your support, as you scratch your head thinking, “I don’t recall ever sending them money.”

The stakes are enormous for nonprofits because small charities receive as much as 70 percent of their annual contributions from individuals in the Thanksgiving-to-Christmas period. Most studies show the average nonprofit receives 30 percent of its annual gifts in December, most of it within the last week of the month. This is the “season of generosity” coupled with year-end tax planning.

Year-end is also a good time to think about all of your charitable giving, even if those charities don’t send you a holiday plea. Have you remembered to give this year to your YMCA, museum, food pantry, homeless shelter, United Jewish Appeal, senior center, and free clinic? They are open every day and serve a remarkable number of people, in large part due to the generosity of people like you every year.

What is a responsible, thoughtful response to the coming onslaught of requests for your year-end gifts? Keep in mind that for many charities, a gift of \$50 or \$100 is a meaningful gift, particularly if you are among thousands of people in your community who are making year-end gifts. If you think a charity would not find your gift helpful or meaningful, that is probably a good sign that they should not be on your list.

Focus your giving on charities that you personally know or that someone you trust has told you is a solid organization. **As you narrow down your list, ask yourself a few questions:**

- Is this organization really making a difference?
- Is this organization effective in doing what it says it does?
- What would happen if this organization closed?
- Would my giving be more effective by focusing on just a few organizations and sending them larger checks, or do I enjoy spreading around my giving?

Another factor to consider is whether you are reaching outside of the organizations you personally benefit from, such as your alma mater, your house of worship, your child's school, organizations where you serve as a volunteer or board member. For many people, charity has become a "giving back" to organizations that have impacted them or their family. This is highly admirable and appropriate, but it can leave behind organizations that serve the marginalized. Most of us are fortunate to not have firsthand experience with hunger, homelessness, or lack of access to health care.

Before you recycle all that paper, enjoy the pleasure of writing some checks, knowing that your gift will be warmly appreciated by your favorite charities.

CHAPTER 5

BASIC DATA ON THE NONPROFIT SECTORS IN THE UNITED STATES AND CANADA AND RESOURCES FOR NONPROFITS

Basic Data on the Nonprofit Sector in the United States

The following data is drawn from many studies done over the past decade. Numbers often vary based on the source and date of the study, but the numbers below are from reliable studies.

- The Internal Revenue Service grants tax exemption, and there are currently 1.4 million nonprofit organizations recognized by the IRS. All of these organizations are exempt from paying taxes, but approximately 1 million are considered charitable organizations that may receive contributions that are tax deductible (if a taxpayer itemizes). Approximately 500,000 organizations are tax exempt without tax deductibility; they range from civic organizations and professional associations to chambers of commerce.
- Sixty percent of charities are relatively small with expenditures of less than \$500,000 annually; 92 percent of nonprofits have budgets under \$1 million.
- Charitable organizations received \$449.6 billion in 2019 from the following nongovernmental sources:
 - Individuals (approximately 50 percent of all Americans, but some studies show as high as 69 percent) gave \$309.66 billion, 68.8 percent of total giving.
 - Bequests provided \$43.21 billion, 9.6 percent of total giving.
 - America's 127,000 foundations granted \$75.69 billion or 16.8 percent of total giving.
 - Corporations provided \$21.09 billion or 4.7 percent of total giving.
- Revenues of public charities come primarily (80 percent) from fees for services they provide, (e.g., college tuition, memberships, nonprofit hospital fees), as well as contracts that are primarily from local, state, or federal governments. Contributions from individuals, foundations, and corporations account for only 20 percent of public charity revenues.
- Approximately 10 percent of Americans qualify to file itemized deduction tax forms with the IRS for their annual taxes and, therefore, are the only people who receive a tax deduction for charitable contributions.

- Ten million Americans indicate they tithe (10 percent) to charities, and women provide 64 percent of individual giving. Ninety-one percent of high-net-worth households give an average of \$25,000, which is 10 times the amount of general population households.
- Of the top three categories of giving to charities, 28.5 percent of all giving goes to religious organizations; educational organizations receive 14.2 percent, and human services receive 12.45 percent. The average donor provides gifts to four or five organizations annually.
- Thirty percent of individual giving is made during the month of December, particularly to small organizations.
- Nonprofits employ 10.2 percent of the U.S. workforce, or 12.3 million people, and account for approximately 5.4 percent of the gross domestic product.
- Public charities, organizations with 501(c)3 status, spent \$1.84 trillion in 2018, and all nonprofit organizations had total assets of \$3.67 trillion.
- The wealthiest 1 percent of Americans contribute approximately one-third of individual contributions to charities and more than 80 percent of all bequest giving.
- 25.2 percent of U.S. adults volunteered in 2016, contributing 8.7 billion hours with a value of approximately \$187.4 billion; 27.8 percent of women volunteer, contrasted to 21.8 percent of men.

SOURCES OF DATA:

- Candid (the former Foundation Center and GuideStar)
- Center for Civil Studies at Johns Hopkins University
- *Giving USA 2020* (data from 2019)
- Internal Revenue Service
- National Council of Nonprofit Organizations
- *The Nonprofit Times*
- Nonprofits Source
- U.S. Bureau of Labor Statistics
- Urban Institute's National Center for Charitable Statistics

Basic Data on the Nonprofit Sector in Canada

This information has been researched and provided by Robert Hayhoe, Partner and Tax Practice Chair, Miller Thomson, LLP; and Natasha Smith, Partner, Miller Thomson, LLP. All figures are in Canadian dollars.

- There are an estimated 86,000 registered charities and 84,000 NPOs in Canada.
- Ninety-one percent of charities are relatively small, with ten or fewer paid full-time staff, whereas only 1 percent of charities have more than 200 employees.
- In 2016, charities earned \$262 billion in revenue from the following sources:
 - Government funding (68% or \$177.2 billion)
 - Sales of goods and services (9% or \$22.6 billion)
 - Gifts from individuals and corporations (6% or \$16.6 billion)
 - Fundraising and international gifts (3% or \$8 billion)
 - Inter-charity revenue (2% or \$6.6 billion)
 - Other sources (12% or \$31 billion)
- Collectively, more than 75 percent of annual donations are allocated between religious organizations, health organizations, social services, and international organizations.
- Similar to the US, thirty percent of all donation dollars are given in December.
- Also similar to the U.S., the nonprofit sector employs approximately 11 percent of the Canadian workforce.
- Canadians with incomes of \$80,000 or more represented 35 percent of all donors in 2018.
- In 2018, over 12.7 million Canadians (approximately 34 percent of the population) volunteered for charities, nonprofits and community organizations

SOURCES OF DATA:

- *Imagine Canada, 30 Years of Giving* (2018)
- *Muttart Foundation, Talking About Charities* (2013)
- *Statistics Canada, General Social Survey on Giving, Volunteering and Participating* (2018)
- *Statistics Canada, Charitable Donors* (2018)
- *Canada Helps, The Giving Report* (2018)

Resources for Nonprofits

A significant amount of information is available about nonprofit organizations on the web and in books. The information provided below touches the surface of some of the countless resources you may want to explore—especially if you have limited resources.

Books:

- *The Governance Series* – Six brief monographs covering legal, financial, fundraising, board structures and practices, and board responsibilities. BoardSource.org
- *The Nonprofit Policy Sampler, Third Edition* – Particularly useful for new or small organizations. BoardSource.org
- *The Source: Twelve Principles of Governance That Power Exceptional Boards* – BoardSource.org
- *Starting & Building a Nonprofit: A Practical Guide* by Peri H. Pakroo, JD – a practical approach for relatively new, small, and growing nonprofits; includes many sample forms and policies. Available on Amazon.

A “must-have” subscription for nonprofit organizations:

- *The Chronicle of Philanthropy* – a subscription can also include their informative daily e-blasts. Philanthropy.com

Online Resources:

Many excellent online resources cover governance, fundraising, management, volunteerism, and finance. Go to these websites, browse for information, research findings on best practices, and discover resources that will best serve the needs of the organizations in which you are engaged. Among the best:

- Horatio Alger Association of Distinguished Americans – The Association has published three books on nonprofit governance, management, philanthropy, and volunteering in their “Investing in America’s Future” series. To download these publications at no cost, visit horatioalger.org and click on the “Publications and Research” tab. The publications are written by Brian E. Foss, and include:

*Investing in People and Communities
Governing Effective Nonprofits in the 21st Century
Ten Traits That Make Nonprofits Great*

- Alliance for Nonprofit Management – Allianceonline.org
- Aspen Institute – particularly their “philanthropy and social enterprise” section. AspenInstitute.org
- Better Business Bureau’s Philanthropic Advisory Service – lots of good information for nonprofits as well as important information on charity standards. Give.org
- BoardSource – the annual membership fee will pay for itself many times over due to the most extensive collection of brief articles and books on nonprofits in the USA. The daily e-blast is excellent and filled with updated best practices. BoardSource.org
- Bridgespan Group – a nonprofit advisor and resource for organizations and philanthropists. Bridgespan.org
- Candid – a recent merger of The Foundation Center and GuideStar. Candid.org
- Center for Effective Government – excellent resources on nonprofit lobbying and regulations regarding nonprofits’ roles in elections. Foreffectivegov.org
- Charity Navigator – assesses effectiveness of charities and provides ratings as well as good resource information. Charitynavigator.org
- Corporation for National and Community Service – Nationalservice.gov
- Free Management Library – a large selection of free nonprofit resources. Managementhelp.org
- Grantsmanship Center – designed to help your organization in grant writing. Tgci.com
- *The Nonprofit Times* – frequently updated site focused on good management of nonprofits, includes research reports. Thenonprofittimes.com
- *Nonprofit Quarterly* – publishes an excellent daily e-blast to subscribers with significant news in the sector and resources for charities. Nonprofitquarterly.org

- NP Source – provides data on giving and volunteering. Nonprofitsources.com
- Philanthropy.com – great website with free resources.

Organizations:

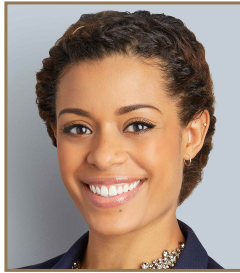
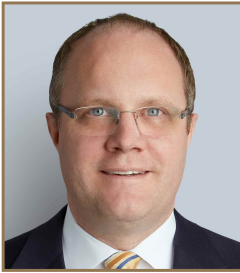
Consider joining or purchasing publications from these organizations:

- Association of Fundraising Professionals – designed for development professionals and nonprofit CEOs. AFPglobal.org
- BoardSource – excellent resources for board members and senior staff of nonprofits. BoardSource.org
- Council on Foundations – association for community, corporate, and private foundations. COF.org
- Independent Sector – association for the leaders of charities, philanthropic organizations, and academic centers focused on nonprofits. IndependentSector.org
- National Council of Nonprofits – great resources; can direct you to an association in your area that focuses on bringing together nonprofit leaders; can help identify local/regional training opportunities for boards and staff. Councilofnonprofits.org

CHAPTER 6

POLICIES AND REGULATIONS PERTAINING TO CANADIAN NONPROFIT ORGANIZATIONS

This information has been researched and provided by Robert Hayhoe, Partner and Tax Practice Chair, Miller Thomson, LLP; and Natasha Smith, Partner, Miller Thomson, LLP. Mr. Hayhoe also serves as General Counsel to the Horatio Alger Association of Canada.



THE CANADIAN LANDSCAPE

Nonprofits in Canada are governed by the Income Tax Act (Canada) (ITA), which is enforced by the Canada Revenue Agency (CRA), Canada's equivalent of the IRS. Generally speaking, the ITA distinguishes between nonprofit organizations (NPOs) and registered charities, with registered charities having the ability to receive tax-deductible contributions. Both NPOs and registered charities are tax exempt, but are subject to different rules in order to maintain their tax-exempt status. Further, in order to obtain registered charity status, organizations must submit a robust application to the CRA. The application is reviewed thoroughly by CRA's Charities Directorate before tax-exempt status is granted. Subject to any requirement to register under provincial lobbying or fundraising legislation, there are no further licensing requirements to operate as a registered charity in Canada. There is no application process for organizations that wish to operate as an NPO, therefore NPOs are permitted under Canada's tax regime to self-report as a tax-exempt organization.

TRAITS OF NONPROFITS

While each of the ten traits that define exemplary nonprofits have general application, every jurisdiction has its own unique considerations (and rules) applicable to nonprofits operating in their regions. These differences can have an effect on the measures taken to ensure that your nonprofit is (and remains) great. Below are some factors that distinguish Canadian nonprofits from American nonprofits.

DONATION TAX RECEIPTS

The ability for a donor to receive the tax benefits of giving is very much contingent upon the applicable tax regime. In Canada, a donor can use a donation tax receipt to reduce the donor's taxes payable (up to 75 percent of their income), provided a true "gift" is made and the donor did not receive a benefit/advantage valued in excess of the gift. This means that there is more flexibility for Canadians to deduct their gifts to charity. Further, there is no statutory requirement for a registered charity to provide a donor with a written acknowledgement for a gift larger than \$250. Generally speaking, charities are not required (by law) to issue a donation tax receipt or any form of acknowledgement. Of course, to encourage donations and effectively steward and acknowledge donors, Canadian registered charities will issue these items automatically. In some instances, charities will not issue a donation receipt for donations under a certain value. The exact value is determined by board policy and differs between organizations. Where Canadian charities issue a donation tax receipt, they must deduct from the eligible amount of the receipt, the amount of any benefit/advantage received by the donor. This puts the onus on the charity to make that calculation, rather than on the donor, which is the case in the U.S.

NONPROFIT TAX FILINGS

Charities and NPOs have different annual tax filing obligations. The obligation imposed upon registered charities to file a T3010 Annual Charity Information Return with CRA subjects registered charities to increased public transparency as this filing, as well as the accompanying schedules, are immediately accessible by the public through CRA's charity listings webpage. A list of revoked charities and the reasoning behind their revocations are also made publicly available. The type of disclosure required by the T3010 differs considerably from that required by the IRS Form 990. For instance, Canadian registered charities, while required to provide CRA with its governing documents, are not required each year to disclose in its T3010 governance matters such as number of voting members or the types of policies it maintains. That said, the T3010 does include a lot of helpful information that can inform donors or others looking to get involved with a particular charity about the financial health of the organization.

NPOs are required to make certain annual tax filings, but these are not available to the public. This makes it more difficult to conduct research on NPOs and, in particular, ascertain their financial health prior to becoming involved in the organization.

DISBURSEMENT QUOTAS

Similar to the U.S. “payout” rules applicable to private and family foundations, all Canadian registered charities are subject to a 3.5 percent disbursement quota generally calculated based on the total value of their net investment assets. This is less than the 5 percent amount applicable to U.S. foundations.

POLITICAL ACTIVITIES

The rules governing the political activities of Canadian registered charities have changed recently as a result of new legislation that now permits charities to carry on unlimited public policy dialogue and development activities (PPDDAs) in furtherance of a stated charitable purpose. PPDDAs include, but are not limited to:

- providing information to the public in order to inform or persuade the public in regards to public policy (i.e., the laws, policies, or decisions of a government in Canada or a foreign country)
- research into public policy and the distribution of this research
- dissemination of a charity’s opinions on a matter related to its charitable purpose
- advocacy that aims to support or keep a law, policy, or decision
- mobilizing others to contact politicians to express their support or opposition for a particular law, policy, or decision
- representations to elected officials
- providing forums and convening discussions, provided that all competing candidates/political representatives are invited

Importantly, the specific PPDDAs engaged in by the charity must be clearly linked to its charitable purpose and they must not be in direct or indirect support or opposition to a political party or candidate. Essentially, a Canadian registered charity can engage as a matter of tax law in as much lobbying activity as it wishes provided that the activity is not partisan. However, Canada places restrictions on political speech during election campaigns. Canada also has federal and provincial lobbying registration requirements that apply to charities seeking to lobby politicians or bureaucrats.

CHAPTER 7

PHILANTHROPIC AND COMMUNITY SERVICE OF HORATIO ALGER LEADERS

To be considered for the Horatio Alger Award, nominees must have triumphed over humble beginnings or clearly defined adversity. These special Americans must believe in the ideals of the American free-enterprise system, and they must be devoted to the mission and goals of the Horatio Alger Association. But the requirements for membership go beyond these important points.

Horatio Alger Award nominees must be community leaders who are dedicated to helping those less fortunate than themselves.

Indeed, many Members of the Horatio Alger Association are counted among this nation's top philanthropists.

In 1984, the Horatio Alger Association Board of Directors established a scholarship program that would help deserving young people attain higher education. Their enthusiasm and dedication to helping young Americans most in need of financial aid took what began as a modest program and made the Horatio Alger Association into one of the top scholarship-granting nonprofit organizations in the country. In fact, more than \$193 million in scholarships have been generously awarded to more than 27,000 young people.

The following chapter features a selection of Horatio Alger Board members who share what they look for when joining a nonprofit board, their favorite philanthropic projects, and their insights into the importance of giving back. Each of these leaders of the Horatio Alger Association has reached the pinnacle of success in their fields of endeavor and currently serve as leading philanthropists in their communities. Their service on a number of nonprofit boards gives them keen insights about what it takes to make such organizations effective.

GREGORY E. ABEL

Vice Chairman—Non-insurance Businesses
Berkshire Hathaway, Inc.
Executive Chairman
Berkshire Hathaway Energy



Horatio Alger Association Induction: 2018
HAA Board Member: 2019 – Present
HAA Board Vice President: 2020 – Present

Gregory Abel was born in 1962 in a working-class neighborhood in Edmonton, Alberta, Canada. He grew up in a supportive, family-oriented environment and enjoyed frequent visits with extended family members. He also enjoyed sports and played hockey with his neighborhood friends as often as possible.

Throughout his childhood, Greg’s parents taught him the importance of working hard and having goals. They also emphasized that education is the foundation for a brighter future. He held a variety of jobs in his youth, including working as a laborer for a forest products company and filling fire extinguishers. His love for hockey continued, and the game taught him the important lesson that you are more successful when everyone works together as a team.

Work and hockey aside, Greg was a dedicated and competitive student. He discovered that the more he focused on his studies, the more value he received from the experience. “My quest for learning was a good investment in myself,” he says, and to this day, he remains committed to a lifetime of learning.

Greg attended the University of Alberta, where he completed his undergraduate degree in commerce. He graduated with distinction in 1984 and joined PricewaterhouseCoopers in Edmonton. For expanded opportunities, he moved to the company’s San Francisco office and soon thereafter joined a client company, CalEnergy. His partners and the team took the small geothermal business with 500 employees to an international, diversified holding company with 23,000 employees. In 1999, the company became MidAmerican Energy Holdings Company, and he was named president. In 2008, he was named CEO, and in 2011 was also named chairman. The company continued to grow and in 2014, became Berkshire Hathaway Energy. In 2018, while remaining executive chair of the energy company, Greg was appointed vice chairman of Berkshire

Hathaway Inc., whose diversified businesses include insurance, utilities and energy, freight rail transportation, finance, manufacturing, services, and retailing. Greg grew up influenced by the closeness of his family and watching his parents care for other family members, friends, and neighbors. He learned from them that when you give back to your community, it has a positive impact. Today, he is a board member for the Hockey Canada Foundation. He is also the founding sponsor of Future Leaders in Action, a nonprofit that supports developing youth leaders to implement programs at child-focused nonprofits, and a supporter of the Cornea Excellence Fund through the University of Iowa Foundation, which advances research in ophthalmology. He supports the American Football Coaches Foundation, which gives funding to high school and non-division-one college coaches so that they can become better coaches and mentors by fostering players who need strong mentors in their lives.

“There are many ways to get involved,” Greg says. “The outcome of all types of philanthropy is remarkable to see. From volunteering as a coach for my son’s sports teams to providing financial support for organizations that help those in need—like the Boys and Girls Clubs—I am humbled by every opportunity I have to make a difference. That is why I am so honored to be an active member of the Horatio Alger Association. The members have made an impact on their companies and industries, on their employees, in the communities where they live, and on the young adults who receive college scholarships through their support. It is an honor to be a part of their mission and walk alongside members who have given back so much. They are great examples of how you can continue to do things right.”

WANDA M. AUSTIN



President and CEO
The Aerospace Corporation
*President and CEO, Retired
The Aerospace Corporation*

Horatio Alger Association Induction: 2012
HAA Board Member: 2013 – Present

Wanda Austin, the middle of three daughters, was born in the Bronx in 1954. At that time, her family lived above the barber shop, where her father cut hair 12 to 14 hours a day, six days a week. Following a fire in their building, the family moved to the Bronx River Houses, better known as The Projects. There were times when they had no running water or heat, but still felt their new home was a step-up from where they had been living.

Wanda grew up in the racially and emotionally charged 1960s. When she was in the third grade, she was selected to take part in public school racial integration. “That’s when I began to live split between two worlds,” Wanda says. “I wanted to take advantage of the opportunity to get a better education, but I also had to navigate carefully through my home neighborhood where low expectations were prevalent.”

Guided by her mother, Wanda and her sisters were exposed to all that New York City had to offer. They visited museums and exhibits and took bus excursions with their church to Atlantic City and Connecticut. “These trips revealed to us a life full of aspirations,” Wanda says.

An able and dedicated student, Wanda was admitted to Bronx High School of Science. Surrounded by other top students from the city, she began to consider going to college—something no one in her family had ever attempted. She received a scholarship to Franklin & Marshall College in Pennsylvania, making her one of only five African-American females on campus. She earned a B.A. in mathematics and a master’s degree in systems engineering and mathematics from the University of Pittsburgh. Later, she received her Ph.D. in industrial and systems engineering from the University of Southern California.

Today, Wanda Austin is an American businesswoman who is internationally recognized for her work in aeronautics and systems engineering. Co-founder of Making Space, Inc., Wanda is also a systems engineering and leadership development consultant, motivational speaker, and the author of *Making Space: Strategic Leadership for a Complex World*. She served as interim president of the University Southern California for the 2018-2019 academic year and led the institution through a crucial transition period.

Wanda began her professional career with Aerospace Corp. in 1979. She became the first woman president of the organization in the final eight years of her career there. Aerospace is a \$950 million nonprofit company that serves as a brain trust tasked with developing and overseeing the nation's missiles and satellite systems. She retired in 2016. She served on the President's Council of Advisors on Science and Technology from 2015 to 2017.

From an early age, Wanda learned from her mother the importance of giving back to her community. "My mother was a volunteer and also shared wherever and whenever she could to help our neighbors," Wanda says. "She was a Girl Scout leader, helped with our church youth group, and often provided guidance to young girls in the community. I learned from her that there is more to giving back than just writing a check."

Taking the advice of her mother about sharing innate talents, Wanda began in high school to tutor students in math. When she was in college, she helped younger peers with the college prep program to better prepare them for higher education. "These experiences taught me that when you give, you get so much more in return. Giving broadens your perspective. It comes down to having a positive impact on a life. Even if only one life is changed, it is tremendously rewarding."

Wanda is interested in promoting projects that support education in the STEM subjects of science, technology, engineering, and mathematics. She is especially interested in helping young women and underrepresented minorities to pursue STEM careers.

When considering her involvement in a charitable organization, Wanda looks for a commitment to providing a sustained life change for the recipients of the funding. "Money is helpful, but it isn't everything," she says. "One of the things I like about the Horatio Alger Association is the fact that they embrace the whole student and support them academically and emotionally. They give these students enriching experiences and help them to discover their full potential. Really, they give back the students' ability to dream big. All this is done by providing counseling, role models, and mentorship—in addition to their scholarships. The Association understands that the students they are helping have challenges that a check for tuition doesn't take away. I think that is critical. They are giving them a full support system that allows them to be successful."

BARBARA BARRETT

U.S. Ambassador to Finland, 2008 – 2009
Owner, Triple Creek Guest Ranch
Secretary, U.S. Air Force, 2019 – Present



Horatio Alger Association Induction: 1999
HAA Board Member: 2000 – 2019

Born at home during a blizzard, Barbara McConnell Barrett was raised on a farm in Indiana County, Pennsylvania. At an early age, Barbara was influenced by her father's strong work ethic and good nature. A subsistence farmer and factory worker, he tended their crops and livestock during the day, then drove 50 miles to his night-shift factory job in Pittsburgh. When he was a young man, Barbara's father had been a cowboy in Arizona. His stories of the American West enthralled her with images of horses, ranching, and broad blue skies.

Education was important in the eyes of Barbara's father, who was a life-long learner despite his lack of a high school diploma. He encouraged his six children to save their money for college; Barbara made college her priority aspiration. However, when she was 13 her college dream was shattered. Her cherished father suffered a sudden, fatal heart attack. Barbara's two younger brothers went away to live, learn, and grow up at the Milton Hershey School for Boys. Back on the farm, Barbara earned the family income for her mother and young sisters by taking people horseback-riding.

All of Barbara's college applications produced acceptances; allured by her father's cowboying years, she chose Arizona State University. To pay for college and continue to support her mother and sisters, she worked as many as five jobs at a time while carrying a full course load through bachelor, master, and law degrees.

As an undergraduate at ASU, she interned at the Arizona State Legislature where she was inspired by a state senator who later became the first woman on the United States Supreme Court: Justice Sandra Day O'Connor. After serving as a corporate officer and practicing law in a large law firm, Barbara was appointed by President Ronald Reagan as the vice chairman of the Civil Aeronautics Board and later deputy administrator of the Federal Aviation Administration. President George W. Bush appointed her to various diplomatic posts at the United Nations and as U.S. Ambassador to Finland.

Additionally, she was CEO of the American Management Association, taught leadership at Harvard's Kennedy School, and presided at Thunderbird Graduate School of International Management. She governed on boards, including the Smithsonian, Aerospace Corporation, Mayo Clinic, and Raytheon.

As a businesswoman, Barbara owns Triple Creek Guest Ranch – a Montana Hideaway, with her husband, Craig Barrett, retired CEO of Intel and Horatio Alger Association Member (2007).

Inspired by aviation and space, Barbara trained and was certified for flight to the International Space Station as the backup astronaut and became America's twenty-fifth Secretary of the Air Force.

Barbara's introduction to charity was early. "We hit a rough patch with my father's death," she says, "but our rural neighbors surprised us with generous meals from their fields and gardens. I could never forget their kindness." Her area Girl Scout troop adopted a community service project: planting flowers at the intersection of two country roads and dedicating the site as a memorial to her father. These kindnesses made a lasting impression and inspired her to emulate their generosity a thousand times over throughout her life.

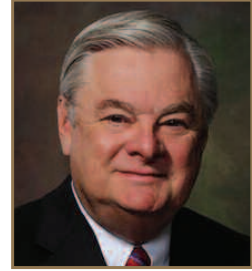
Today, her legacy is evident. ASU's honors college is "Barrett, The Honors College at Arizona State University" in recognition of Barbara and Craig. Education is the focus of Barbara's philanthropy. "Education is the ticket to better lives for young people. Craig and I see benefits not only in classroom learning, but also in exploration, research, and discovery. We want our educational support to launch more fulfilling, successful lives."

Barbara and Craig Barrett support the Horatio Alger Association with passion. "The Association's scholarships boost the prospects of young people who through no fault of their own are at a disadvantage. Scholarships change the trajectory of youthful lives. Because the Association operates so efficiently, each dollar of our investment is largely applied to enable deserving young people. Our support doesn't give them a new life; rather, it allows them to earn a new life for themselves."

A passion for the mission leads Barbara and Craig to organizations where they dedicate their time and treasure. "We look for a transformative mission and efficient use of resources, when considering support," she says. "Predictably, we share enthusiasm for the purposeful mission and judicious efficiency of the Horatio Alger Association."

JAMES F. DICKE II

*Chairman and CEO
Crown Equipment Corporation*



Horatio Alger Association Induction: 2015
HAA Board Member: 2016 – Present
HAA President: 2019 – 2021

James “Jim” Dicke was raised in the late 1940s in New Bremen, Ohio, which then was a small farming community. The family home included Jim’s parents, grandparents, great grandparents, and two aunts. Life was modest. The family had committed everything to create their small family business, which at first sold and later manufactured thermostats. In the 1950s, Crown Controls became a company that manufactured antenna rotators and parts for others as contract services. The company, always a family-owned enterprise, wanted above all to remain private.

Jim was the first in his family to graduate from college and did so with a degree in business administration and economics from Trinity University. From there he set himself to the task of building the family enterprise. With team-building and persistence, Jim led the company to become Crown Equipment Corporation, one of the world’s largest manufacturers of forklift trucks and material handling equipment. In this critically important industry, Crown has 19 factories that support customers in the United States and around the world.

Jim is quick to credit his good education for his business success. His innate curiosity and quick mind made him an excellent student. He always enjoyed school, but from an early age he was bullied. Finally, wanting to escape that situation and at the same time hoping for a more challenging school environment, he transferred in middle school to the Culver Military Academy. While there, he met a teacher who became his first mentor. “I learned from him about the importance of being a generous and caring person and the personal satisfaction you get from helping others,” he says. “I also learned that an education is not just memorizing facts; it’s taking an interest in our communities and the world around us. It is about persistence even in the face of self-doubt.”

When Jim was inducted into the Horatio Alger Association in 2015, he quickly became an active supporter of the Association’s mission and goals. He and his

wife, Janet, have contributed to the Horatio Alger Endowment Fund, State Scholarship programs, Career and Technical programs, and more. Jim says, "Janet and I met at Trinity, and we both agree that giving young people an opportunity to achieve vocational or higher education is how we want to make an impact with a large portion of our giving. That is why the Horatio Alger Association is such a good fit for us."

When looking for an organization in which to invest, the Dickes have discovered that they are more motivated to give to groups where they can invest their time as well as their financial support. Mentors have played an important role in Jim's life, and he finds it appealing that the Horatio Alger Association offers opportunities for its Members to meet the scholarship recipients. "During our Induction Ceremony weekend, we have several opportunities to meet Horatio Alger Scholars," he says. "It is a time when Members can offer advice and mentorship to these hard-working young people who are determined to be a part of the American Dream."

One unique aspect of the Horatio Alger Association is its practice to stay in touch with scholarship recipients, who are encouraged to keep in contact throughout their college years. Upon college graduation, they join the Horatio Alger Scholar Alumni Association, which meets every few years to offer networking opportunities and career exploration. "The Alumni Association has allowed us Members to see the results of our investment," Jim says. "There is nothing more satisfying than hearing directly from the Scholars about how their scholarship changed the trajectory of their lives. When you give to an organization, you want to know that your funds are having a positive impact. The Horatio Alger Association does a good job of making that happen. There is an emotional connection. The Alumni tell us over and over that it wasn't just the money that changed their lives, it was the fact that the membership believed in them."

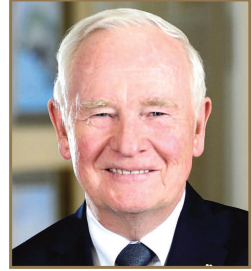
Another key benchmark for Jim in becoming involved with a charitable organization is its adherence to transparency. "Board members need to know the problems along with the successes," he says. "If an organization only talks about how well they are doing, it makes the donor feel they aren't needed. The strongest organizations are those that are willing to tell their members where they have challenges and where they need help."

The Dickes have made large donations to the Culver Educational Foundation, as well as Ohio Northern University and Trinity University. Outside of education, they have given generously to the revitalization of their hometown, New Bremen, Ohio. In the arts, they have given substantial gifts to the Dayton Art Institute and the Smithsonian American Art Museum.

Looking back, Jim now realizes that one of the first lessons he learned in giving back came from his grandfather and father. "They both taught me that it is important to help those who have more challenges than you have. Investing in people may be the most significant and permanent thing any of us can do."

DAVID JOHNSTON

28th Governor General of Canada
Chair, Rideau Hall Foundation
Executive Advisor, Deloitte
Advisor, Fairfax Financial Holdings, Ltd.



Horatio Alger Association Induction: 2018
HAAC Board Member: 2019 – Present

David Johnston was born in 1941 near Sudbury, Ontario, Canada, where his father, who had a tenth-grade education, managed a small hardware store. When David was seven, his father received a loan from his mother-in-law, which enabled him to buy a hardware store of his own in Sault Ste. Marie, Ontario.

An early lesson on the kindness of strangers and giving back came to David when he was 14 and preparing to play before a scout for the National Hockey League. Shortly before the big game, the owner of a small sporting goods store called David in and gave him a new pair of skates. Until then, all of David's hockey equipment had been handed down to him. "I scored three goals that night; I'm sure it was the skates!" he says. "That experience helped shape the idea of giving back."

David began working at the age of nine as a paperboy. He also did deliveries for the local drugstore on his bicycle. He grew up hearing his mother tell him that a strong education would be his ticket to a more fulfilling life and career. He received an academic scholarship to Harvard from which he graduated *magna cum laude*. He was twice selected to the All-American Hockey team and was elected to Harvard's Athletic Hall of Fame. He returned home each summer to work at the nearby steel mill. In the evenings he worked as a junior reporter for a local radio and television station and was catcher for their baseball team.

After earning his law degree at the University of Cambridge in Great Britain, David returned home to earn his Canadian law degree from Queen's University in Kingston, Ontario. He then was a professor of law for the next eight years. In 1974, he became dean of the Western University Law School. Five years later, he served as principal and vice chancellor of McGill University. In 1985, he was the first non-U.S. citizen to be elected president of Harvard's Board of Overseers. In 1999, he became president of the University of Waterloo, where he served for 11 years.

In 2010, David was appointed Governor General of Canada, serving as Queen Elizabeth's representative in his native country until his retirement from that position in 2017. David's motto while in office was to envision a better world. To accomplish that, he focused his attention on families and children, learning and innovation, and encouragement of philanthropy and volunteerism. Today he serves as an executive advisor to Deloitte. He is also an advisor to Fairfax Financial Holdings, Ltd. He continues to write and has published three dozen books and holds honorary or fellowships from over three dozen institutions. His latest book is *Trust: Twenty Ways to Build a Better Country*. It follows *Ingenious* and *Innovation Nation*, which explores how Canadians collaborate to improve their communities.

During his tenure as Governor General, David created the Rideau Hall Foundation (RHF), an independent and non-political charitable organization established to amplify the impact of the office of the Governor General as a central institution of Canadian democracy, and to better serve Canadians through a range of initiatives linked to learning, leadership, giving, and innovation.

For David, one of the most rewarding aspects of philanthropy is seeing people overcome obstacles and becoming self-reliant. When he was Governor General, his office developed the Sovereign's Medal on Volunteerism to honor volunteers who have made a significant and continual contribution to their community. "We sometimes forget the people who volunteer every day, year after year, never asking for anything. But the medal is not to put a spotlight on these individuals as much as it is to reinforce the culture of giving to create a better society," he explains.

Currently, David is working with the Horatio Alger Association to provide scholarships and mentorships for indigenous youth in Canada who are interested in becoming teachers. "We believe that if our indigenous people see teachers as role models in their communities, we will increase school graduation rates. Right now, the educational gap between indigenous and non-indigenous young people is quite substantial. It is our hope that by reinforcing the mission of teaching as a noble profession, that gap will be eliminated in 15 years or so."

Honored by his Horatio Alger Award, David says, "I'm so honored and overjoyed to be a part of this great organization. To have this recognition extended to Canada in the form of the Horatio Alger Association of Canada is really wonderful. We are working hard to emulate the great work the members are doing in the United States."

David believes that "creating a smarter, more caring nation" (the title of his installation address as Governor General) starts at the community level. He says, "If you want to build good communities and out of that a good country, you begin by saying I care about the person next to me and the person next to that person—the one I don't know so well. The ripples are powerful and change the culture."

JOSEPH NEUBAUER

Chairman and CEO
ARA Services, Inc.
*Former Chairman of the Board, Aramark
Next Egg Group*



Horatio Alger Association Induction:	1994
HAA Board Member:	1996 – Present
HAA President:	2006 – 2008
HAA Chairman:	2008 – 2010
Norman Vincent Peale Award:	2013

Joe Neubauer immigrated, by himself, to the United States from Israel when he was 14. His parents, who fled Nazi Germany in 1938, hoped a powerful democracy would provide more educational and professional opportunity.

He went to live in Danvers, Massachusetts, with an aunt and uncle who owned a roadside souvenir shop where Joe worked after school. Speaking only the English he learned from cowboy movies, he was the first foreign student to attend the local high school. He worked hard, graduated, and enrolled at Tufts University in Massachusetts, majoring, under parental pressure, in chemical engineering, which he hated. Joe worked as a fraternity waiter to defray expenses, eventually starting a sandwich delivery business to feed hungry students after the dining halls had closed.

An economics professor ignited Joe’s passion for a subject that would change his life. The professor helped him get a scholarship to the University of Chicago Business School, where Joe earned an MBA in finance and marketing. At 28, he became the youngest vice president in Chase Manhattan Bank’s history and later served as treasurer and then vice president of PepsiCo. “People invested in me throughout my life and career,” he says. “That’s why I feel so strongly about investing in people and giving back.”

In 1979, Joe became executive vice president of ARA Services, a conglomerate which Joe transformed into Aramark, today a \$15 billion, multi-national, professional services company. He served as chairman and CEO from 1984 until his retirement in 2014. Under his stewardship, Aramark went public and private

four times, in search of the most efficient access to capital. In the process, more than 300 employees, some of whom started pitching peanuts in a ballpark, became millionaires—the first in their families to send their own kids to college.

Joe and his wife, Jeanette, have given generously to their community, their nation, and the world. “I’m Jewish,” Joe says. “It’s part of our DNA. I learned from my parents and my in-laws about the obligation to harness compassion, generosity, and service to ambition.” The Neubauers focus much of their philanthropy on education and the arts. “Our philosophy is to invest in people rather than buildings,” Joe says. “We like to invest in talent who become catalysts of positive change. Doing that allows you to measure the difference your support has made, which is very important to me.”

Joe believes that good nonprofit management must adhere to the same principles applied to for-profit companies. “You have to have a mission,” he says. “You have to quantify the organization’s objectives, measure performance, and measure results. Leadership is also a key ingredient. If an organization doesn’t have a great leader, it rarely succeeds.”

Joe has been involved with his graduate school alma mater—the University of Chicago—for 20 years. Universities provide an umbrella to get involved with multiple issues and still focus on institutional advancement. Joe and Jeanette funded the first chair of business entrepreneurship, chairs for rising assistant professors, scholarships for talented students of Hispanic descent, fellowships for graduate students in the humanities, and faculty support in the Department of Molecular Engineering. They are the founding donors of the Neubauer Family Collegium for Culture and Society, a center that invites scholars from every academic discipline to pursue collaborative, interdisciplinary research to address problems that need expertise from more than one knowledge base to solve. The Collegium also hosts contemporary artists and scholars from around the world for lectures, readings, performances, screenings, and exhibitions.

The Neubauers have also given significantly to their hometown of Philadelphia. They are interested in strengthening civil society, investing in institutions that enable people of different backgrounds and viewpoints to come together to learn what they share in common. The National Constitution Center, the Barnes Foundation, the Philadelphia Orchestra, and others are beneficiaries. They are most attracted to philanthropic ideas that have the potential to scale and eventually become self-sustaining.

Currently, they are working with Philadelphia schools (public, parochial, and charter) to train principals in leadership and management. “Inadequate urban education is a national problem and it is certainly an impediment restraining Philadelphia’s growth and prosperity. I believe it is important to enrich the

communities in which we live," Joe says. "There are some great teachers in all schools, but there is no great school without a great principal. Better-managed schools are the most productive lever to improve student performance and graduation rates. We all benefit from that."

After becoming a member of the Horatio Alger Association in 1994, Joe joined the Board and eventually served as the organization's President and Chairman. During his tenure, the Association launched its first Capital Campaign, which resulted in an endowment fund that today totals \$300 million. "The endowment fund assures the continuation of Horatio Alger scholarships into the foreseeable future," he says. "I'm very proud of that. I believe in education and I believe in the free-enterprise system. The Horatio Alger Association embodies both. It allows young people to achieve more than they ever dreamed possible. When you see the Scholars return after five or 10 years, and you hear what they have achieved in life—personally, professionally, and civically—it is extremely rewarding." He was also instrumental in establishing the Horatio Alger Alumni Association.

"Jeanette and I are interested in impact. Nothing is more satisfying than changing the course of young people's lives in a positive way. In its simplest form, we are helping people help themselves. Successful Horatio Alger students are powerful role models in their families and communities. We are interested in fostering resilience in students, institutions, and society."

PAUL ANTHONY NOVELLY



Owner

*St. Albans Global Management, Apex Oil Company
and AIC, Limited*

Horatio Alger Association Induction:	2000
HAA Board Member:	2001 – Present
HAA President:	2010 – 2015
HAA Chairman:	2015 – 2017
Norman Vincent Peale Award:	2018

Paul Anthony “Tony” Novelly was born in 1943 in St. Louis, Missouri. His family of five lived in a one-bedroom apartment in a low-income section of town. Tony began working at a confectionery business stacking bottles and sweeping floors when he was only seven. At 16, he went to work in a grocery store, which funded his tuition to the Christian Brothers High School and St. Louis University.

Tony knew that getting a good education would be the key to getting where he wanted to be in life, and he was willing to work hard to make that happen. By the time he attended St. Louis University, he was working at the same grocery store as head checker. He graduated in 1965 with a degree in finance and joined Shell Oil Company—where he had 14 jobs in four years. By then, he was ready to settle down in St. Louis. He left Shell and joined the independently owned Apex Oil.

Tony worked his way to the top of Apex and then bought the company in 1978. The deregulation of the oil industry in the 1980s put Apex into bankruptcy, but Tony successfully guided the company through the crisis and went on to grow the company into one of the largest privately held companies of the time.

He has served on several nonprofit boards, including Mercy Hospital, The Boniface Foundation, and his alma mater, St. Louis University. To be effective, he believes a board must have an executive director who is able to get things done. “I also think it’s important to bring together good people who believe in the cause,” Tony says. “Once you have a good foundation of believers, then you can begin to bring in more good people.”

Tony felt from the beginning that the Horatio Alger Association was a good fit for him. "It parallels my own philosophy," he says. "Education is the key to freedom to pursue your dreams, and I hope that in helping to fund these scholarships I am giving others the support and tools they need to help themselves."

Inducted into the Horatio Alger Association in 2000, Tony became president in 2010. During his tenure in office, he advanced the goal of elevating public awareness about the Association through an ongoing national visibility campaign. As a result, the Association developed public outreach activities such as Horatio Alger-sponsored concerts, increased use of social media, print and broadcast public service announcements, expanded research projects, and newly designed state-of-the-art websites. He also focused on inducting men and women into the Association who were fully committed to its mission. As a result of his efforts, the Association has greatly increased financial support for the annual Awards events and the attainment of the Endowment Fund campaign goals. He is also credited with helping to boost membership involvement by opening more events to all Members, such as the annual Board of Directors meeting, which has developed into a major Association event in the fall season. When the Association began sponsoring state scholarship programs, Tony stepped in to sponsor those states that did not have donors. Additionally, he spearheaded the first major Endowment Campaign, which reached its lofty goal, and is currently responsible for aiming even higher in the second Endowment Campaign to reach a total of \$300 million.

Tony has a private foundation to which the majority of donations are made anonymously. In addition to his generous involvement with the Horatio Alger Association, Tony enjoys giving support to the two schools he credits with his success: Christian Brothers High School and St. Louis University. "I usually give to something that is alive rather than to buildings," he explains. "I want to help causes or people in need to move forward."

Tony's philosophy about giving back is directly related to his success in life. "My business success has made it possible for me to give to my favorite causes," he says. "I think when you earn money from society you are obligated to give something back. It keeps things in balance."

LINDA D. RABBITT

*Founder, Chair, and Chief Executive Officer
rand* construction corporation*

Horatio Alger Induction: 2016
HAA Board Member: 2019 – Present



The daughter of a German immigrant who became an automotive engineer, Linda Rabbitt was born in 1948 in Detroit, Michigan, and raised in Grosse Pointe and Bloomfield Hills. A valuable lesson Linda learned from her father was to leave things better than she found them. From her mother she learned the value of relationships.

As a child, Linda loved to play business. She set up a little office and imagined her way into owning a company. She was a product of her generation, however, so when it came time to go to college, she earned a degree in social studies rather than business, and a master's degree in education. She became a middle school history teacher, met and married a doctor, and soon became an at-home mother.

Unfortunately, Linda's marriage was abusive, both emotionally and physically, and she divorced. Her husband moved all their assets off-shore, which left her penniless with two toddler children to support. At the age of 32, Linda started over. She became a secretary at KPMG and was quickly promoted to director of marketing.

In 1985, she finally began pursuing her long-held dream of being a business owner. She partnered with a fellow marketer to open the first woman-owned construction company in the Washington, D.C., area. Four years later, Linda left that company and started her own. For years, she put in long days, building trusting relationships within the construction community. Her efforts paid off and today rand* construction has grown from being a small tenant interiors firm into a \$400+ million national multi-market construction corporation. It has also been consistently voted one of the "Best Places to Work" by the *Washington Business Journal* and *Washingtonian Magazine* for more than a decade.

While building her company to the heights of success, Linda contracted breast cancer. She is now a 19-year survivor and says that her illness taught her to live her life without regrets.

Linda learned from her mother that volunteering should be a way of life. Added to that, her mentors throughout her business career have all been community-minded. "I've had tremendous success," she says, "and I believe I am supposed to share it."

In her younger years, one of the first charitable donations she made was to My Sister's Place, a program for battered women. Later, Linda remarried and she and her husband, John Whalen, set up a family foundation. "We wanted to teach our daughters the joy of giving," she says. "We let them select where they wanted to make donations, and I'm so proud of all the research they did to make their choices. Like me, they focused on things that they can personally relate to. One of my interests is breast cancer research, for example. As a former teacher, education is also very important to me. Overall, I think there needs to be an emotional connection to one's philanthropy."

Helping women in business is also a keen interest for Linda. She recently pioneered and financed an executive education program at the Harvard School of Business called Women on Boards. "I had such an enriching experience sitting on public company corporate boards, but I was frustrated with the number of women in those positions. Since it began four years ago, hundreds of women from 14 countries have taken the course. Today the business community has awakened to the fact that they need diversity of thought. Now, with a record number of women on corporate boards, I'm very proud of the contribution I made to help that happen."

Making a difference is what motivates Linda in rendering financial donations or giving her personal time to a cause. "The leaders I admire the most," she says, "aren't just those who have a financially successful company, but those who demonstrate leadership in the community. These are the people who are making a real difference by bringing together like-minded individuals who want to do something about the many needs that are out there. It's so rewarding to know that you have helped a person in need to move forward."

Linda is a board member of the Economic Club of Washington, D.C., which in part gives college scholarships to high school seniors living in the District. "I believe that leaders in the community should attempt to make a difference in lives where there is real need," says Linda. "That is why my membership in the Horatio Alger Association is such a good fit. When you hear from Scholars the difference our support has made in helping them reach the next level of their goals, then you know that your investment is having a positive effect. That gives me real joy."

MATTHEW K. ROSE



Chairman and Chief Executive Officer
BNSF Railway Company
*Retired Chairman/CEO
BNSF Railway Company*

Horatio Alger Association Induction: 2013
HAA Board Member: 2014 – Present
HAA President: 2017 – 2019
HAA Chairman: 2019 – 2021

The third of three children, Matthew “Matt” Rose was born in 1959 in Salina, Kansas, but was raised in Kansas City, Missouri. His father worked with railroads and trucking companies to move grain, fertilizer, and feed. His mother was a seamstress and taught classes at the YWCA. A wholesome upbringing that was faith-based and family-oriented describes his childhood. From the time he was 12, Matt earned money by mowing lawns, working in retail and at restaurants, and stringing tennis rackets. He attended the University of Missouri in Columbia, where he majored in marketing and minored in logistics.

Matt graduated in 1981 and joined the Missouri Pacific Railroad as a management trainee, learning the business by rotating every six months through various management positions. In 1993, he joined Burlington Northern Railroad and in one year became a vice president. Following the company’s merger and with the new organization, Burlington Northern Santa Fe Corporation, Matt continued to rise through the ranks. In 1999 at the age of 39, he was named president and chief operating officer. The following year, he became the CEO and in 2002 added the chairmanship to his responsibilities. While he was at the helm (he is now retired) Matt more than doubled the company’s annual sales from \$9 billion to more than \$20 billion.

When Matt was inducted into the Horatio Alger Association in 2013, he stated, “For me, this award is all about the students. Helping them to achieve an education is a great honor for me.” Matt and his wife, Lisa, quickly became active participants of the Association. Matt served as Board president from 2017 to 2019 and he is currently serving as Chairman.

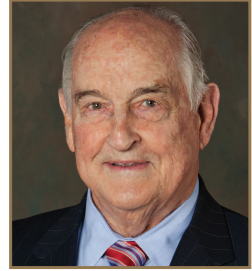
Beginning with a desire to help women who were caught in cycles of abuse or poverty, the Roses have dedicated much of their giving to The Gatehouse, a program and place in Grapevine, Texas, that offers resources and ample time for women and their children to become healed and self-supportive. Not only are the basics offered based on need—safety, housing, transportation, food, education, medical care, and clothing—but career and education guidance, professional counseling, and life-skills training are provided and mandatory. Lisa Rose serves as the founder and board president of the 501(c)(3) organization.

"My wife's deep commitment with The Gatehouse is a result of her passion for seeing people live life to their highest potential and experiencing as much as they are able, the American Dream. We both feel it is important not only to believe in the organizations we give to, but also look for situations where our personal involvement is welcome and can make a difference. Our commitments to The Gatehouse and the Horatio Alger Association have given us opportunities to see up close the effectiveness of our financial support. With the Gatehouse, we witness success story after success story. That's when we know that what we are doing is really helping our community. That gives us great joy and is very rewarding."

Personal involvement is also the case with the Horatio Alger Association. "At every Horatio Alger Awards dinner," Matt says, "we hear from our Scholar Alumni—those who have graduated from college. They tell us that our support has not only given them an opportunity to achieve higher education, but they also share how much our belief in their future success motivated them to persevere through their adversities. In both of these organizations, we meet the people we are helping."

Matt also believes that successful charitable organizations must have a purpose to their fundraising efforts. "For nearly 40 years of its existence, the Horatio Alger Association was only an award-giving membership organization," he says. "But once our scholarship programs were developed in the mid-1980s, we became purpose-driven. Today, we induct Members who came from humble beginnings and, through hard work and perseverance, have achieved a high degree of success. You add to that our scholarship programs that give opportunities to young people who—like our Members—also come from very humble circumstances. But we are giving our Scholars more than a check for college. We are giving them needed tools so they are empowered to improve their lives. As a result, in a relatively short period of time—less than 40 years—we have positively shifted the Association's focus and intent. I think that is a major reason for our success as a nonprofit organization."

WALTER SCOTT, JR.



Chairman and President
Peter Kiewit Sons', Inc.
Suzanne & Walter Scott Foundation

Horatio Alger Association Induction:	1997
HAA Board Member:	1999 – Present
HAA President:	2002 – 2004
HAA Chairman:	2004 – 2006
Horatio Alger Endowment Fund Chairman:	2011 – Present
Norman Vincent Peale Award:	2009
Walter Scott Jr. Visionary Leadership Award:	2017

Walter Scott, Jr., was born in 1931 in Omaha, Nebraska, where his father worked for a construction company, Peter Kiewit Sons', Inc. In his youth, Walter earned money working on the Oregon ranch of his father's friend. He attended Colorado A&M (now Colorado State University), where he majored in civil engineering. Each summer, he worked for Kiewit on construction projects in Nebraska and on the Garrison Dam project in North Dakota.

Walter made a conscious decision more than 60 years ago about the importance of investing in worthy causes. When his children were old enough to understand, he outlined for them three things he wanted them to learn:

1. The greatest asset you have is your health, so don't do anything to compromise it.
2. The greatest thing you can acquire is a good education. You can lose other things you acquire, but you can never lose a good education.
3. The greatest thing you can do is be a giver. The world already has enough takers.

Joining Kiewit full time after graduation in 1953, Walter worked on projects from California to New York, eventually becoming district manager, responsible for the company's operations in the Great Lakes region. He was promoted to vice president and elected to the board of directors in 1964, prompting a move to Omaha headquarters. When Peter Kiewit died in 1979, Walter Scott was chosen to be chairman and CEO, serving in that role until 1998. Under his leadership, the

company expanded its reach, becoming the leading general contractor in North America. He went on to serve as chairman of Level 3 Communications, an international IP-based communications company.

The Suzanne & Walter Scott Foundation serves as his primary charitable giving vehicle, which mostly focuses on two core philanthropic interests: causes that help young people and those that help improve the quality of life in Omaha. A multi-decade interest has been Omaha's Henry Doorly Zoo & Aquarium. Both Walter and his late wife, Suzanne, served on the zoo's board of directors. Their gifts to the zoo have resulted in the Suzanne & Walter Scott Aquarium, Sue's Carousel, Suzanne & Walter Scott Alaskan Adventure, and Scott African Grasslands.

A second focal point of his philanthropy has been higher education. In addition to endowed scholarships at Colorado State University, Hastings College, and Creighton University, Walter has been a key benefactor toward an effort to improve engineering education at the Omaha campus of the University of Nebraska. He has also served as chairman of the Board of Policy Advisors for the Peter Kiewit Institute, an industry academia partnership for engineering and information science education. Today, he is a former chairman of the Board of Policy Advisors.

In addition to the Horatio Alger Association, Walter has served on many nonprofit boards such as the board of the Joslyn Art Museum, which added the 58,000 square-foot Walter and Suzanne Scott Pavilion in 1994. He believes that a nonprofit board must adhere to its mission to be successful. "Too many boards," he says, "make it a goal to expand their mission. I call that 'mission creep.' It's better to concentrate on something that is worthwhile and stick to it, making sure you have the finances to accomplish that goal."

Walter considers the Horatio Alger Association a good example of an organization that has remained focused on its goal of helping at-risk youth achieve a college education. "We have added to the number of scholarships we award," he says, "but our mission has remained the same and our financial affairs are in order."

Inducted into the Horatio Alger Association in 1997, Walter has been a continuous Board member since 1997. He served as President from 2002 to 2004 and then as Chairman from 2004 to 2006. He is one of the first Members to establish a Horatio Alger State Scholarship Program, which funds scholarships for students from Nebraska. He also led the effort to establish the Horatio Alger Endowment Fund as a separate 501(c)(3) organization. He now serves as the Chairman of the Endowment Fund Board. Walter also helped initiate the Career and Technical Scholarship Program, which allows Horatio Alger Scholars to pursue two-year or skill-related certification programs. In 2017, he was presented with an award named in his honor, the Walter Scott Visionary Leadership Award, in recognition for the many ways in which he has expanded and advanced the Association's mission.

DAVID L. SOKOL

*Chairman and Chief Executive Officer
Teton Capital, LLC
Chairman of the Board
Seaspan Corporation*



Horatio Alger Association Induction:	2004
HAA Board Member:	2005 – Present
HAA President:	2008 – 2010
HAA Chairman:	2010 – 2015
Norman Vincent Peale Award:	2018

David Sokol's parents had been married for 25 years by the time he was born in Omaha, Nebraska, in 1956—the youngest of five children. When he was 11, his mother contracted breast cancer, and he went to work as a paperboy to help with the family bills. He continued to work throughout his school years as a caddie and janitor. He also helped local farmers during the hay-baling season. As a high school sophomore, he was a bagger for a grocery store. Within two years, he became the store's night manager.

David commuted to the University of Nebraska and kept his night job during college. He received his engineering degree in 1978. After working for several years as an engineer, he turned his focus to business management. In 1991, he was named CEO of CalEnergy, which in 1999 was renamed MidAmerican Energy Holdings Company. He went on to serve as MidAmerican's chairman and CEO. In 2011, he left the company to form his own private equity firm, Teton Capital, LLC. He also serves as chairman of Seaspan Corporation.

While David was experiencing tremendous business success, he and his wife, Peggy, were facing the most difficult challenge of their lives. Their youngest child, D.J., was in a losing battle with Hodgkin's disease, and he died a few weeks after his high school graduation. "It was through D.J.," David says, "that we all learned the true value of life."

Today, the Sokols focus much of their attention on their philanthropic projects. As a boy, David learned from his father, Ted Sokol, Sr., the importance of giving back. "My father was not a wealthy man," David says, "but there were two things he constantly emphasized to me. First was that the American Dream was alive and available to anyone with determination, work ethic, and a willingness to be responsible for oneself in their actions. Second, he conveyed to me the importance of participating in my community in a giving way. He was unable to give money, but he fully understood the importance of his time and energy. He volunteered for several community and civic activities and leadership positions. When I was looking for my own way to give back, he told me, 'Do not volunteer or donate from a feeling of guilt or vanity, but because you benefit from a healthy, caring community.'"

To further drive home the importance of caring for the community in which you live, David's parents asked their children to contribute a portion of their wages—even if it was from a grade-school job—to something special from their own perspective. One of David's first charitable giving in his youth was to help less fortunate children afford sporting equipment.

Shortly after David's induction into the Horatio Alger Association, he joined the Board of Directors, demonstrating his philosophy that taking an active role in his charitable efforts is imperative. In 2008, he became the Association's President and then served as Chairman from 2010 to 2015. His influence on the Association has resulted in expanded services to Horatio Alger Scholars, achievement of the \$250 million Endowment Fund drive, the creation of the Endowment Fund as a separate 501(c)(3), and much more. As a result, he was awarded the Norman Vincent Peale Award, which is the Association's highest honor given to Members who have demonstrated active involvement, support, and service to the organization.

When setting up the Sokol Family Foundation, three areas of focus were prioritized:

- Helping children from adverse backgrounds;
- Helping families in distress; and
- Bettering the general community.

"We looked for the best organizations we could find, such as the Horatio Alger Association and FORKIDS, Inc., when selecting where we would put our support. Both of these organizations are among the best in their respective fields and maintain low overhead costs and have had excellent success," David explains.

Before making their final decision about donations, David and Peggy ask themselves several questions: Can we make a difference? Can we leverage our giving to interest others, thereby having a much greater impact? Is the organization sustainable? Does the organization stay focused on its mission? Do we have confidence in the existing and likely future leadership? Does the organization's board membership walk the talk both with efforts and money?

David says that the Horatio Alger Association readily fits the criteria he expects from organizations in which he is involved. "The Association is focused on the right young men and women. It maintains a real focus on its mission. It has excellent leadership—both in staff and Board members. Also, the involvement is enjoyable."

Philanthropists often cite the personally rewarding aspects of giving back to their communities. "Seeing a young person turn his or her life's trajectory around through the use of mentoring, scholarships, or some other helping hand is gratifying," says David. "There is nothing else like it. It is deeply satisfying to help deserving young people achieve a college education or to give a homeless family a chance to regain their footing after a tragedy. As a friend of mine has often said, 'There but for the grace of God go I.'"

The Sokols' daughter chairs the board of one of their more actively involved charities, which—David believes—gives her greater insight into the organization and its future. "Since she will take over our philanthropic activities relatively soon," he says, "it is also great experience for her. Simply put, in giving back to our community, our family is attempting to make a positive difference."

BYRON D. TROTT



Managing and Chief Investment Officer
BDT Capital Partners, LLC
Founder and CEO
BDT & Company

Horatio Alger Association Induction: 2011
HAA Board Member: 2012 – Present
HAA President: 2015 – 2017
HAA Chairman: 2017 – 2019

Byron Trott, who has three older sisters, was born in 1958 in Springfield, Missouri, but raised in the much smaller town of Union. His father was a decorated veteran of World War II and made his living as a line repairman for the telephone company. Byron's mother sold Avon products and later had a women's clothing store. He found both of his parents to be inspirational, learning about integrity and hard work from his father and honesty and the power of positive thinking from his mother.

Byron was interested in business at an early age. With his parents' help, he opened a teen clothing store when he was 16. His father assisted in securing a \$10,000 bank loan while his mother taught him how to buy the inventory. Throughout high school, Byron spent weekends at the store and continued as a buyer during college.

An excellent student and sportsman, in his senior year Byron received the *St. Louis Post-Dispatch* Scholar Athlete Award, which was a great honor but did not carry any financial support. Still, he was determined to enroll in the University of Chicago's five-year combined college economics and graduate MBA program. His first-ever trip by air was to Chicago, application in hand. Due to his financial need, academic record, and athletic ability, he received a scholarship that, along with loans and contributions from his parents, allowed him to attend. While there, he won many honorary awards, including the Amos Alonzo Stagg Medal for senior male athlete with the best all-around record for athletics and character. "By the time I received my MBA in 1982," he recalls, "I had some \$50,000 in student loan debt, but I also had a world-class education that is the foundation of my success and embedded in me the desire to give back to those not so fortunate."

After graduation, Byron joined Goldman Sachs, working in private wealth management in St. Louis and Chicago. In 1989, he transferred to the Investment Banking Division in New York. In 1994, he became a partner and head of the Midwest Banking Group. Two years later, he became co-head of the Chicago office of Goldman Sachs. He continued to work his way up in the firm to vice chairman of the Investment Banking Division by 2005. He was very active in the financial crisis of 2008–2009, including securing \$5 billion of capital for Goldman Sachs and \$3 billion for GE from Berkshire Hathaway that allowed them to weather the crisis. In 2009, he left Goldman to found BDT Capital Partners, LLC, a merchant bank that invests in and advises family-controlled and entrepreneurially led companies.

From the start, Byron's philanthropy had its nexus in his own experiences. "At first, we focused on college scholarships for students at my high school in Union, Missouri," he says. "In 1988, my wife, Tina, and I created the Trott Scholar Athletes program for high-achieving athletes at the school." That program remains active today and has been the primary financial source for many to go to college over the last 30+ years.

In 1997, Tina and Byron established the Jeff Metcalf Summer Internship Program at the University of Chicago. "We named the program for the athletic director who arranged for the critical summer internships I had while pursuing my college education. I believe these internships combined with a great education are the undergirding of my success. In the first year of our program, we awarded scholarships to eight college seniors. The program has grown successfully over the years, and I'm proud that this summer it provided 3,000 internships to approximately 40 percent of the student body of the college."

To help young people with their education, Byron's firm, in partnership with a number of families from their network, launched rootEd Alliance, which aims to create stronger futures for students living in rural America. "Through our program, which provides rural students with advice, exposure, and financial resources, we have significantly increased the number of high school students who consider college and technical schools. We help them with the selection and application process, and later work to ensure that they graduate."

Much of the rootEd Alliance program was inspired by Byron's long affiliation with the Horatio Alger Association. "The values that embody the Horatio Alger Association are many of the same values that have guided me throughout my own life: the focus on hard work and integrity, the commitment to excellence, yet the willingness to seek out and accept the help of others, recognizing that you can only get so far in life on your own. We want our support to be a bridge to their futures. That's why we have been so privileged to work with the Horatio

Alger Association to distribute more than \$4 million in Trott scholarships to date. The Association is incredibly thoughtful and diligent about identifying deserving young people who have great potential. They provide a holistic array of counseling and advising resources that help our scholars overcome the various obstacles they face.”

When deciding on making a charitable investment, the Trotts—beyond the assumption that the program generally aligns with their priorities and values—look at its potential for sustained impact and an entrepreneurial mindset. Strong leadership is another important aspect for the Trotts when deciding where to place their philanthropic funding.

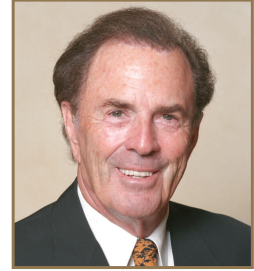
“We see it as a two-way partnership,” says Byron. “Our role as funders is to provide resources, guidance, and accountability. We invest in *their* talent and *their* vision because we believe that’s what will result in the positive outcomes we’re looking for.”

Byron points out that nonprofit leaders must demonstrate their impact and be transparent about how they are using philanthropic dollars. “The Horatio Alger Association is one example of an organization that has done a phenomenal job of this over many years. When the Association was awarded the coveted 4-star rating from Charity Navigator, it was because of our low overhead costs and overall effectiveness.”

Byron and his family believe that the impact of their giving has positively changed lives and in turn has changed their own lives. “This work allows us to see the world through the lens of others,” he says. “At the end of the day, the social fabric is the basis for so many of our accomplishments in life no matter who you are or where you come from. There is something deeply humbling about philanthropy that helps you see this.”

DENNIS R. WASHINGTON

Chairman, Washington Corporations
Founder, The Washington Companies



Horatio Alger Association Induction:	1995
HAA Board Member:	1996 – Present
HAA President:	2004 – 2006
HAA Chairman:	2006 – 2008
Norman Vincent Peale Award:	2012
Dennis R. Washington Graduate Grant Scholarships:	2006 – Present

D*ennis Washington was born in 1934 in Spokane, Washington, but moved with his family to Missoula, Montana, when he was one. During World War II, his family, including his mother's 13 siblings, moved to Bremerton, Washington, for employment in the shipyards. Dennis lived with his parents in a government housing project. When he was eight, Dennis contracted polio. He spent many months in the hospital and made a fair recovery. He was the fourth person to ever receive the Sister Kenny treatment for polio, which was a major breakthrough before the Salk vaccine. Shortly after he returned home from the hospital, his parents divorced, and Dennis moved between various relatives up and down the West Coast. He was independent at the age of 14. He spent the last two years of high school with his grandmother in Missoula.*

Following his high school graduation, Dennis worked in Alaska for a few years as an equipment oiler and then as a floating crane operator. Returning to Missoula, he went to work for his uncle's small construction company. Soon, that company formed a joint venture with McLaughlin Construction, making it the largest contractor in Montana. At the age of 26, Dennis was made vice president of operations, overseeing approximately five large interstate projects and several secondary highway projects in a four-state area.

Four years later, Dennis met and married Phyllis Peterson, a graduate of the University of Montana. That same year, at lunch with Gary Gallagher, a close friend and Caterpillar dealer, Dennis mentioned he was going to take a job with another contractor. Dennis recalls, "Gary said to me, 'Why do you want to work for somebody else, with the experience you have?' He talked me into starting my own business and lent me \$30,000. This was the best advice I've received in life, and I've never forgotten his support."

While Dennis worked to build his company, Phyllis helped to support them with her job as an elementary school teacher. By 1969, Washington Construction was the largest contractor in Montana, working in four states. Dennis branched into contract mining, mine development, dam building, railroad construction, and environmental remediation. In 1985, he took a large risk to purchase and re-open the Anaconda Copper Company mine in Butte, Montana. Diversification continued with the 1987 acquisition of what is now Montana Rail Link, the largest privately owned railroad in America, and the 1994 purchase of Southern Railway of British Columbia. Dennis next expanded into marine operations, buying several Canadian companies ultimately merged into Seaspan ULC, which includes three shipyards and the largest tug and barge operation in Canada. In 2005, he founded Seaspan Corporation (NYSE: SSW) which leases, operates, and manages ships for the world's largest container shipping companies. With 123 major container ships, it is the world's leading independent containership owner and lessor. As a public holding, Seaspan Corp. was renamed Atlas Corporation (NYSE: ATCO) and is also owned by Prem Watsa's Fairfax Holdings. Dennis and Phyllis have two sons, Kyle and Kevin, who currently serve on the Board of Directors of The Washington Companies.

In 1988, Dennis and Phyllis established The Dennis & Phyllis Washington Foundation, which has grown into a major U.S.-based philanthropic foundation. From the start, the core philosophy has been: *Investing in people to improve the quality of their lives*. Their giving focuses on education, health and human services, arts and culture, and community service. Their priority is educational and includes programs for pre-school children, after-school learning activities, and college scholarships. In conjunction with the Horatio Alger Association, Dennis and Phyllis have given thousands of need-based scholarships to high-achieving students and funded full-ride master's degree programs for many who excel in both leadership and academics. Phyllis actively supports education through the Phyllis J. Washington College of Education at the University of Montana. She is also a member of the Board of Trustees for the John F. Kennedy Center for the Performing Arts, as well as the Young Life Board of Trustees.

When considering making large donations, the Washingtons look at each nonprofit organization much as they would a business, with particular attention to whether an organization's mission matches that of the Foundation and to the broad impact measured by the people who will benefit from the donation.

Given Dennis and Phyllis Washington's philanthropic emphasis on youth who face economic and personal hardship, it's no surprise that they are drawn to programs like Young Life, the Horatio Alger Association, Special Olympics, and after-school programs involving the performing arts and activities. Phyllis sits on the national board of Young Life, an international nondenominational Christian ministry with youth camps across the globe. One of their signature projects is Washington Family Ranch-Young Life near Antelope, Oregon. It was started in 1997 with the Washington's gift of a 64,000-acre ranch with an additional 30,000 Federal Bureau of Land Management acres adjacent to the ranch. The only Young Life camp named after donors, it provides a venue where youth can build self-confidence, life-long relationships, and the value of spiritual strength to help throughout life's choices and circumstances. The Washingtons' continued support over the years allows the ranch to serve more than 1,000 middle school and high school youth each week of summer for the "Best Week of Their Life."

Inducted into the Horatio Alger Association in 1995, Dennis quickly joined the Board and has served as President and Chairman. Phyllis chairs the selection committee for the Association's Dennis Washington Leadership Graduate Scholarship and also works to expand the involvement of Members' Life Partners. Through the Horatio Alger Association, the Washingtons established a state Undergraduate Scholarship Program, contribute to the Horatio Alger Career & Technical Education Scholarship Program, and endowed the Dennis R. Washington Leadership Graduate Scholarship as the Association's first graduate program.

Dennis and Phyllis believe strongly in the Horatio Alger Association's goal of providing college scholarships to deserving young people who have overcome personal adversity. "In this way," Dennis says, "the Association has a direct role in preparing tomorrow's leaders for success."

ANTHONY WELTERS

Chairman & CEO
AmeriChoice Corporation
Executive Chairman
Blacklvy Group, LLC



Horatio Alger Association Induction: 1998
HAA Board Member: 1999 – Present
HAA Treasurer: 2013 – Present
HAEF Assistant Secretary: 2011 – Present

Anthony “Tony” Welters was born in 1955 in Harlem, where he was raised in the tenements. In their small apartment, he slept in bunkbeds with his three brothers behind a curtain in the living room. From an early age, Tony learned from his mother the importance of sharing with others, even when you had little to share. Unfortunately, Tony’s mother, a severe asthmatic, died when he was only eight. It was a devastating loss for the family, who all worked to help with finances. Tony shined shoes, sold newspapers, and swept the floor of a barber shop.

One bright spot in Tony’s youth was his participation in summer camps sponsored by the Fresh Air Fund. The experience had a profound and positive effect on him, which influenced how he would choose to give back later in life.

Tony was tested for admission to New York City’s prestigious Stuyvesant High School, known for its rigorous curriculum. Dedicated to his studies, Tony earned a scholarship to Manhattanville College, where he double majored in political science and economics. Upon his graduation in less than three years, he earned a law degree from New York University (NYU).

Tony describes himself as a serial entrepreneur. After working as a corporate vice president for development for Amtrak, he started and operated several companies. In 1989, he formed AmeriChoice Corporation, a diversified healthcare company that was later acquired by UnitedHealth Group (UHG), which serves more than 100 million people worldwide. Tony served as UHG’s executive vice president and then as senior adviser to the office of the CEO.

In 2015, Tony became executive chairman of the Blacklvy Group, LLC. In this position he travels regularly to Africa to engage with business partners and assess new business opportunities.

Tony and his wife, Beatrice, who is a former U.S. Ambassador to the Republic of Trinidad and Tobago, are recipients of the America's Promise Award in recognition of their long-standing commitment to philanthropy. They are also founding members of the National Museum of African American History and Culture in Washington, D.C.

In 1996, the Welters established Camp Dogwood Summer Academy as a way to provide opportunities to underprivileged children. The cornerstone of that program is to teach courtesy, cooperation, caring, and concern while offering academic enrichment and traditional camp activities. Since 1998, their Vincent Wilkinson Foundation has provided the AnBryce Scholars Program, which offers full tuition to NYU Law School. Their second organization, The AnBryce Foundation, also serves underserved youth.

"The key to our philanthropy," Tony says, "is to support programs and initiatives that look at first-generation children from underserved and underrepresented communities. So, when I look at something I might want to support, I look for that alignment of mission. Once committed, we like to be fully engaged. We are hands-on philanthropists."

The Welters know their projects are working when they see campers from their Dogwood Academy who have gone through their program and successfully completed their schooling. "We have had campers who started with us in the first grade," he says. "Several of them have received our fully endowed scholarship at New York University at the undergraduate level. Seeing these kids grow up and develop into productive, contributing adults is very rewarding. That tells us we are making a difference."

Tony was inducted into the Horatio Alger Association in 1998 and has long served as the treasurer of the Board. One thing he most admires about the administration of the Association is the way it delivers scholarships and services to a large number of students while maintaining a low overhead at headquarters. "That's important to me," he says. "That's getting the resources where they are supposed to go. I believe the Horatio Alger Association carries one of the lowest operating cost structures in America today."

When he received his Horatio Alger Award, Tony said, "The essence of a person is not how successful you are, but what you do with the success." The way in which Tony was raised to have care and concern for others is not something one makes a conscious decision to do. "You just get up in the morning and do it," he says. "It's all I know."

SPECIAL THANKS

The Horatio Alger Association expresses deep appreciation to Michael and Carmen Lewis, Publishers of *Miami Today*, which published early versions of many of Brian Foss's articles in Chapters 2–4, to advance the understanding of the nonprofit sector by business and community leaders.

We are indebted to Jackie Rough, Editor and Biographer of the Horatio Alger Association, for conducting interviews and providing profiles of Horatio Alger Association leaders. Ms. Rough wrote the fascinating section (Chapter 7) regarding the philanthropic and community service of Horatio Alger leaders.

Brian Foss acknowledges the many leaders of the philanthropic and voluntary sector who provided leadership opportunities and mentoring throughout his career, particularly Brian O'Connell, Founding President of Independent Sector.



Since the establishment of its scholarship programs in 1984, the Horatio Alger Association has become one of the largest, need-based scholarship providers in the United States and Canada. By the Association's 75th anniversary in 2022, we anticipate having awarded a total of \$235 million in scholarships to more than 35,000 students.

35,000	\$235 MILLION	71%
Scholarships Awarded	In Scholarships	Graduation Rate*

*Compared to 16% national average for low-income students

SCHOLARSHIPS

More than \$20 Million – Estimated value of Horatio Alger scholarships available annually to more than 2,500 new Scholars

\$15 MILLION	\$960 THOUSAND	\$4 MILLION	\$1.7 MILLION
Undergraduate	Graduate	Career & Technical	Canadian

SUPPORT SERVICES

- | | | |
|--|---|---|
| <ul style="list-style-type: none"> • Alumni Association • Career Support • College Readiness • College Support and Financial Aid Counseling • Collegiate Partners | <ul style="list-style-type: none"> • ComPsych • Emergency Fund • Housing Needs • Licensing Fees • Networking and Career Guidance | <ul style="list-style-type: none"> • Online Education • Personal Contact • Professional Development • Non-Traditional Support |
|--|---|---|

SCHOLAR PROFILE

	United States	
\$25,029	3.71	51%
Average Family Income	Average High School GPA	First-Generation College Students
	Canada	
\$29,575	3.74	26%
Average Family Income	Average High School GPA	First-Generation College Students

(Scholar Profile figures are based on the 2020 class of Horatio Alger Scholars.)

Adversities: Divorce of Parents | Physical/Mental/Sexual Abuse | Alcohol/Substance Abuse | Homelessness | Physical/Mental Disability or Illness | Death of Parents | Foster Care

The Horatio Alger Association, a 501(c)(3) educational nonprofit organization, values diversity and is committed to creating an inclusive environment for all employees. The Association is an equal opportunity employer that does not discriminate on the basis of race, color, religion, creed, sex, gender identity, sexual orientation, marital status, parental status, national origin, political affiliation, age, disability, or any other protected status. All employment decisions are based on merit and individual qualifications, performance, business needs, and job requirements. The Association is also committed to maintaining an environment that encourages and fosters appropriate conduct among all persons and respect for individual values. The Association's policies, as outlined above, extend beyond its staff to its Members, Life Partners, Scholars, Alumni, volunteers, and associates (contractors, vendors, affiliates).

HORATIO
ALGER
ASSOCIATION
of Distinguished Americans, Inc.



99 CANAL CENTER PLAZA | SUITE 320 | ALEXANDRIA, VA 22314
703.684.9444 | horatioalger.org