



# **Delaware's Philanthropic Sector: A Post-Recession Assessment**

KBT & Associates  
Mary Kress Littlepage  
Summer 2012

# ABOUT THE STUDY

*Delaware's Philanthropic Sector: A Post-Recession Assessment* is a companion report to *Philanthropy in the First State*, released in 2009. Both studies examine the nonprofit organizations active in Delaware and the individual giving and organized philanthropy that support them.

*Delaware's Philanthropic Sector: A Post-Recession Assessment* was produced by KBT & Associates, Jacksonville, Florida, with analysis by Mary Kress Littlepage. The data was assembled by the Department of Social Science, Jacksonville University, Jacksonville, Florida, under the direction of Dr. Raymond K. Oldakowski.

The report was made possible through the generous support of the following members of the Delaware Grantmakers Association:



**Welfare Foundation**

# Introduction

In 2008, civic leaders in Delaware provided the first, comprehensive study of the state's philanthropic sector -- the nonprofit organizations that serve the state and its residents, the organized philanthropy that supports those organizations and the individual donors whose contributions fuel both charity and philanthropy in the First State.

Since that research was conducted, the world -- and Delaware -- have changed immeasurably.

In the fall of 2008 -- after the research that underpinned *Philanthropy in the First State* was completed -- the U.S. economy collapsed and the nation entered what is now known as the Great Recession. Markets plummeted, jobs disappeared, incomes withered; human need soared; and the nonprofits to whom desperate people turn for help were overwhelmed with demand, just as giving dried up and governments, facing their own deficits, cut back services and funding.

Between the beginning of 2008 and the start of 2010, Delaware's unemployment rate more than doubled, jumping from 3.8% to 8.5%. During the same period, the percent of nonprofits operating in the red jumped from 38% to 53%.

Despite this grim landscape, the leaders of Delaware's philanthropic sector -- private funders, corporate funders and nonprofit leaders -- took some bold and important steps.

They committed themselves to strengthening the nonprofit sector and making it an integral part of the civic life of Delaware. They travelled the country looking at models of effective nonprofit support organizations in order to create a better one at home. They organized grantmakers to better share information and encourage strategic philanthropy.

Through their efforts, they demonstrated a keen understanding of the multiple pillars that must be present to support and sustain a robust philanthropic sector -- both "institutional" and individual philanthropy on the investment side, and capable, high-performing nonprofits on the operations side.

In the Delaware Grantmakers Association, the state now has a forum through which "institutional" grantmakers -- major private and corporate foundations -- not only can learn from each other but can build collaborative relationships that can maximize the impact of their investments. The association provides an opportunity for these grantmakers to collectively identify and examine community issues and potential responses. It also can provide an important point of connection with funders from outside of Delaware who may be candidates for supporting certain community initiatives.

In the Delaware Community Foundation, the state has a time-honored institution that has great potential for influence. Community foundations are important features of the nonprofit sector landscape -- they serve as the bridge that connects individual and family philanthropists with opportunities for community investment. Their ability to share knowledge, inspire giving and build relationships among those who care about their community and have the means to make a difference positions them to be engines of change.

In the refurbished Delaware Association of Nonprofit Agencies (DANA), the state has a nonprofit support organization on its way to making a significant impact on the sector. Nonprofits need a bold public advocate. They need a resource for education, training and learning. Like grantmakers, they need a forum where they can build collaborative relationships. And they need space where they can lift up and reflect upon the community issues that they know so well. DANA's new leadership understands these needs and is actively addressing them.

Delaware's philanthropic leaders also recognize the importance of periodic assessments of the sector's health. Consequently, in early 2012, they commissioned this report, an update on *Philanthropy in the First State*, intended to document what has happened in Delaware's philanthropic sector since the economic collapse of 2008.

With this document, we report on the changes in the sector between 2007 and 2010, look at some findings available for the first time with this report, and offer some observations on future actions that could be undertaken by and for the sector.

In some respects, it is fortuitous that the original research was completed prior to the onset of the Great Recession. In that first report, released in early 2009, Delaware has a rich picture of its sector in more "normal" times. This report presents a picture of Delaware's sector that is quite different and, it is hoped, will prove over time to be anything but normal.

# Key Findings

## *All Parties Suffered as a Result of the Great Recession*

The Great Recession that gripped the country beginning in 2008 exacted a heavy toll on every segment of Delaware's philanthropic sector.

Between 2007 and 2010:

- Assets of Delaware's primary grantmakers declined 25% and their grantmaking dropped 23%;
- Individuals saw incomes decline and, not surprisingly, made smaller charitable contributions;
- Nonprofits, impacted by the drop in both foundation and individual giving, found it increasingly difficult to maintain financial balance, with almost half operating in the red (expenses exceeding revenues).

## *Individual Giving Continues to Lag, Especially in Regional Comparisons*

While almost three out of 10 Delawareans report making charitable contributions, overall individual giving in Delaware continues to lag both national averages and the averages of nearby states.

Compared with residents of Virginia, Maryland, Pennsylvania and New Jersey, Delawareans are not as likely to give, and those who give tend to make smaller gifts.

## *New Nonprofit Formation Has Slowed*

The number of nonprofits in Delaware has remained relatively stable since 2005, with much of what appears to be an increase attributable not to new organization formation but to improved compliance with reporting requirements.

There were only about 100 more nonprofits in Delaware in 2010 than in 2005. While there are many reasons for that soft growth curve, one certain factor is the struggling economy and its dampening effect on nonprofit formation.

## *Despite These Challenges, Nonprofits Remain an Economic Engine*

In 2010, nonprofit organizations generated \$5.3 billion in revenues and provided more than 60,000 jobs in Delaware -- equivalent to 14% of all jobs in the state. The reported nonprofit payroll for that year was more than \$1.8 billion.

Moreover, better than 93,000 Delawareans volunteered for a nonprofit at some point during 2010. The value of those volunteer hours is estimated at \$41.6 million.

# Opportunities for Action

While Delaware's philanthropic sector has made great strides in recent years, work remains. The data in this report along with reflections from leaders in the philanthropic community suggest a number of ways in which the sector could strengthen itself and, thereby, increase its benefit to Delaware.

## *Growing Giving*

Delaware's donors – whether individuals, family foundations or large institutional grantmakers – hold the future of Delaware in their pockets. Given the nation's lingering economic challenges and political climate, it is unlikely that increases in government support for community needs will be forthcoming soon. While private philanthropy and individual giving cannot supplant public support, it can be responsible for strategic gifts that can lead to long-term change.

Growing giving requires multiple strategies.

***Build the sector's development capacity.*** People give most often when asked. Among individual donors, more than half of the dollars given in 2010 came from those with incomes between \$50,000 and \$200,000 – yet only about one-third of this cohort gave. That suggests there is untapped giving potential that could be mined. Helping nonprofits build their fund-development capacity could be an important step to bringing additional dollars into the sector, both from individuals and from organized philanthropy.

***Grow community awareness.*** People give to what they know. By increasing awareness of nonprofits – individually and collectively – donor prospects, both individuals and grantmakers, can see more opportunities for giving. Community awareness can be raised using an array of marketing techniques and channels, and careful planning can enable community leaders to track results and evaluate effectiveness.

***Generate energy around particular issues.*** People like to be part of something. Consider focusing attention on a particular field or set of issues and develop a campaign for giving around that focus. Such efforts can be led by a group of nonprofits, or by a coalition of funders who seed the campaign and provide matching funds that leverage individual donations.

***Grow opportunities for giving.*** People do things that are easy. By identifying the obstacles to giving (and asking), we open up channels for philanthropy. Can the development community easily access the funding community? Does the community foundation make its fundholders aware of giving opportunities? Does the individual donor have access to easy tools for making small spontaneous gifts that will make a difference? By looking at the experiences of other communities, Delaware may find way to enhance giving opportunities.

### *Strengthening Infrastructure*

The work of recent years in building Delaware's philanthropic infrastructure is to be commended and should continue. DANA, the Delaware Grantmakers Association and The Delaware Community Foundation anchor the three corners of the sector and each needs to continue to grow.

One of the best strategies for continued growth is connecting with others in the field. Through the Council on Nonprofits, the Council on Foundations and other national organizations, nonprofits and funders have the opportunity to see what other communities are doing and import new ideas. This type of national networking and learning should be encouraged and supported across the sector.

### *Continuing to Learn*

Since 2008, Delaware's philanthropic leaders have learned the benefits that come from good research. The same type of research that has been applied to the overall sector can be applied to other areas of community concern.

The sector can be a leader in identifying critical community issues, building knowledge and understanding around those issues and creating a forum in which the community can respond to those issues.

As the community continues to strengthen its philanthropic infrastructure, it may wish to look at other communities that have ongoing learning and action initiatives, and evaluate their potential merits for Delaware.

## A Closer Look at Delaware

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In the last decade, Delaware has seen significant changes in its size, its economy and its cultural makeup. All of these factors influence the role that nonprofits can play -- and need to play -- to provide a high quality of life for Delawareans.

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	<i>Change 2000-2010</i>
<i>Total Population</i>	+ 15%
<i>Elderly Population</i> <i>(over 65)</i>	+21%
<i>Population of Young Children</i> <i>(under age 5)</i>	+8%
<i>Minority Population</i> <i>(all groups)</i>	+45%
<i>Total Civilian Labor Force</i>	+12%
<i>Employed Civilian Labor Force</i>	+5%
<i>Unemployment Rate</i>	From 3.4% to 7.7%
<i>Poverty Rate</i>	From 9.2% to 11%

*Source: U.S. Census*



# The Impact of the Recession On Delaware's Philanthropic Sector

Since 2008, nonprofits, foundations, corporate giving programs and individual donors across the nation have been affected by the extended economic downturn. An array of reports reveal:

Overall giving nationally has not rebounded to the levels seen in 2007, according to Giving USA 2012, and experts now predict it could be 2022 before a recovery in giving takes place.<sup>1</sup>

Individuals' contributions to donor-advised funds were up in 2010, but have not yet reached the levels of 2007 and 2008, according to the National Philanthropic Trust 2011 Donor-Advised Fund Report.

Giving by foundations was almost flat (-1.3%) in 2011 compared with 2010, according to Giving USA 2012.

Donations by corporations also were virtually flat in 2011, compared with 2010, and more than 7% below their 2007 levels, according to Giving USA.

87% of U.S. nonprofits surveyed feel the recession isn't over and 28% have less than one month of cash on hand, according to the Nonprofit Finance Fund's 2011 State of the Sector Survey.

The landscape in Delaware is similar.

Assets and grantmaking by Delaware's primary foundations in 2010 were significantly below the levels of 2007. Individual giving by Delawareans also declined moderately. And half of Delaware's nonprofits struggled to maintain financial health.

A look at each of the three components of Delaware's philanthropic sector:

## Giving by Foundations and Corporations

While hundreds of private foundations call Delaware home, only a handful award grants to organizations based in Delaware<sup>2</sup>. About two dozen private foundations and one community foundation awarded grants of more than \$100,000 each to Delaware-based organizations during the 2007-2010 period.

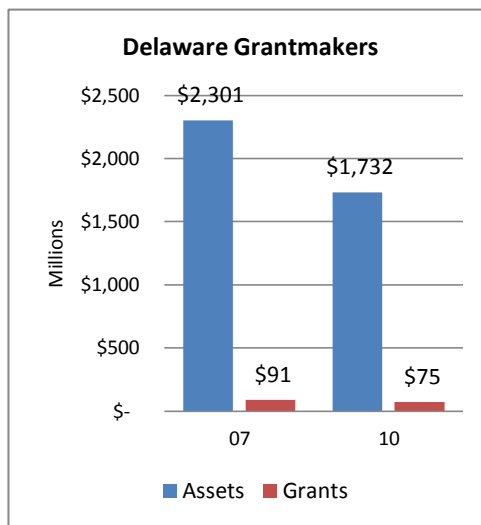
For these grantmakers, the recession caused deep erosion of their assets. As of 2010, this cohort of funders reported collective assets of \$1.7 billion -- 25% less than was reported in 2007.

Despite these losses, some foundations increased funding during the period. The Crystal Trust, for example, saw assets drop by 13% but increased giving by 78%. And The Delaware Community Foundation awarded 12% more in grants despite a 20% drop in assets.

But the generosity of these and a few other funders could not reverse the tide. Overall, these Delaware funders granted out 18% fewer dollars in 2010 than in 2007.

On the corporate giving side, the absence of available data makes it impossible to quantify total corporate giving in Delaware over time. Public companies' tax returns are confidential and public reports frequently fail to detail a company's charitable activities.

At the national level, however, corporate giving in 2010 was within striking distance of its 2007 level, after having plummeted during the depths of the recession. Much corporate giving is directly tied to corporate profits, which were relatively strong in 2010.

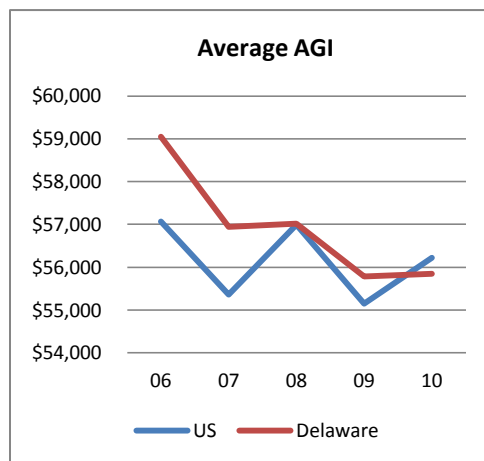


## Giving by Individuals

Delawareans saw some major reverses in income during the Great Recession.

In 2007, Delawareans' average adjusted gross income was 2.8% above the national average. By 2010, it was almost 1% below the national average -- a swing of more than three percentage points.

In the face of this decline, it is not surprising that individual giving in Delaware showed a decline according to multiple measures.



The proportion who made charitable contributions declined slightly. And the amount given -- expressed both in actual dollars and as a percent of income -- declined.

## The Health of Nonprofits

Despite their focus on mission, nonprofits must maintain a healthy bottom line. No organization can sustain operations if it consistently spends more than it takes in.

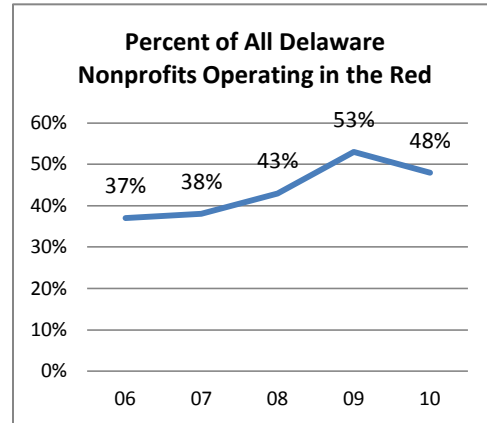
With foundation funding and individual giving both down, more of Delaware's nonprofits struggled to maintain their financial balance.

In 2007, 37% of Delaware nonprofits reported operations in the red -- that is, expenses exceeding revenues. By 2009, a

whopping 53% operated in the red (in New Castle County, the percentage was 56%). There was some improvement in 2010, as the proportion operating in the red dropped to 48%.

During this period, average revenues for these organizations dropped 23% while average assets dropped 20%. Average expenses, meanwhile, dropped by 18%, as organizations tried to cut costs even in the face of rising demand.

This combination of reduced funding, reduced giving and increasingly strained nonprofit finances does not bode well for Delaware. The state is experiencing fundamental changes in its demographic makeup – changes that have the potential to create more challenges for communities. Growing rapidly are the populations of elderly (age 65 and over) and minority residents – two groups that typically have higher needs for social services. In addition, the recession has left fewer people employed and the poverty rate has grown, as has the percent of individuals without health insurance.



# Individual Giving in Delaware

Individual giving in Delaware remains the backbone of philanthropy -- even though it has taken some blows during the Great Recession.

In 2006, individuals in Delaware reported making charitable gifts totaling \$529 million. By 2010, aggregate giving reported by Delawareans had dropped to \$467 million -- a 12% decline.

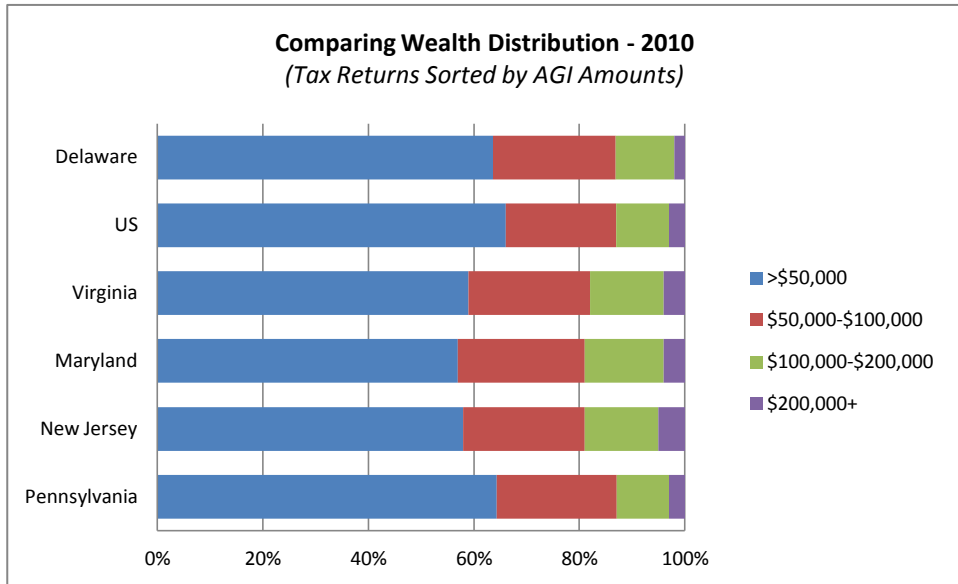
Nonetheless, individual giving represents the bulk of giving in Delaware, far outpacing giving by foundations and corporate giving programs.

But individual giving in Delaware is not as robust as in many neighboring states, or the nation as a whole.

The rates at which Delawareans give -- by multiple measures -- fall in the bottom tier when compared with U.S. averages and peers in four nearby states -- Virginia, Maryland, Pennsylvania and New Jersey.

Where Delaware Ranks <i>(listed highest to lowest)</i>			
<i>% Who Give</i>	<i>Giving Rate</i>	<i>Average Gift</i>	<i>Giving Per Capita</i>
Maryland	Maryland	U.S.	Maryland
Virginia	Virginia	Virginia	Virginia
New Jersey	U.S.	Maryland	New Jersey
Delaware	Delaware	Pennsylvania	U.S.
U.S.	Pennsylvania	Delaware	Delaware
Pennsylvania	New Jersey	New Jersey	Pennsylvania

While multiple factors influence each of these individual giving measures in each of these locales, it would appear that there are opportunities for Delaware to strengthen its culture of giving and, thereby, increase the resources available to improve the quality of life for all.

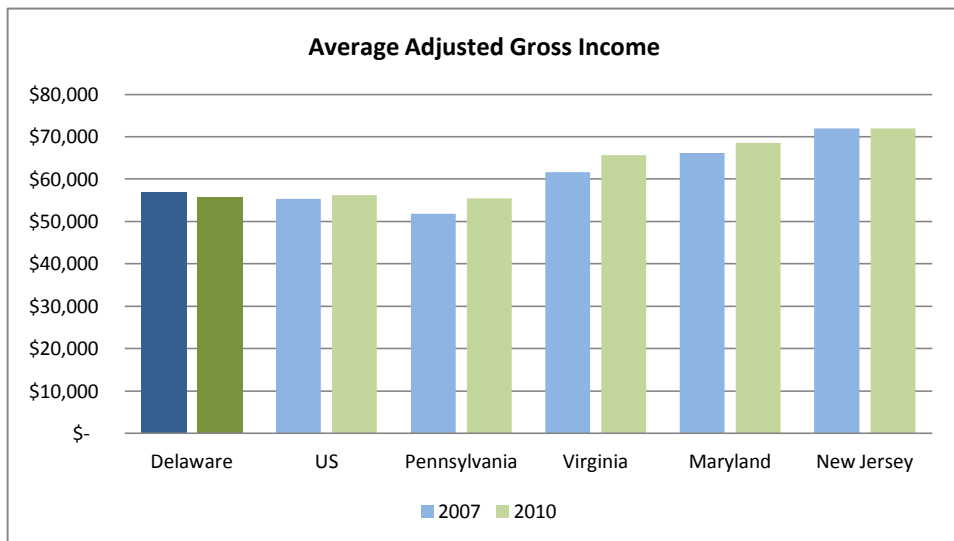


## DELAWAREANS' WEALTH

While wealth is not synonymous with charitable giving, it is an important factor in individuals' capacity to give, if not always their willingness.

The average adjusted gross income (AGI) of Delawareans in 2007 was greater than the national average, greater than Pennsylvanians' but less than that in other nearby states.

Between 2007 and 2010, however, Delawareans' average AGI declined while others' increased, putting a strain on Delawareans' financial capacity for giving compared with others in the region.



## HOW MANY DELAWAREANS GIVE?

About three out of 10 Delaware tax filers reported making charitable contributions in 2010 -- a number that was virtually unchanged from 2007.

This "participation rate" remained ahead of the national average, but compared to nearby states, Delaware's participation rate was behind all but Pennsylvania.

### EVALUATING INDIVIDUAL GIVING

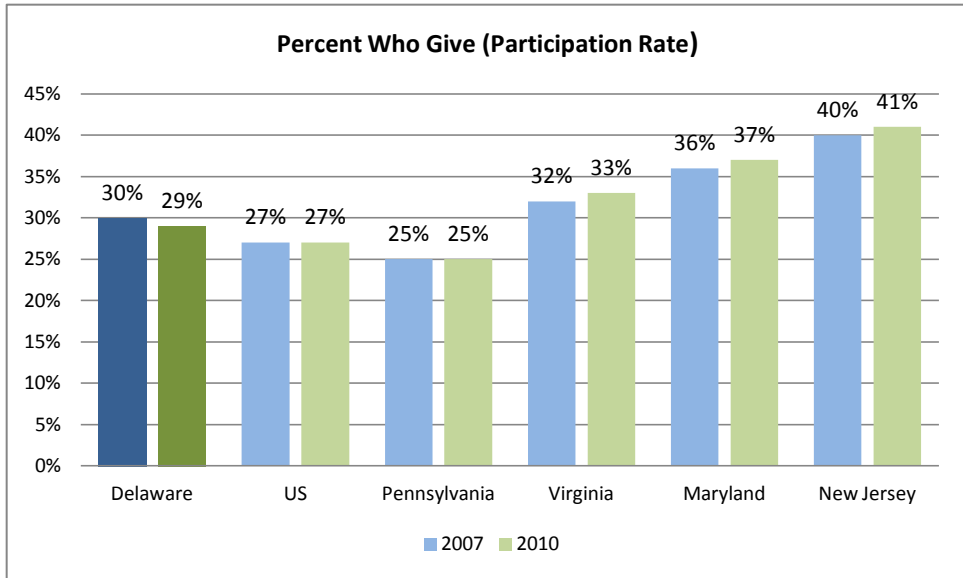
Many research studies examine individual giving from the single perspective of "generosity" -- the amount an individual gives as a proportion of his or her resources. While generosity is an important measure, relying on it alone can lead to a skewed portrait of giving.

"Generosity" reflects the impact of the individual gift on the individual. This study, in contrast, is focused on the effect of giving on the community and state, not the individual. Thus, a donor with an income of \$50,000 who gives 10% to charity (\$5,000) has the same impact on the community as a donor with an income of \$100,000 who gives 5% to charity (\$5,000), even though the latter would be considered "less generous."

Community impact is influenced by more than donor generosity. The wealth of the community is a factor. If 1,000 donors in a poor community -- incomes of \$50,000 --gave 10%, the community would have the benefit of \$5 million in contributions. If 1,000 donors in a wealthy community -- incomes of \$200,000 --gave 10%, the community would have the benefit of \$20 million in contributions. Yet, in all likelihood, the needs of the poorer community would be greater.

Community impact also is affected by the number of individuals who give. Mississippi, for instance, is often ranked high for its generosity -- in fact in 2010, its giving rate was 4.8% compared with Delaware's 2.0%. But Mississippi's wealth is highly concentrated among a relatively small population -- only 19% contribute anything at all, compared with 29% in Delaware. Consequently, total individual giving in Mississippi in 2010 was \$472 per capita, compared with \$519 per capita in Delaware.

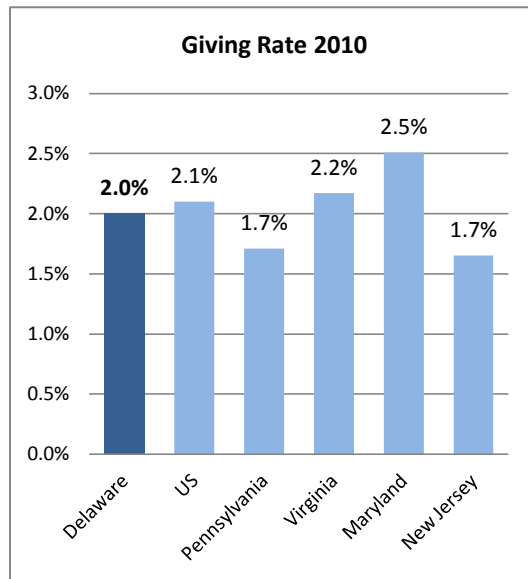
In our view, a community with robust individual giving does not rely on the extraordinary generosity of the wealthy, but on a strong culture of giving that inspires a broad constituency of donors -- those of great wealth *and* those of more modest means - - to give generously and invest in the well-being of their community.



## WHAT IS THE RATE OF GIVING?

Charitable contributions in Delaware amounted to about 2% of all Adjusted Gross Income in Delaware in 2010 -- a moderate rate that is behind the national average but ahead of some peers.

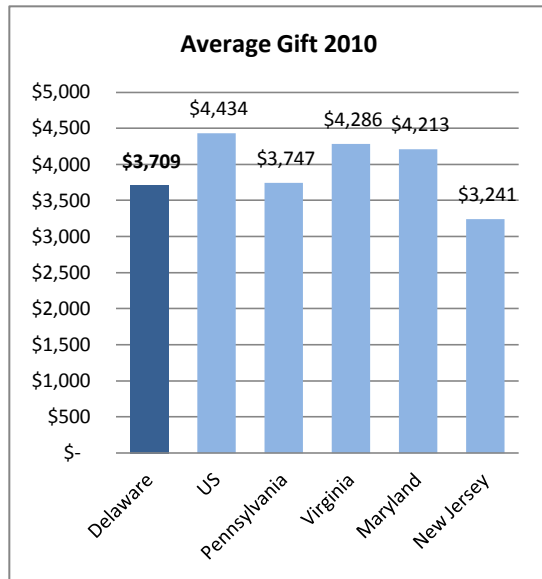
In every venue except Virginia, the recession caused a modest decline in the giving rate (Virginia's remained essentially flat). Delaware's giving rate declined about 1%, less than the decline in Pennsylvania, Maryland and New Jersey. But as this data shows, income and giving do not always correlate: in states where incomes remain high, such as New Jersey, giving rates can be soft.



## HOW MUCH DO DELAWAREANS GIVE?

In 2010, the average charitable gift from a donor in Delaware was \$3,709 -- lower than the national average and lower than that in any area state except New Jersey.

And while the size of the average gift in Delaware declined from 2007 (by about \$100), the decrease was less than in Maryland, Pennsylvania or New Jersey. Maryland, for instance, saw its average gift decline by more than \$200 and in Pennsylvania, the average gift declined by almost \$400.

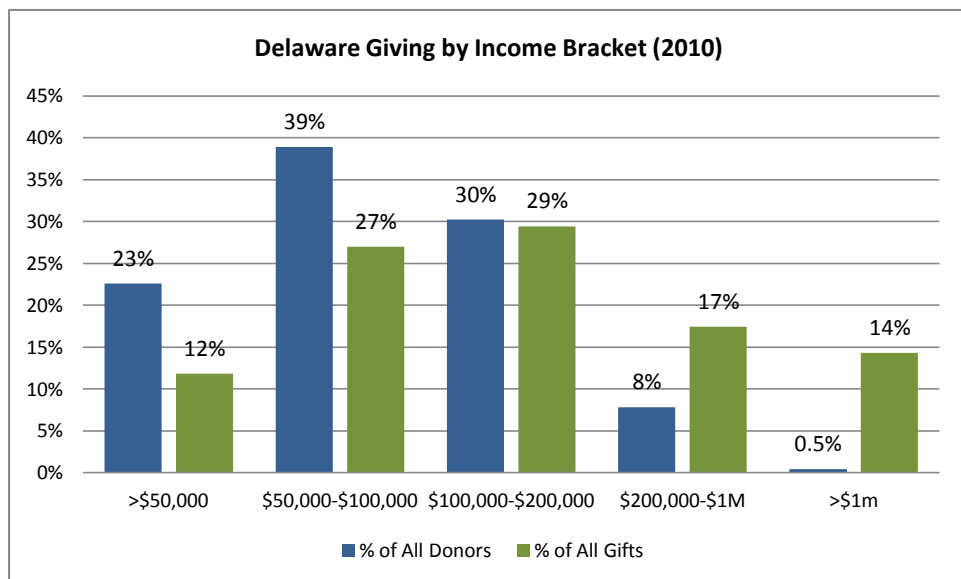


## HOW DOES GIVING VARY BY INCOME?

Not surprisingly, wealthier donors shoulder a larger share of giving than less wealthy donors in Delaware.

Tax filers with Adjusted Gross Incomes greater than \$1 million account for only 0.5% of all donors, and yet they give 14% of all contributions. In fact, 96% of the tax filers in this group make a charitable contribution and the average amount given is more than \$116,000.

Conversely, tax filers with Adjusted Gross Incomes between \$50,000 and \$100,000 comprise 39% of all donors but they give only 27% of total contributions. For this group, the average gift is slightly above \$2,500.





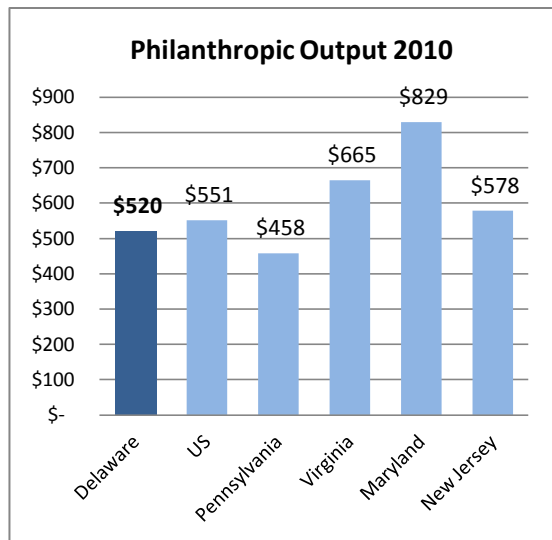
While it may seem that the greatest opportunity to increase giving lies among those with the greatest incomes, the high participation rates among the top income groups may suggest otherwise. According to 2010 IRS reports, there are only 24 Delaware tax filers with incomes in excess of \$1 million that did not make a charitable contribution. Greater opportunities for development may exist at other income levels.

<b>Windows of Opportunity</b>			
<i>Income Bracket</i>	<i>% Who Give</i>	<i>Average Gift</i>	<i># Non-Givers</i>
\$50,000-\$100,000	49%	\$2,574	50,582
\$100,000-\$200,000	79%	\$3,607	9,904
\$200,000-\$1M	93%	\$8,264	780
>\$1 M	96%	\$116,361	24

## HOW DOES INDIVIDUAL GIVING IMPACT COMMUNITIES?

The impact of individual giving on a community, or state, results from a complex set of factors: There must be enough wealth present to give people the capacity to give; there must be a healthy culture of giving that encourages people of varying means to contribute; and those who have significant means must be willing to give at a generous level.

Looking at the philanthropic output (total giving/population) is revealing:



Delaware's philanthropic output is next to the lowest of this cohort. In New Jersey, which has a low giving rate and low average gift, the high participation rate leads to a comparatively healthy philanthropic output. Pennsylvania, which has a respectable average gift but low participation has a low philanthropic output.

And then there is Maryland: second highest income -- average AGI over \$68,000 and unfazed during the recession, high participation, a high giving rate and a healthy average gift, resulting in the highest philanthropic output in the region. Clearly, the benefits of income and strong giving culture benefit Maryland.

## HOW DO WE KNOW WHAT WE KNOW?

Data on individual giving is supplied by the Internal Revenue Service, which periodically reports aggregate information gleaned from taxpayers' individual tax returns.

Information on charitable giving reflects only that which is reported on Schedule A of individual tax returns and thus fails to capture the individual giving of taxpayers who choose not to itemize their deductions. Despite this shortcoming, IRS data is the most accurate, the most consistently available and the most accessible data on individual giving at the national, state and local level.

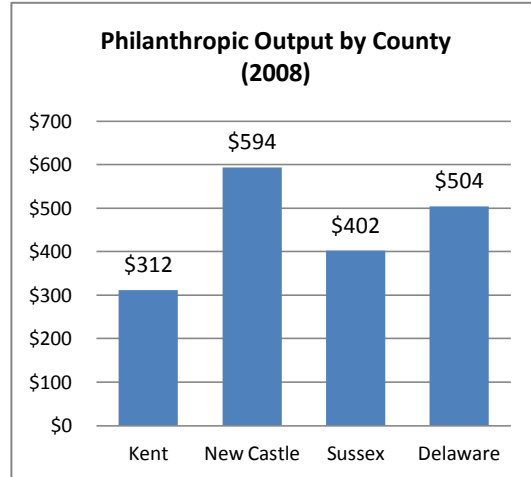
While the IRS provides this data "periodically," it does not provide it routinely or uniformly. Thus, some data that was available and used for *Philanthropy in the First State* is not available for this report.

To provide context to the data on Delawareans' giving, we have included comparable national data as well as comparable data from four nearby states: Virginia, Maryland, New Jersey and Pennsylvania.

## COMPARING GIVING BY COUNTY

The latest year for which the IRS provides county-level giving data is 2008, and the detail in this dataset is quite limited. However, it does allow us to determine philanthropic output by county as well as an "average gift" in each zip code.

The following table indicates the gift amount for each zip code. The statewide benchmark for this comparison is \$1,010.21.



**Delaware Individual Giving by County -- 2008**

<b>New Castle County</b>		<b>Kent County</b>		<b>Sussex County</b>	
Zip Code	Average Gift*	Zip Code	Average Gift*	Zip Code	Average Gift*
19701	\$ 1,206.14	19901	\$ 664.44	19930	\$ 2,039.42
19702	\$ 890.60	19903	\$ 1,062.02	19933	\$ 761.66
19703	\$ 582.28	19904	\$ 796.12	19939	\$ 810.69
19706	\$ 600.21	19934	\$ 998.17	19940	\$ 591.16
19707	\$ 2,299.04	19938	\$ 659.61	19941	\$ 338.53
19709	\$ 1,272.01	19943	\$ 551.20	19944	\$ 1,472.53
19711	\$ 1,407.55	19946	\$ 454.41	19945	\$ 511.41
19713	\$ 647.02	19952	\$ 581.10	19947	\$ 573.36
19720	\$ 778.97	19953	\$ 512.44	19950	\$ 797.28
19730	\$ 799.39	19954	\$ 328.04	19951	\$ 588.09
19734	\$ 900.74	19962	\$ 825.91	19956	\$ 761.30
19801	\$ 599.08	19964	\$ 370.81	19958	\$ 1,059.83
19802	\$ 760.00	19977	\$ 801.22	19960	\$ 644.39
19803	\$ 2,108.97	19979	\$ 623.31	19963	\$ 863.02
19804	\$ 509.32			19966	\$ 592.72
19805	\$ 473.07			19968	\$ 919.50
19806	\$ 1,858.56			19970	\$ 893.99
19807	\$ 8,489.65			19971	\$ 1,161.72
19808	\$ 947.24			19973	\$ 748.10
19809	\$ 992.31			19975	\$ 689.54
19810	\$ 1,371.07				
19850	\$ 561.22				
19899	\$ 1,658.10				

*For this table, the average gift is calculated against a base of all tax filers, rather than those tax filers who make a contribution. Consequently, these averages are different from those listed elsewhere in this report and should be used for relative comparisons only.*

# Delaware Grantmakers

## WHO ARE DELAWARE'S GRANTMAKERS?

As reported in *Philanthropy in the First State*, hundreds of charitable foundations make their legal home in Delaware and the vast majority reside there primarily to benefit from the state's legal and financial structures, making no substantial investments in Delaware nonprofits. That study documented eight major Delaware-based funders who awarded the lion's share of foundation grants to Delaware-based organizations and another 15 funders who awarded smaller grants to Delaware-based nonprofits.

The data from 2010 shows little change in that core group of Delaware-based funders supporting Delaware organizations.

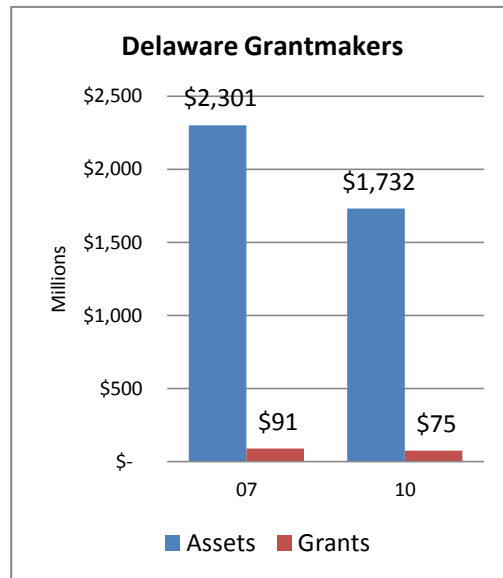
What has changed is the capacity of these funders to support the state's nonprofits.

As the Great Recession wreaked havoc on the equity markets, foundation

endowments saw their assets plummet. Between 2007 and 2010, the aggregate assets of these two dozen funders dropped from \$2.3 billion to \$1.7 billion. At a 5% payout rate, that would translate into a \$28 million reduction in grant awards to Delaware organizations.

But 11 Delaware funders stepped into the breach and increased their funding even in the face of declining assets. As a result, aggregate grant awards dropped from \$91 million to \$75 million -- an 18% decline and a loss of only \$16 million.

While not all of these funds went to Delaware-based organizations, it is estimated that 77% of the awarded funds remained in the state of Delaware, benefitting Delaware-based organizations.<sup>3</sup>



<b>FOUNDATION</b>	<b>2010 ASSETS</b>	<b>ESTIMATED DELAWARE GRANTS</b>	<b>SELECTED GRANTEES</b>
Carpenter Foundation	\$ 2,462,655	\$ 121,000	Delaware Hospice, Pilot School
Chichester duPont Foundation, Inc.	\$ 41,672,837	\$ 2,639,875	Children's Beach House, St. Andrews School
Choptank Foundation	\$ 8,586,045	\$ 306,000	Biggs Museum American Art, Frank E. Schoonover Fund
Crestlea Foundation, Inc.	\$ 15,425,995	\$ 449,000	Hagley Museum, Delaware Center for Horticulture
Crystal Trust	\$ 134,488,804	\$ 3,839,000	Boy Scouts (Delaware); Christiana Care
Edgar A Thronson Foundation	\$ 3,450,414	\$ 102,300	Delaware Art Museum, Leukemia and Lymphoma Society (Delaware)
Ellason Downs Perpetual Trust	\$ 6,798,777	\$ 214,510	Episcopal Diocese of Delaware, Christ Church Greenville
Frank & Yetta Chaiken Foundation	\$ 483,449	\$ 270,000	Jewish Federation Wilmington, University of Delaware
Gilliam Foundation	\$ 4,502,037	\$ 206,737	United Way of Delaware, Habitat for Humanity
Good Samaritan, Inc.	\$ 22,474,619	\$ 350,000	Christiana Care, Ministry of Caring
Gospel Growth Fund	\$ 17,840,488	\$ 297,000	Urban Promise Wilmington, Sunday Breakfast Mission
Howard W. Swank Foundation	\$ 13,707,808	\$ 608,300	University of Delaware, Christiana Care
Ida J Miller	\$ 5,347,852	\$ 175,840	Beebe Hospital, Home for Aged Women (Wilmington)
Laffey-McHugh Foundation	\$ 55,084,572	\$ 1,901,366	Delaware Hospice, Ministry of Caring
Longwood Foundation, Inc.	\$ 578,493,206	\$ 20,776,150	University of Delaware, Grand Opera House
Louisa Morse Charitable Trust	\$ -	\$ 1,274,500	Tower Hill School, Historical Society of Delaware
Marmot Foundation	\$ 28,192,686	\$ 370,000	Boys & Girls Clubs of Delaware, United Way of Delaware
Milton & Hattie Kutz Foundation	\$ 2,174,829	\$ 133,079	Albert Einstein Academy, Jewish Federation of Delaware
Mount Cuba Center, Inc.	\$ 312,250,582	\$ 6,780,000	Delaware Community Foundation, The Conservation Fund
Raskob Foundation for Catholic Activities, Inc.	\$ 143,802,443	\$ 113,870	Archmere Academy, Serviam Girls Academy
Shrieking Meadow Foundation	\$ 4,991,426	\$ 100,000	Delaware Nature Society, Plectra Music
The Paul Singer Family Foundation	\$ 10,427,537	\$ 2,389,666	Gordon & Jenny Singer Foundation (Wilmington)
Welfare Foundation, Inc.	\$ 129,290,183	\$ 4,149,219	Delaware Hospice, Henrietta Johnson Medical Center

## WHAT DO DELAWARE GRANTMAKERS FUND?

In a survey of Delaware grantmakers who are members of the Delaware Grantmakers Association, the majority indicated that they do not limit their charitable funding to organizations based in Delaware, though, clearly, that is a priority.

These funders, which included a mix of private foundations and corporate giving programs, reported that their primary focus areas for funding, in order of preference, were:

- General human services;
- Human services particularly for children and youth;
- Community and economic development;
- Health.

Secondary focus areas for funding included:

- Arts and culture;
- K-12 education;
- Human services for seniors.

The funders' preferred strategy for giving was providing financial support for programs, followed by supporting organizational capacity building and advocacy or constituent education. Fewer than half of the respondents indicated that they fund capital requests.

## DELAWARE'S CORPORATE FUNDING COMMUNITY

The corporate funding community remains an integral part of Delaware philanthropy. While anecdotal evidence suggests corporate funders play a major role in supporting Delaware's philanthropic sector, there is limited state-level data on corporate giving readily available.

The Foundation Center reported that, in 2009 (the most recent year for which data is available), Delaware had 18 corporate foundations that awarded \$18.3 million in gifts -- a marked increase from 2007, when the state was reported to have 9 corporate foundations giving \$4.9 million.

Many for-profit companies support charities with contributions made from operating expenses, making them difficult to track. Other companies have charitable foundations that provide charitable support to organizations across many states. The Bank of America Foundation, which is based in Charlotte, N.C., contributes regularly to Delaware-based organizations.

The Delaware Grantmakers Association survey provides insight into four of the community's significant corporate funders: Bank of America, DuPont, JP Morgan Chase and M&T Bank.

Collectively, these funders estimate that they give between \$16 million and \$29 million to Delaware-based organizations annually, and their priorities for funding are generally in line with the priorities of their private funder counterparts. Bank of America did report that it has recently revised its funding strategy to include three critical areas: Housing (community development), jobs (education and workforce development) and hunger (critical needs).

# Delaware's Nonprofit Organizations

Delaware is home to slightly more than 1,100 nonprofit organizations -- entities that range widely in size, mission and impact on the state and its residents.

At one extreme are large nonprofit institutions -- hospitals and universities -- that touch the lives of tens of thousands of individuals either through their roles as businesses and employers, or as service providers to their communities. At the other extreme are tiny, mom-and-pop nonprofits, with no paid staff and only one or two volunteers, but with a passion for service and the potential for good impact -- albeit limited in scope -- on their neighbors.

Collectively, they are an economic force in Delaware, employing tens of thousands of people, generating \$5.3 billion in revenues in 2010 and holding assets worth \$7.4 billion.

## HOW MANY NONPROFITS ARE BASED IN DELAWARE?

In 2010, 1,127 nonprofits based in Delaware reported to the Internal Revenue Service. For those who argue there are "too many" nonprofits, it is worth noting that these entities represent but a fraction of the 24,500 for-profit businesses in the state<sup>4</sup>.

At 1,127 nonprofits reporting, the sector grew by about 100 entities since 2005 -- about 10% -- while the number of nonprofits nationally increased 22% in the same period.<sup>5</sup>

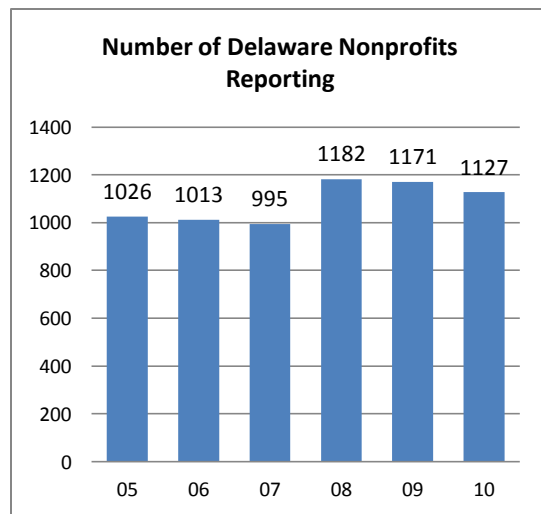
Delaware's nonprofit trendline shows a sharp increase in the number of nonprofits between 2007 and 2008. But a closer look at the data gives insight into what may be behind these year-to-year fluctuations.

Of the 238 nonprofits reporting in 2008 that did not report in 2007, 75% received their tax exemption from the IRS prior to 2007. In fact, 17% received their exemption prior to 1990. In other words, these were

not all "new" organizations reporting to the IRS for the first time; many were well-established organizations reporting to the IRS either for the first time, or for the first time in many years.<sup>6</sup>

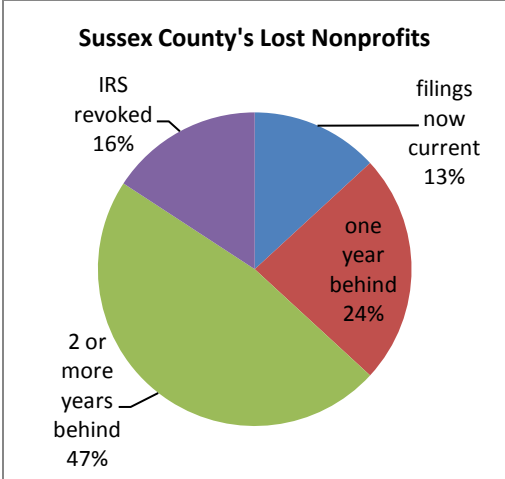
This suggests that the bulk of this increase is the result of increased compliance with IRS reporting requirements, rather than new organization formation.

The IRS has been much more aggressive in recent years in demanding reporting compliance. The Pension Protection Act of 2006 required the IRS to revoke the exempt status of any



nonprofit that failed to file for three consecutive years. That increased emphasis on compliance apparently plays out in some interesting ways.

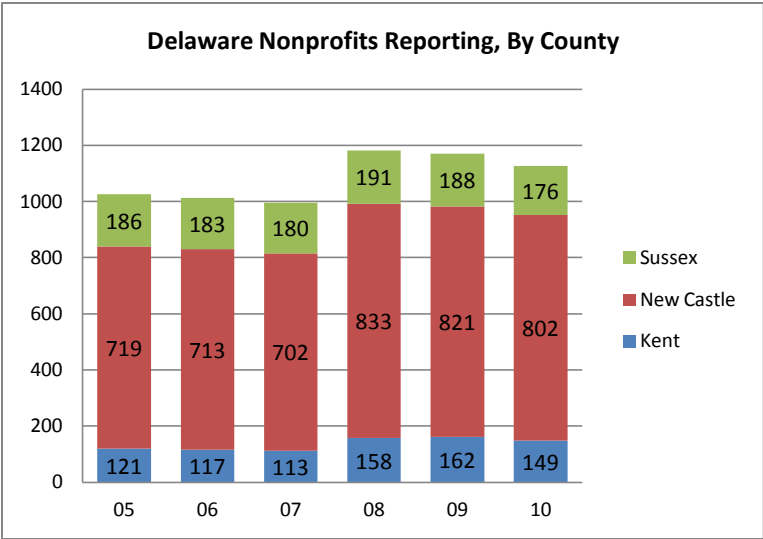
New Castle County, for example, is home to many nonprofits that are located there primarily to take advantage of the state's unique legal and financial structure and provide no substantial services in Delaware -- what are called "foreign" nonprofits. Between 2007 and 2008, three dozen new "foreign" nonprofits appear on the nonprofit roster, each of them the U.S. fundraising arm for a foreign -- mainly British -- school, university or cultural institution. These organizations include the Friends of Kings College London, which received its U.S. tax exemption in 1985, the University of Bristol Foundation (1992) and the American



Friends of the London Zoo (2001).

This cluster of organizations alone accounts for 20% of the "growth" from 2007 to 2008.

Indeed, some communities saw a decline in the number of nonprofits



between 2005 and 2010. Sussex County experienced a 10% drop in the number of nonprofits based there. Some of that change may be the result of tardy filings. But 63% of those entities that were "lost" in Sussex County either had their exemptions revoked by the IRS or failed to file for two or more years, suggesting they are at least dormant if not defunct.

Nationally, the number of nonprofits reporting in 2011 dropped 15.6% from the previous year, as the IRS began implementing its plan to revoke the exempt status of entities that failed to file the required legal documents for three consecutive years. Given that, it is reasonable to expect that the number of Delaware nonprofits will remain flat and, perhaps, decrease in coming years.



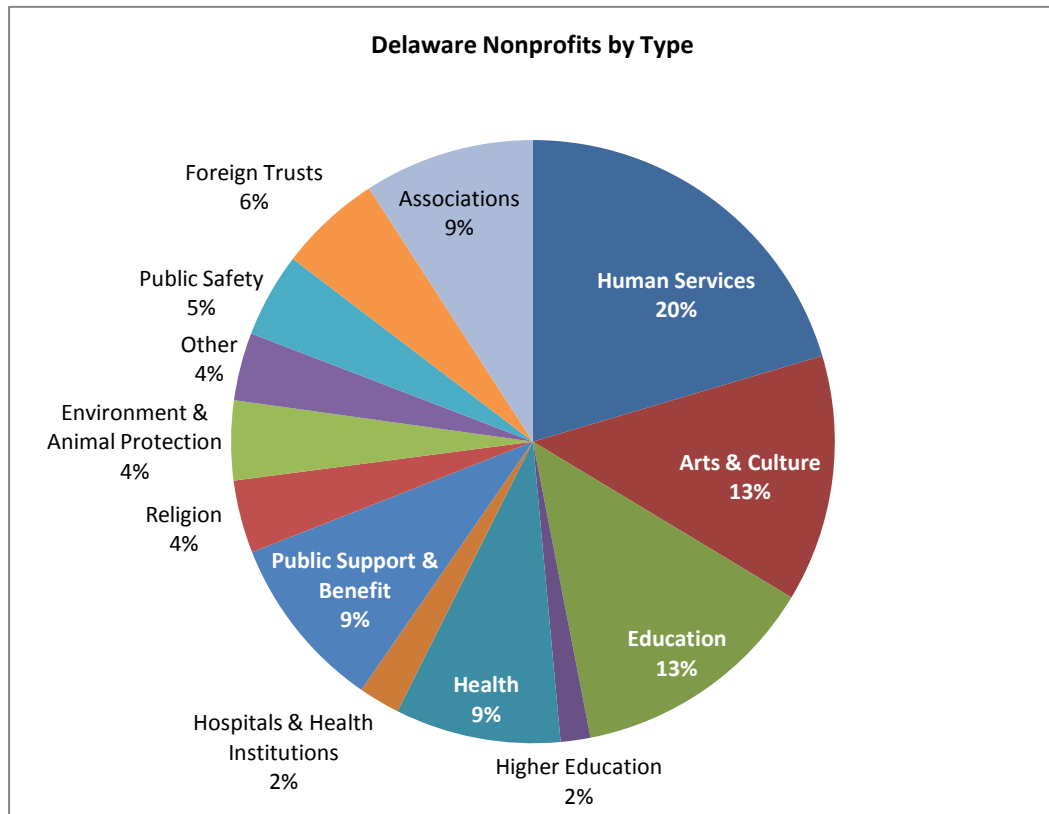
## HOW ARE DELAWARE'S NONPROFITS SORTED BY MISSION?

The largest group of Delaware nonprofits -- 20.4% -- are human service organizations, those serving children, the elderly and the general population. This is typical -- in most communities, human service organizations dominate the nonprofit landscape. Nationally, according to the Urban Institute, one-third of all nonprofits fit this category. (Note: the Urban Institute uses a more broad definition of Human Services, including, for example, community and economic development and public safety organizations in the category. To learn more about how the Delaware research classifies organizations, see Methodology).

The second and third largest groups of Delaware nonprofits are arts & culture organizations and general education (not higher education) organizations, with 13% of the total each.

Nationally, general education ranks as the second largest category according to the Urban Institute. Arts & culture, however, ranks further down the national list, after health organizations and those focused on public and social benefit.

The strong presence of arts & culture organizations is part of the unique character of Delaware's nonprofit sector, just as the presence of large numbers of religious organizations is unique to some southern communities. (To learn more about the Arts & Culture field, see Methodology.)



Also unique to Delaware is the presence of "Foreign Trusts," which comprise 6% of the state's nonprofit sector. These are charitable trusts that are established as public charities but which have located in Delaware primarily to benefit from the state's legal and financial structures. These organizations engage in no substantial charitable activity in the State of Delaware.

## WHAT IS THE FINANCIAL CAPACITY OF DELAWARE'S NONPROFITS?

Nonprofit organizations are not created equal, and nowhere is that more evident than in the realm of nonprofit finances.

Nonprofits that work in higher education and institutional health (hospitals and skilled nursing homes) dominate nonprofit finances in Delaware, just as they do in virtually every other state.

In the three counties of Delaware, there are 43 nonprofits that work in or support higher education or institutional health (hospitals and skilled nursing homes). These 43 organizations represent 4% of the state's nonprofits.

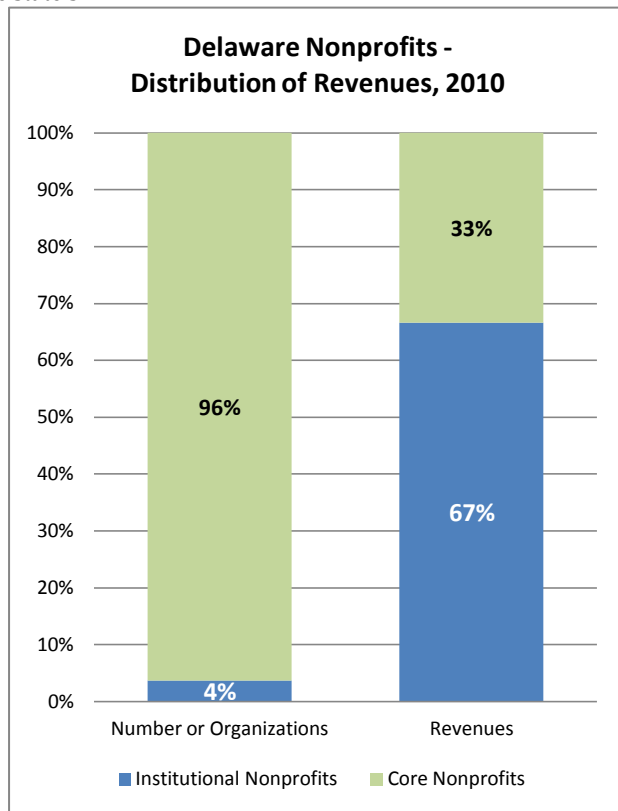
Yet these 43 organizations brought in 67% of all Delaware nonprofit revenues in 2010.

The remaining 1,084 Delaware nonprofits received the remaining 33% of all 2010 revenues.

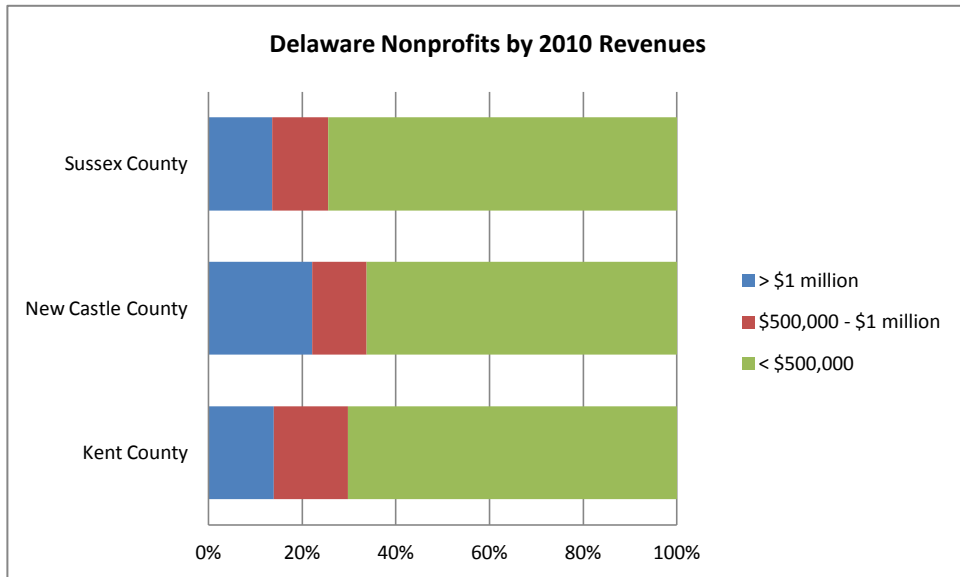
This imbalance is testimony to the robust fundraising capacities of these large institutional nonprofits, the financial structures that enable them to draw down large amounts of government revenue in the form of Medicare and Medicaid reimbursements and Pell grant funds, and their ability to earn fees for services.

But the imbalance also highlights another issue: the potential gap between community expectations and nonprofit capacity.

*43 Delaware nonprofits bring in 67% of all nonprofit revenue.*



Only 20% of Delaware nonprofits had 2010 revenues in excess of \$1 million -- and that 20% includes the 43 high-revenue institutions. Smaller nonprofits may provide excellent services and operate exemplary programs, but they often lack the scale to have transformative impact on their communities. Communities that seek such transformative change must recognize that the nonprofit infrastructure must be in place and must have adequate investment to make those ambitions achievable.

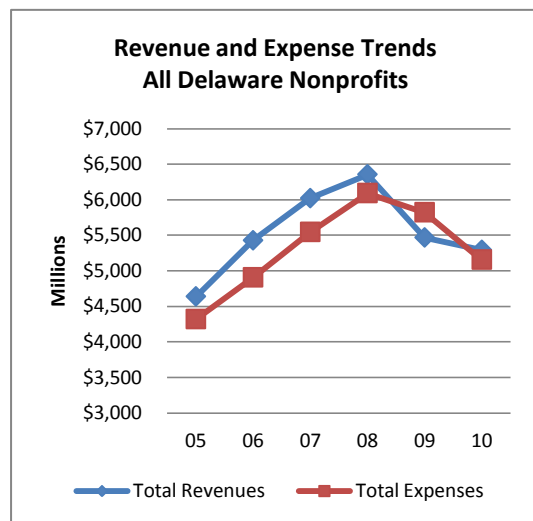


## HOW FINANCIALLY HEALTHY ARE DELAWARE NONPROFITS?

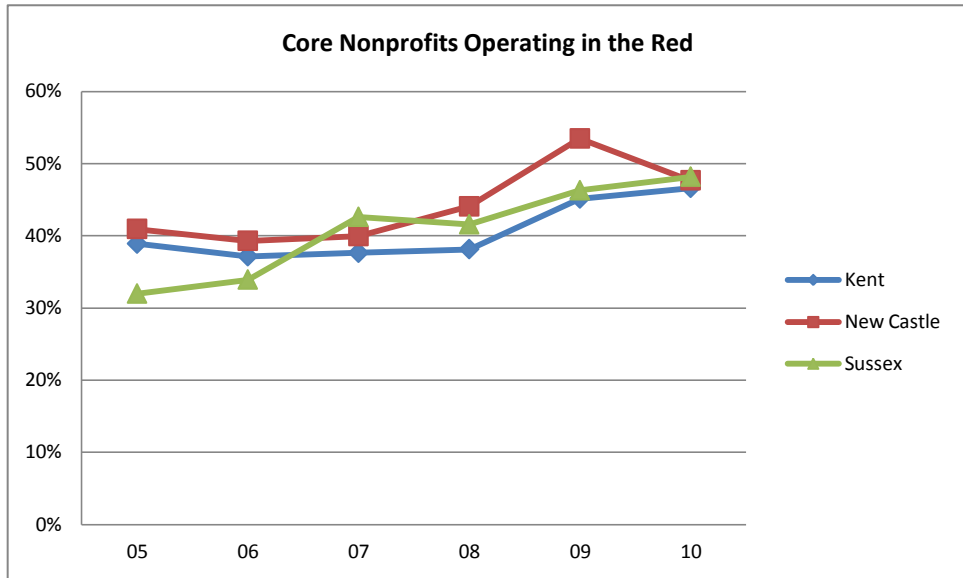
Many of Delaware's nonprofit organizations clearly are struggling financially.

The margin between revenues and expenses generally was healthy from 2005 through 2007. But in 2008 it tightened and, in 2009, Delaware nonprofits as a group spent more than they took in. In 2010, though correct balance had been restored, the margins remained tight enough to have the sector considered at risk.

At the individual organization level, hundreds of the state's nonprofits have operated in the red -- spending more in a year than they take in. In 2010, 546 of the state's nonprofits saw expenses exceed revenues.



Since 2007, on average, a Delaware nonprofit's revenue has dropped 23%, and assets have dropped 20%. Expenses, meanwhile, have been cut 18%, even as demand for services has increased.



*Note: When examining the number of nonprofits operating in the red, we omit "foreign trusts," those Delaware-based trust operations legally established as 501(c)(3) organizations but with no substantial Delaware operations. These entities generally rely heavily (often exclusively) on investment income for revenues, and investment income suffered greatly in 2009. To include them in this calculation would inappropriately inflate the percent of organizations operating in the red.*

## HOW MANY JOBS DO DELAWARE NONPROFITS PROVIDE?

In recent years, the IRS has asked nonprofit organizations to report the number of individuals they employed and the number of volunteers who provided services during the year. As with all aspects of nonprofit reporting, compliance with this request is inconsistent. In 2010, about half of Delaware nonprofits responded to these questions on Form 990.

Those 519 nonprofits reported that they employed 60,703 individuals in 2010. (By comparison, the DuPont Company employs about 10,000 people in the region.) The organizations also reported that they benefitted from the services of 93,015 volunteers.

According to the U.S. Census there were about 419,000 Delawareans employed in 2010, meaning, based on the IRS reports, Delaware's nonprofit sector employment was equivalent to 14% of the jobs in the state.

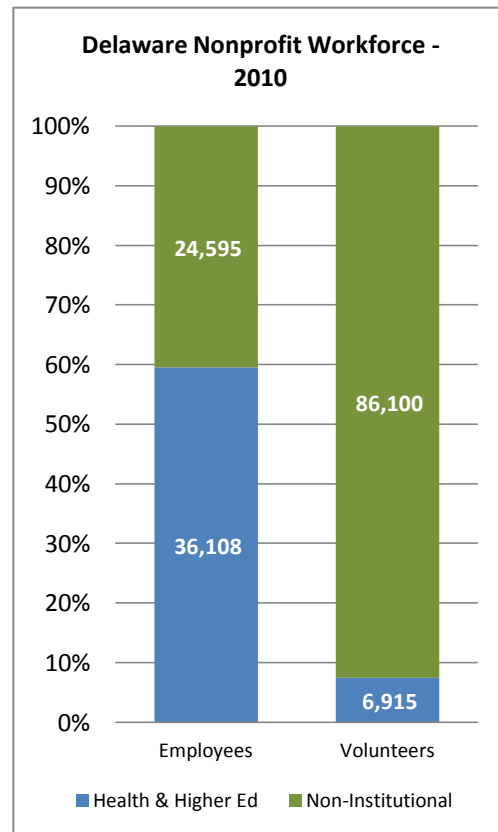
For many reasons, nonprofit employment is higher in urban areas. In New Castle County, nonprofit employment was equivalent to almost one out of every five jobs in 2010.

Nationally, nonprofits employ about 10% of all workers, according to the Johns Hopkins Nonprofit Economic Data Project, making the nonprofit industry the third largest in the U.S., behind manufacturing and retail trade.

In Delaware, as in most locales, the bulk of nonprofit employment is located in two sectors -- health care, particularly large health institutions such as hospitals and nursing homes, and higher education.

Of the 60,703 nonprofit employees reported in 2010, 59% worked in institutional health or higher education. These included the University of Delaware, 13,852 employees; Christiana Care, 10,574 employees; and Bayhealth Medical, 3,214 employees.

(Though the University of Delaware is considered by many to be a state university, the university refers to itself as "state-assisted" and files a Form 990 with the IRS. In fact, only 14% of the University's 2010 revenues were reported as government funds.)



Based on the number of employees and the amount of salaries and wages reported by Delaware nonprofits in 2010, the annual payroll for nonprofit employees in 2010 was at least \$2.6 billion.

The average annual wage for a nonprofit employee in Delaware was \$42,691.

Wages are highest, not surprisingly, at health care institutions. And health care institutions provided 42% of all jobs reported.

In addition to employees, the nonprofit sector relies heavily on the assistance of volunteers. Delaware nonprofits report that in 2010 they benefitted from the work of more than 93,000 volunteers. Among the heaviest users of volunteers were the Food Bank of Delaware, United Way of Delaware, Girl Scouts of the Chesapeake Bay and Habitat for Humanity.

For volunteers, estimating value is more difficult.

According to Independent Sector, an hour of volunteer time in Delaware is valued at \$22.34.

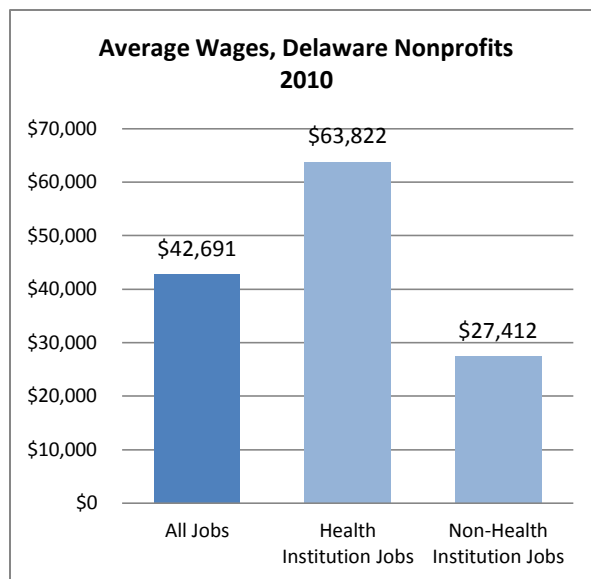
Volunteering in America reports that the average Delaware volunteer contributes 31.9 hours per year. This calculation does not distinguish where the volunteer contributes his or her time, and it can be assumed that a good

portion -- a third or more of those hours (based on national giving trends) -- are volunteered in churches and faith communities, which are not included in this review of the nonprofit sector.

If we estimate that the average volunteer contributes 15 hours per year to secular nonprofit work, then the value of the volunteers working for those organizations that reported in 2010 would be \$31 million.

*Delaware's nonprofit payroll - \$2.6 billion*

*Delaware's Nonprofit Volunteer 'Payroll Equivalent' - \$31 million*



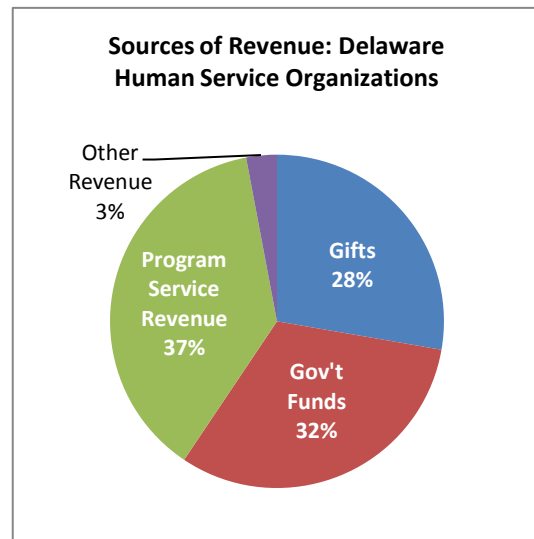
## HOW DO DELAWARE NONPROFITS FINANCE THEMSELVES?

Almost half (46%) of Delaware's nonprofits fall into the three categories of human service organizations, arts & culture organizations or general education (not higher education) organizations. How are these nonprofits -- which dominate the sector at an organizational level -- financing themselves?

Nonprofit organizations have four primary sources of revenue:

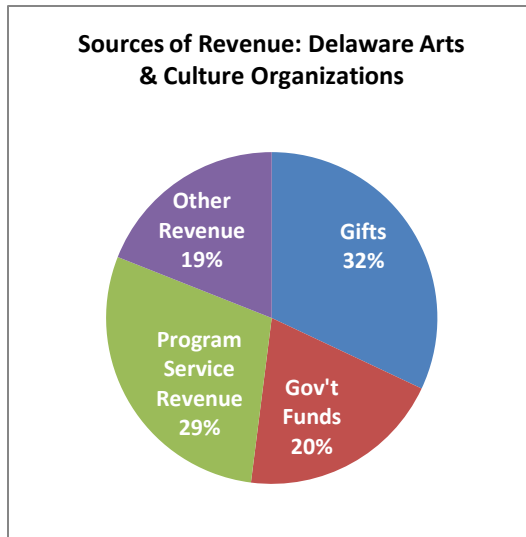
- Gifts: contributions from individuals, combined giving campaigns, foundations and corporate funders.
- Government support: funding, whether from local, state or federal sources, awarded to nonprofits.
- Program Service Revenue: revenue earned for the provision of goods and services that is directly related to the organization's mission.
- Other revenue: Primarily, but not exclusively, investment income.

In looking at the revenue of nonprofits in the three largest groups, the mix of revenue sources varies considerably.

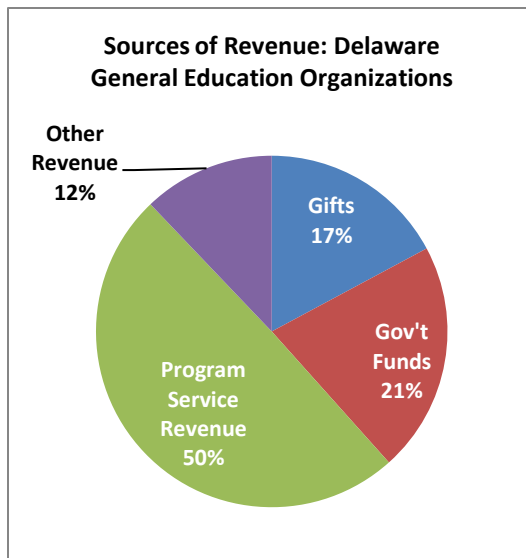


**Human service organizations:** For every \$1 in revenue, 28 cents comes from contributions; 32 cents comes from the government, and the remainder -- 41 cents -- comes from fees for services or other income.

**Arts & culture organizations:** For every \$1 in revenue, 32 cents comes from contributions; 20 cents comes from the government, and the remainder -- 48 cents -- comes from fees for services or other income.



**General education organizations:** For every \$1 in revenue, 17 cents comes from contributions; 21 cents comes from the government, and the remainder -- 61 cents -- comes from fees for services or other income.



For these organizations, program service revenue can include fees for camps, programs and activities (even when the fee fails to cover the full cost of the service); private school tuitions; ticket sale revenue; membership dues and the like.

Other revenue includes a variety of income sources -- some predictable, such as income from renting unused portions of a building, investment income or revenue from the sale of property, or revenue from the sale of advertising in a program or directory. But others are more inventive. A shelter might operate a thrift store as a means of providing resources for clients as well as generating revenue from sales to the general public. One historic preservation organization sold media rights to its properties. Zoos and animal sanctuaries may sell animals to other zoos or sanctuaries or manure to gardeners and landscape businesses.



## A CLOSER LOOK AT ARTS & CULTURE

The size of Delaware's Arts & Culture nonprofit sector prompts many questions. Who makes up this sector? Does Delaware have more Arts & Culture organizations "than we can afford?"

There are 145 Delaware nonprofits classified as Arts & Culture organizations in 2010. To gain a more precise understanding, we have grouped them into eight sub-groups:

Arts Education -- Nonprofits providing art education and appreciation programs, both school-based and community based.

Community Culture -- Nonprofits that celebrate and promote the culture and traditions of the community, including ethnic and national culture, through education, assembly and festivals.

History & Preservation -- Nonprofits that seek to preserve and promote the history of places, traditions and events in Delaware.

Libraries -- Public and private libraries and the nonprofits that support them, including "Friends of Library" organizations.

Media -- Nonprofits that engage in media activities.

Museums -- Nonprofits that provide displays of art & culture and the nonprofits that support them.

Performing Arts -- Nonprofits that provide arts performances, including symphonies, dance groups, chorales, theater groups and drill teams.

Visual Arts (not museum) -- Nonprofits that focus on the visual arts but are not a museum or arts education organization, such as textile arts groups and advocates for public art and sculpture.

**DELAWARE ARTS & CULTURE NONPROFITS - 2010**

<b><i>Sub-Group</i></b>	<b><i>Number</i></b>	<b><i>%</i></b>
Arts Education	13	9%
Community Culture	15	10%
History & Preservation	29	20%
Libraries	24	17%
Media	2	1%
Museums	16	11%
Performing Arts	40	28%
Visual Arts (not museum)	6	4%

As the table indicates, almost half of these nonprofits fall into two categories -- Performing Arts and History & Preservation.

As with the nonprofit sector in general, the majority of Arts & Culture organizations are small -- only 49 of the organizations had 2010 revenues greater than \$250,000 and only 18 had revenues greater than \$1 million.

Looking at financial capacity by sub-group reveals that libraries and museums tend to have larger capacity -- in fact, of the 18 organizations with 2010 revenues greater than \$1 million, five are libraries and four are museums.

**DELAWARE ARTS & CULTURE NONPROFITS  
WITH 2010 REVENUES > \$250,000**

<i>Sub-Group</i>	<i>Number</i>	<i>%</i>
Arts Education	4	31%
Community Culture	3	20%
History & Preservation	6	21%
Libraries	15	63%
Media	0	<1%
Museums	8	50%
Performing Arts	13	33%
Visual Arts (not museum)	0	<1%

When it comes to questions of "what the community can afford," it is worth considering the return on investment.

Arts & Culture organizations are among the few groups of nonprofits that have the potential to be economic engines in their communities. Tourists do not visit New York because it has great homeless shelters, or because of its private schools or Red Cross chapter or Little League association. But they do visit New York because of its great cultural institutions and traditions.

In late 2012, Americans for the Arts released *Arts & Economic Prosperity in the State of Delaware*, a study of the economic impact of arts and culture organizations and their audiences. According to the study, had a significant impact on the state's economy.<sup>7</sup>

<b>Delaware Arts &amp; Culture Organizations and Their Audiences Economic Impact, 2010, Direct &amp; Indirect</b>	
Total Industry Expenditures	\$142,329,627
Full-Time Equivalent Jobs Supported	3,868
Household Income Paid to Residents	\$112,337,000
Revenue Generated to Local Government	\$1,704,000
Revenue Generated to State Government	\$8,235,000

# Methodology

## **INDIVIDUAL GIVING**

**METHODOLOGY:** Analysis is based on reports of individual giving and wealth as reported by the Internal Revenue Service for tax years 2007 through 2010. The IRS de-identifies and aggregates the data included in all personal income tax returns. The majority of the data is provided at the state level. Limited data is provided by zip code, allowing extrapolation to produce county-level results.

**LIMITATIONS:** Data on charitable giving reflects only those gifts reported to the IRS via Schedule A of the personal income tax return. This fails to capture giving by those who do not itemize deductions. Despite this limitation, IRS data is the most accurate, most readily available and most accessible data on individual giving available.

## **TERMINOLOGY**

**Tax Filer** – any individual or group of individuals who file a tax return. A tax filer can be a single individual, a couple or a family. Tax filer is not synonymous with “household” – a household may contain one or more tax filers.

**Adjusted Gross Income** – the amount of income reported on Lines 37 and 38 of IRS Form 1040.

**Average Gift** – the aggregate amount of charitable contributions reported, divided by the number of tax filers who declare a charitable deduction. (NOTE: At the zip code level, the "average gift" is derived from the aggregate amount of charitable contributions reported, divided by the total number of tax filers, as zip code level data does not provide the number of tax filers who declared a charitable contribution.)

**Participation Rate** – the number of tax filers who report charitable contributions expressed as a percentage of the total number of tax filers.

**Philanthropic Output** – the aggregate amount of charitable contributions divided by the total population.

## **GRANTMAKERS**

**METHODOLOGY:** The study is based on a review of the leading organizations engaged in grantmaking in Delaware as provided by The Foundation Center, as well as limited review of organizations listed as Private Grantmaking Foundations on Guidestar.

In addition, a survey was sent to all members of the Delaware Grantmakers Association asking for information on the amount of grants awarded, the geographic location of grantees, the grantmakers' chosen fields of funding, and the grantmakers' preferred funding strategies. This survey included corporate as well as private funders.

## **NONPROFIT ORGANIZATIONS**

**METHODOLOGY:** Analysis is based on the universe of 501 (c)(3) organizations based in Delaware with revenues in excess of \$25,000 that filed a Form 990 informational tax return

with the Internal Revenue Service during the study period. The database of information is assembled by Jacksonville University researchers based on copies of tax returns provided by Guidestar.

LIMITATIONS: The snapshot of organizations was taken during the second quarter of 2012. Organizations file tax returns at varying times during the year. Identical searches conducted at different points during the year will yield differing results as additional organizations file their returns.

CLASSIFICATIONS: Nonprofits are grouped into broad categories according to their mission. Classification is determined by review of the organization's mission statement, its statement of activities on Form 990, its website (if available) and its official classification under the National Taxonomy of Exempt Entities. The Taxonomy used for this report follows the NTEE classifications closely, but with some modifications to better reflect the unique character of local nonprofits.

<b>Field</b>	<b>Description</b>
ARTS & CULTURE	Arts, Arts education, cultural heritage & ethnic awareness, history, historical preservation, genealogy, literature, media & communications, museums & curated exhibits, performing arts, visual arts; community libraries
GENERAL EDUCATION	Pre-schools through high school (including day care); non-degreed adult education & professional training programs, including trade programs
HIGHER EDUCATION	Post-secondary degree-granting institutions
GENERAL HEALTH	All health care, including ambulatory primary care facilities, Wish organizations, mental health services, disease specific programs, organizations that advocate for health/mental health issues, AA and addiction recovery; excludes hospitals and skilled nursing homes
HOSPITALS & INSTITUTIONAL HEALTH	In-patient hospitals and health facilities and their supporting organizations; nursing homes providing skilled nursing care, hospice.
HUMAN SERVICES	General Human Services for adults, children, youth and seniors, including housing.
PUBLIC SUPPORT & BENEFIT	Organizations providing public support to the sector (excluding private grantmaking foundations), intermediary organizations, volunteer and leadership development, community and economic development
RELIGION	Religion-focused organizations where ministry, evangelism and religious education are the primary objective
ENVIRONMENT & ANIMAL PROTECTION	Environmental protection, conservation, land use, climate change, energy conservation; animal care and protection; zoos
INTERNATIONAL & OTHER	Organizations primarily providing services abroad; quasi governmental entities; miscellaneous
ASSOCIATIONS	PTAs, youth and recreational sports organizations, booster clubs
PUBLIC SAFETY	Volunteer rescue squads, fire departments, disaster preparedness organizations
FOREIGN TRUSTS	Trusts based in the First State with all significant grantmaking going out of the region

## Individual Giving Comparisons

In August 2012, The Chronicle of Philanthropy released *How America Gives*, a study of individual giving nationwide based largely on the same IRS data used in this report. However, there are critical differences in the Chronicle study and the Delaware study.

The Chronicle focused its research on measuring donor generosity -- the relationship between the amount given and the individual's resources. While this is an important measure, it is comparable to only one of the measures of individual giving used in the Delaware study (see Evaluating Individual Giving, page xx).

Additionally, the Chronicle calculated generosity using the baseline of an individual tax filer's *discretionary* income -- that is, Adjusted Gross Income minus all taxes (federal state, local, Social Security and Medicare), median housing costs (including mortgage payments, real estate taxes, property insurance, condominium fees, mobile home costs, utilities and fuel) and average living expenses (food, clothing, transportation, health care, child care and household expenses). The comparable measure used in the Delaware study -- "giving rate" -- uses a baseline of Adjusted Gross Income.

Finally, it should be noted that the Chronicle study includes only tax filers with reported incomes of \$50,000 or more. The Delaware study includes all tax filers, regardless of income level.

## ENDNOTES

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<sup>1</sup> "Donations Barely Grew at All Last Year, 'Giving USA' Finds," Chronicle of Philanthropy, June 19, 2012.

<sup>2</sup> As reported in *Philanthropy in the First State*, Delaware's unique court system, its corporate laws and its historic role as a corporate and financial center make the state an attractive legal home for private foundations, regardless of their philanthropic focus.

<sup>3</sup> It is worth remembering that many foundations based outside of Delaware also make grants to support Delaware organizations. The Foundation Center reports that of the 50 largest grantmakers to Delaware in 2010, all but six are based outside of the state. Among those that gave more than \$1 million to Delaware organizations in 2010 were the Bank of America Charitable Foundation, based in North Carolina; the J.P. Morgan Chase Foundation, based in New York; and the Jessie Ball duPont Fund, based in Florida.

<sup>4</sup> U.S. Census 2010

<sup>5</sup> Giving USA 2012

<sup>6</sup> Because digitized versions of IRS Forms 990 are only available for a limited number of years, it is conceivable that some long-established organizations reported to the IRS in the years before records were digitized.

<sup>7</sup> *Arts & Economic Prosperity in the State of Delaware*, [www.artsusa.org](http://www.artsusa.org) .