



December 13, 2022



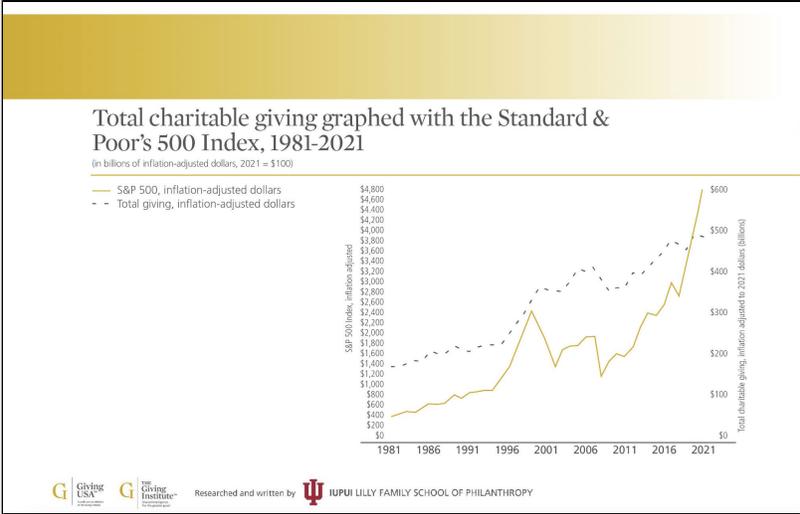
from the stand-up desk of *David H. King* | President & CEO

As the S&P Turns...

As we come to the end of the roller coaster that was 2022 - and for the record I hate roller coasters, have since I was a kid - and many of us are in planning mode for 2023, I'm drawn back to some of the datapoints that Giving USA tracks. I do this because, as the adage goes, history repeats itself. So, while there are no guarantees, there is a high probability that under similar circumstances, things that happened it the past will happen again. And there are warning signs that we need to be especially strategic in 2023 as we may face

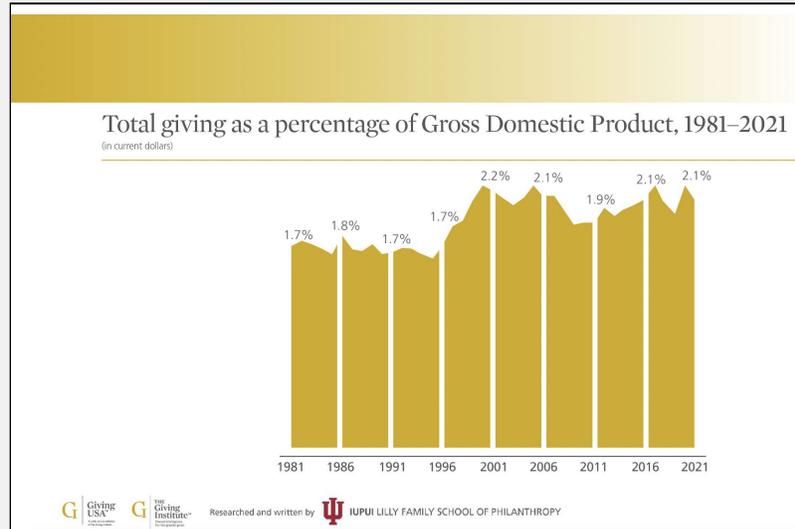
challenging headwinds to philanthropy.

If you follow Giving USA or have seen my presentation of the data at any point, then you know that the performance of the S&P 500 is highly correlated with giving, in leading-indicator fashion. As most of you know, 2022 has not been kind to the S&P. On January 3, 2022, the S&P 500 stood 4,796.56. As I write this, the S&P sits at 3,996.69, a decline of 799.87 or a decline of nearly 17%. Historically, as you can see from the chart below, when the S&P goes into decline, philanthropy in the US follows it.



The Giving USA data also gives us a glimpse into what happens to giving during a recession. I don't want to get into an argument about the definition of a recession. But the chart below

has historically relied on the metrics of two negative quarters of GDP growth. So, rather you think we are in a recession or not, the data below is comparing apples to apples. So, let's just say this is a chart of what happens to giving in years when we have two negative quarters of GDP growth, and not get into naming it. As you can see, giving has historically declined in years when we had two negative quarters of GDP growth.



I know you are reading this thinking, “Thanks David, how uplifting as we move into the holidays.” But I share this not as a warning of doom and gloom, but as the basis for some advice on planning for 2023.

First, I want to point out that even in the 2008-09 timeframe, when both the S&P and GDP were extremely negative, giving did not stop. Yes, fundraising was harder, and some sectors (Arts for example) were hit quite hard in that time. But people still gave. And one of the lessons that we at Alexander Haas learned from that was, no matter what is going on, **DO NOT STOP ASKING DONORS TO SUPPORT YOU**. I wrote about this back then and I’ll reiterate it now. Donors were smart enough to end up with money, so let’s assume they are smart enough to make their own decisions about giving it away and make sure we give them that opportunity.

Second, and related, your needs do not evaporate simply because the economy is not good. If you have true, important, mission-critical needs, then you need to be moving forward to fund those. Period. If your “needs” can be put on the shelf for two years while you wait for the economy to improve, then they really were not “needs” to begin with. They were wishes, aspirations, or whatever. But true needs can’t wait; and you need to be pushing to meet them. So many organizations had to delay capital campaigns because of the pandemic and cannot afford to put them off any longer. So, don’t be shy about what you do or raising money to do it better.

Finally, when it comes to annual fundraising, 2023 may be the year to move away from a business-as-usual approach. I’m not saying do anything crazy or abandon things that have worked. What I’m talking about is your messaging. I see a lot of recycled and uninspiring messaging in annual funds. In addition to my work as a consultant to nonprofits, I’m a donor to several, and a “prospect/suspect” for many more. While most people ignore those prospect/suspect appeals, my professional curiosity drives me to look at them. Most are not compelling me to become a donor. They don’t tell me clearly the problems that my gift can help solve. They don’t convey the effectiveness of the organization or the outcomes for the people/things the organization is serving. In some veiled language, they ask me to give money because they need it. Everyone needs money (yes everyone, even Elon Musk wants more) and that fact does not distinguish you in any way. Nor is keeping the lights on a compelling appeal. To the point, 2023 may be a good time for you to rethink how you are messaging to donors and to make sure that you are doing it in the most compelling way possible.

I'm generally an optimist - I don't think you can work in the nonprofit sector for 35 years if you are not an optimist. Everything that we do is done with an eye toward making things better and if you're not an optimist, you're just not going to thrive doing that. But, as many who have worked with me professionally or in a volunteer capacity will attest, I'm also a data driven decision maker. So, yes, when I look at the data, I most definitely see challenges. But the optimist in me is certain that they can be overcome.

[Our Team](#)

\$3.1 Billion Raised in the US in 24 Hours



GivingTuesday, now in its 10th anniversary year, reports estimates that giving in the United States alone totaled \$3.1 billion representing a 15% increase compared to GivingTuesday 2021, and a 25% increase since 2020.

Thirty-seven (37) million adults in the U.S. participated in some way, a 6% increase from 2021, contributing much-needed and critical support to causes, communities, and non-profit organizations as they kick off the giving season this year in the face of substantial economic challenges and continued volatility.

[More here.](#)

NAIS Facts at a Glance: Capital Giving

The National Association of Independent Schools releases data from member schools for the school year 2021-2022. Below is the average capital giving gift by hierarchy:

Median Capital Giving Gift by Alumni/ae \$10,595
Median Capital Giving Gift by Current Parents \$15,000
Median Capital Giving Gift by Current Grandparents \$10,000
Median Capital Giving Gift by Parents of Alumni/ae \$11,065
Median Capital Giving Gift by Trustees \$7,778

How does your school stack up?

DAFs Impressive Gains in '21 "Are Unsustainable"

Donors added more than \$73 billion to donor-advised fund accounts in 2021, marking a 47% increase in the sums they contributed to the funds over 2020. The sums donors channeled out of their funds grew at a slower clip, according to a study by the **National Philanthropic Trust**. Donors awarded \$46 billion to nonprofits in 2021, an increase of 28% over 2020 and an amount that approaches 10 times the \$5.4 billion in grants made by the **Bill & Melinda Gates Foundation** in 2021. The combination of the \$73 billion donors contributed on top of the investment gains realized by the funds enabled the assets to increase by 40% to top \$234 billion.

The high rate of growth of donors putting more money into their funds is unsustainable, said **Eileen Heisman**, the trust's CEO. "These numbers are not a new normal," Heisman said. "I don't think the numbers are going to stay this robust."

The flow of dollars from accounts to actual charities lagged so far behind growth in contributions and assets, Heisman said, because gains in contributions and stock-market increases came late in the year. Often donors give more in the few years following a bull market, she said. Despite uncertainty in today's economy, Heisman said last year's increase in donor-advised fund assets bodes well for charitable giving in the near future. *COP, 11-15*

Shuff on Fiduciary

*All too often, I see Board members who were never made aware of their fiduciary duties of care, loyalty, and obedience so I tend to be a pain in the posterior about including it in both recruitment and orientation. I was struck by these comments in a **The Chronicle of Higher Education** piece this week and thought I want to pass them on. David Shufflebarger*

"The word fiduciary comes to us from the Latin *fidere, to trust*. In any large-scale society, people need to rely on others who are not kin, often when they are in a position of vulnerability. Roman, English, and later American law all developed legal designations that enable some people or institutions to hire themselves out as *trustees* who act as *agents* of the person (the *principal*) who invests trust in them. Such agents have fiduciary duties toward their beneficiaries, which means first and foremost absolute loyalty. They must put the needs of the beneficiary first and must never, ever profit at the beneficiary's expense. They must avoid and eliminate all conflicts of interest, because the lure of such potential benefits can – and often does – corrupt and subvert the fiduciary's ability to carry out their duty."

Veteran Fundraiser Comes "Home"

We are excited to welcome back Laura Hardy to Atlanta and to our firm in the position of Associate Partner. She's no stranger to our community as she began her career at Alexander Haas. Laura left our firm to join **Juvenile Diabetes Research Foundation** as Southern Regional Campaign Director and Interim Executive Director where she led its \$200 million campaign. At **The Carter Center**, Laura was Chief Development Officer for Major Gifts, overseeing major gift, capital, and endowment fundraising, including leading a successful \$150 million endowment campaign.

Laura brings more than 35 years of experience leading development programs in the arts, human services, health, and cultural sectors, including serving as Senior Development Officer for Major Gifts at the **Elizabeth Glaser Pediatric AIDS Foundation** and Chief Development Officer for the **Los Angeles County Museum of Art (LACMA)**, the premier art museum on the west coast. Among other institutions.



An Ohio native, Laura is a graduate of Vanderbilt University and enjoys hiking, traveling, and

volunteering in the community. Welcome home Laura!

We Know Independent Schools

For more than 35 years, Alexander Haas has been a fixture in the nonprofit community. We are honored to have worked with so many remarkable independent schools, both secular and non-secular, across the country that help mold today's adolescents into tomorrow's leaders. Take a look at our list of independent school clients, past and present.

[Our Clients](#)

A Fresh Approach to Fundraising

Our services aren't cookie cutter. We don't operate with a boilerplate, merely changing names and locations. We craft each and every service we provide to match your organization's unique needs, wants and abilities. We work hard and expect you to do the same. Together we can help you transform your institution, your fundraising, and the community you serve.

Whether your need is in Capital Campaign, Annual Fund Campaign, Major Gifts, Leadership Annual Giving, Planned Giving or all of the above, we take a fresh approach to nonprofit fundraising.

[Our Services](#)



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