



A publication of The T. Rowe Price Program for Charitable GivingSM

GIVINGBACK

FALL 2016

A SPECIAL ISSUE OF GIVING BACK

- How can I ensure that my donations are doing the most good?
- How can investing in themselves make donors more effective?
- How will the coming \$10 trillion wealth transfer impact family giving?

A MESSAGE FROM THE PRESIDENT

It's been over a year since I started in my role as president of the T. Rowe Price Program for Charitable Giving, and I have found the work to be as exciting as I anticipated. The most fulfilling aspect has been connecting with donors and their work to support the communities and missions they care about. I look forward to continuing to advance the Program to serve you better in years to come.

I am additionally excited to report that the Program continues to see steady growth. From April 1, 2015, to March 31, 2016, total donor contributions to the Program were over \$51 million, bringing its total invested assets to over \$205 million. During this time, nearly \$35 million in grants were made. The Program continues to see significant growth while also maintaining high efficiencies in donation processing and in meeting donor needs.

I am excited about this Giving Back issue because it features some of the best minds in areas that are critical to donors maximizing their philanthropic dollars. Authors Matthew Forti and Briehan Lynch discuss the innovative approach that the charity One Acre Fund takes toward looking at impact. We also interview Kris Putnam-Walkerly, who gives us her expertise from her recent book, *Confident Giving*, on how donors can simplify their giving. I hope my article on family giving is also helpful for those donors looking to bring their family members into their philanthropy. We close out the issue with our latest financials, which outlines the Program's current growth.

I would like to close by thanking many of you whom I have connected with over the year. I look forward to the continued dialogue and opportunity to serve your philanthropic needs. Until then, I wish you well.

Regards,



*Dr. John Brothers, President
The T. Rowe Price Program for Charitable Giving*

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GETTING THE MOST “BANG” FROM OUR DONATION BUCK

“...how can you compare the worthiness of your alma mater, the local theater that makes your community a great place to live, and an organization working to eradicate hunger in the homes of African farm families?”

***Matt Forti**, Managing Director, One Acre Fund U.S., T. Rowe Price Program for Charitable Giving Client*

***Brieahan Lynch**, Director, Business Development, One Acre Fund*

It is a familiar situation: Every year as December approaches, we sit down with our families to think about where to direct our charitable giving for the year. Together, we know that we need to make tough trade-offs between great causes. But how can you compare the worthiness of your alma mater, the local theater that is part of what makes your community a great place to live, and an organization working to eradicate hunger in the homes of African farm families? How do you evaluate where your limited personal resources can do the most good? How can you make a choice between organizations working on causes you care about?

In our dual roles as both leaders at a fast-growing nonprofit and as donors

ourselves, we spend a lot of time thinking about what kind of evidence is useful in making these choices. Given limited philanthropic resources in the world, we want to fund and scale the interventions that are creating the most social good for every dollar invested. Unfortunately, few donors make giving decisions based on relative performance. In fact, only 6% of donors report comparing organizations when making giving decisions, with donors who give through donor-advised funds reporting a much higher 17%.¹

So why aren't more donors looking at organizations comparatively when making charitable giving decisions? We know from our experience that it is not because donors aren't interested in how organizations compare, it seems that it is just difficult to find data that are easily comparable between organizations. Unlike for-profit companies that have the common metric of “profit,” nonprofits all define impact differently.

¹Money for Good 2015, Camber Collective.

At One Acre Fund, a 10-year-old organization working in six countries across east and southern Africa to make smallholder farmers more prosperous, we try to make it clear for our supporters how their donations generate impact on the ground. Each year, we share our key impact measurement—increased profit per farmer—as well as the cost to the donor for serving that farmer. In 2015, we required approximately \$29 of donor support to generate \$137 in increased profit per farmer. Our peer review suggests this 5:1 “bang for the donor buck” is among the strongest for programs working at scale in our sector.

For those organizations where impact cannot be easily calculated in dollars, we think donors can and should think about what prospective donations will achieve. The next time you sit down to consider a meaningful gift, here are some questions you might ask to learn more about an organization’s approach to impact:

- How does the organization measure success?
- What data have the organization collected to suggest it is achieving that success?
- How long does it take to see success?

- How much does each additional project/unit/client cost?
- How does this compare with peer organizations?

No matter what type of organization you are considering, these questions will help you put impact at the center of the giving conversation. And while a wildlife conservation organization may have a very different way of measuring success than a medical research institution, when we clarify what an organization is likely to achieve and how much it will cost, we are able to commit our own donor dollars where they have the best chance of achieving the goals that motivated us to give in the first place.

GIVING BACK INTERVIEW: PHILANTHROPIC EXPERT KRIS PUTNAM-WALKERLY

“Donors need to examine their giving process to be sure it’s as efficient as possible...get clarity on what you want to do and commit to a particular charity.”

Kris Putnam-Walkerly is a highly recognized global philanthropy advisor. She was recently named one of America’s top 25 philanthropy speakers and is the author of the book *Confident Giving* and the forthcoming book *Delusional Altruism*. She is a frequent contributor to publications of leading philanthropy associations and provides expert commentary about philanthropy in *The Wall Street Journal*, *The Washington Post*, *Entrepreneur.com*, and other media.

During an interview with Giving Back, Kris shared her thoughts on the current state of philanthropy and how individuals can become more effective donors in this climate.

What changes are you currently seeing in donors and in philanthropy?

Kris: There’s an increasing interest among donors in creating social equity and being equitable in their giving. This comes

against a background of tragic shootings in the African-American community and shootings of police. At this point there is a lot of interest, but not a lot of substance in deciding what we need to do to create a more equitable society. No one has really taken the bull by the horns yet.

How is the act of giving changing in this environment?

Kris: There is an increased awareness of the need to be thoughtful and informed. Donors want to gain a better understanding of the organizations they give to and the needs of the people being served.

In addition, there are many more giving options now. Donors want to do research, but there is so much material online and through social media that we may suffer from “information and options paralysis.” It’s easy to be overwhelmed. That’s where donor-advised funds (DAFs)

can be helpful—they take care of the paperwork and can offer guidance, so you're not alone in your giving.

Can you share any personal stories about working with a donor or small family foundation?

Kris: A husband and wife who run a small family foundation in California made a lot of local grants to health and human services organizations. They wanted their giving to be more focused and strategic. I sat down with them and reviewed their past grants to find themes and trends they hadn't noticed. We found that much of their funding was for youth, mental health, substance abuse, and family violence. I asked them to reflect on grants they made that excited them both and they identified organizations that fit this description. This helped influence their future giving.

You have discussed delusional altruism as it applied to businesses. Are there any similar situations for the Program for Charitable Giving donors?

Kris: Definitely. For example, donors may refuse to fund an organization that spends more than 10% of its donations

on overhead expenses despite what the organization is trying to do and what is required to accomplish that goal. This can be short-sighted.

What do you mean when you discuss approaching grant-making with an abundance mentality?

Kris: It means you're willing to invest in yourself to accomplish a charitable goal—for example, taking time to educate yourself and learn about various nonprofits in your area of interest. This can also include contacting an expert to help you find the organization that best fits your goals.

What hurdles do grant makers currently face?

Kris: There are what I call “two side of a coin” challenges. For example, while it's great to go outside your comfort zone when you give, donors also need to trust their instinct.

Another example is following trends when you donate. This isn't always bad since trending nonprofits have gained traction and may be addressing serious issues with a wide following. On the other hand, you need to decide what you care about and give to causes that inspire you.

To use their time more effectively, how can donors create a streamlined grant-making process?

Kris: Donors need to examine their giving process to be sure it's as efficient as possible. Identify barriers—if you decide to give just once a year, it may preclude giving when there is an emergency or when a new need emerges and the money is badly needed. DAFs can streamline giving—they handle the details, and you have more time to think about larger issues. Indecisiveness can also be a barrier to giving—get clarity on what you want to do and commit to a particular charity.

Briefly, how can donors identify worthy programs to support?

Kris: They can get valuable information about organizations by:

- Speaking with the charity's staff
- Checking the charity's website for testimonials and evidence of its success
- Consulting Charity Navigator or an advisor

How can donors define their personal journey as a grant maker?

Kris: First, identify issues and causes you care most about—what are you passionate about in your giving?

Second, develop a three-year plan for your grant-making. Decide what types of organizations you will give to or how you can learn more about them. Third, practice “reflective learning.” Keep a journal on what you've learned from making grants or from experiences you've had while volunteering. Also, decide if there's anything you want to do differently. For example, making large grants can tie up all your money, so you may opt for smaller grants. Or, instead of funding globally, you may prefer a local focus where you can see the results firsthand.

THE GROWING IMPORTANCE OF FAMILY GIVING

“The most obvious way to promote the welfare of others while being a person through others is the philanthropy of family, an area we see more of each day.”

Two of my favorite words are “philanthropy” and “ubuntu.”

I encounter the word “philanthropy” every day as it is the foundation of my career. It is defined as the “desire to promote the welfare of others, expressed especially by the generous donation of money to good causes.”

The word “ubuntu” comes from a Zulu proverb that when shortened means “I am a person through other people. My humanity is tied to yours.” The two words are closely related but are also different, and I find what connects them is another favorite word of mine, “family.” The most obvious way to promote the welfare of others while being a person through others is the philanthropy of family, an area we see more of each day.

Interest in family philanthropy has grown for over a decade, with the wealth transfer between generations from 2000 to 2020 expected to be approximately \$12 trillion. While that number is impressive, it is expected to skyrocket to \$41 trillion by 2050.

As a result, there will be a substantial transfer of that wealth to charities,

beginning with more than \$200 billion in 2000 to over \$10 trillion in 2050 (*Community Foundation Market Research*). This growth is evident in the creation of over a thousand new family foundations each year and in the explosion of donor-advised funds, the fastest-growing segment of the philanthropic sector.

As increased wealth transfers create new giving opportunities, there is a growing need for families to educate themselves in a number of strategic areas ranging from effective family giving to how philanthropy can help families grow closer together. Here are a few steps that can strengthen family philanthropy:

1. **Blend a Connected Philanthropy With a Personal Philanthropy:** Many parents start a family foundation or donor-advised fund in hopes of finding a way to share their giving with their children, a form of the word “ubuntu” outlined above. As we know, often our children don’t see the world exactly the same way as their parents. I have found that the more successful family philanthropies take a blended approach, where a certain portion of

funding is dedicated to joint giving while another section is allotted to each family member to give as they please. Parents are often surprised at how much the philanthropy changes as the children's individual giving choices move into the joint giving.

2. **Value the Insights of Young People:**

Recent research by the Charities Aid Foundation (CAF) shows that young people are both knowledgeable about charity and have high expectations for the charities they support (*Growing Up Giving, CAF 2013*). Involving young people in the leadership of the family's giving is key to instilling the value of philanthropy over the long term. With the growth of social media, we may learn that young people have a few things to teach everyone on effective giving.

In a world where the ways we give are changing as rapidly as our technology, families need to come together and arrive at a consensus on their philanthropic priorities. The following are a few websites that can help you and your family members:

- **Learning to Give**—Hundreds of free tools for adults to help educate young people about the importance of philanthropy. learningtogive.org

- **National Center for Family Philanthropy**—Helpful research and resources for family giving. ncfp.org
- **YouthGiving.org**—A hub to inspire, connect, and inform youth grant-making using stories, resources, and data about the impact of young people engaged in philanthropy.
- **21/64**—Free tools to help families have conversations about values and philanthropy. 2164.net

T. ROWE PRICE PROGRAM FOR CHARITABLE GIVING SELECTED FINANCIAL DATA

<i>As of March 31, 2016</i>	Growth Pool	Moderate Growth Pool	Gift Preservation Pool	Diversified Income Pool	Balanced Index Pool	Global Equity Pool	Program Account	Total
<i>Investments in T. Rowe Price Mutual Funds</i>								
Short-Term Bond Fund	—	—	\$33,365,063	—	—	—	—	\$33,365,063
Spectrum Income Fund	—	\$14,493,553	—	\$16,683,155	—	—	—	31,176,708
Equity Income Fund	\$9,131,687	7,516,627	—	5,436,324	—	—	—	22,084,638
Equity Index 500 Fund	4,527,150	2,696,660	—	—	\$7,360,917	\$2,079,987	—	16,664,714
Growth Stock Fund	8,888,370	7,318,446	—	—	—	—	—	16,206,816
Summit Cash Reserves Fund	—	—	11,043,564	—	—	—	\$313,591	11,357,155
International Growth & Income Fund	5,305,299	4,141,945	—	—	—	1,749,332	—	11,196,576
International Stock Fund	5,361,599	4,194,193	—	—	—	—	—	9,555,792
U.S. Bond Enhanced Index Fund	—	—	—	—	9,550,111	—	—	9,550,111
Int'l. Equity Index Fund	—	—	—	—	4,206,845	2,368,577	—	6,575,422
Real Assets Fund	2,310,444	1,799,680	—	613,189	773,655	745,414	—	6,242,382
Small-Cap Stock Fund	3,265,265	2,476,314	—	—	—	481,598	—	6,223,177
Balanced Fund	—	—	—	5,279,118	—	—	—	5,279,118
Emerging Markets Stock Fund	1,988,838	1,485,988	—	—	—	1,509,757	—	4,984,583
Mid-Cap Value Fund	1,875,052	1,443,728	—	—	—	355,695	—	3,674,475
Mid-Cap Growth Fund	1,801,382	1,388,856	—	—	—	348,136	—	3,538,374
Global Stock Fund	—	—	—	—	—	3,187,793	—	3,187,793
Extended Equity Market Index Fund	—	—	—	—	2,506,909	—	—	2,506,909
Value Fund	—	—	—	—	—	1,596,017	—	1,596,017
	44,455,086	48,955,990	44,408,627	28,011,786	24,398,437	14,422,306	313,591	204,965,823
Other Assets and Liabilities, Net	(18,458)	(5,659)	(17,795)	8,643	(150)	(1,510)	780,788	745,859
NET ASSETS—Unrestricted	\$44,436,628	\$48,950,331	\$44,390,832	\$28,020,429	\$24,398,287	\$14,420,796	\$1,094,379	\$205,711,682
<i>Fiscal Year Ended March 31, 2016</i>								
Changes in Net Assets								
Donor Contributions*	\$7,647,134	\$8,954,535	\$22,699,278	\$4,149,596	\$5,188,190	\$2,689,746	\$478,251	\$51,806,730
Grants	(4,731,561)	(7,937,888)	(12,453,256)	(4,255,500)	(3,676,109)	(1,800,778)	—	(34,855,092)
Net Investment Gain (Loss)	(1,547,491)	(1,127,297)	224,306	(148,720)	(255,691)	(605,353)	4,943	(3,455,303)
Expenses	—	—	—	—	—	—	—	—
Management and General	(181,543)	(194,959)	(146,338)	(111,310)	(113,775)	(57,179)	204,621	(600,483)
Fund Raising	—	—	—	—	—	—	(40,827)	(40,827)
Program Services, Excluding Grants	—	—	—	—	—	—	(255,959)	(255,959)
Net Transfers Between Pools	400,242	(904,625)	(226,239)	(412,836)	(189,066)	1,332,524	—	—
Change in Net Assets During Fiscal 2016	\$1,586,781	\$(1,210,234)	\$10,097,751	\$(778,770)	\$953,549	\$1,558,960	\$391,029	\$12,599,066

*Contributions received in the form of marketable securities are recognized at fair value on the date of receipt and held in the Program account pending disposition. Upon sale of the securities, actual proceeds are deposited into the donor-recommended investment pool, and any gain/loss realized on the sale is recognized in the Program account.

THE T. ROWE PRICE PROGRAM FOR *Charitable Giving*SM

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