



March 2014

Dear Community Leader,

We're pleased to provide brief excerpts from the fifth Philanthropy Trends Survey of our region which focus on the Knight challenge gift and the OHSU campaign to meet the challenge. Now that the Oregon legislature has voted to support the project, literally every taxpayer has a stake in the outcome.

But there are significant questions we must address as a community. We hope that the information here helps inform a fruitful discussion of the implications of this campaign, the value of philanthropy, and the important role that each and every one of us can play. Of course, there is much more detail about each of these topics in the full 49 page report.

Armed with this knowledge, as a decision-maker, director of development, executive director, influencer, philanthropist, or board member, you can make smarter decisions when you have a better view of the landscape.

I also invite you to view a video recording of our AFP member meeting at which highlights of this report were presented and discussed. You may view the video here at this copy and paste link: <http://youtu.be/vg8-LTxfSiU?t=5m56s>

Thank you so much for your work in making our region better place for everyone.

A handwritten signature in black ink, appearing to read "Sam Vigil".

Sam Vigil Jr., President
AFP-Oregon & SW Washington
<http://afporegon.afpnet.org/>



Survey Highlights Relevant for OHSU Campaign/Knight Challenge Discussion

- Fundraising results are UP for last year. The top reasons:
 - More individuals gave
 - More people gave major gifts
 - Major gifts were bigger
- Higher fundraising results are a result of more staff, resources devoted to fundraising and relationship building work. “Doing more with less” is a generally flawed and low performing fundraising strategy.
- #1 technique for top fundraisers is face-to-face meetings.
- Board giving matters. It played a role in fundraising success for 89% of groups.
- MORE campaigns are in play and they add up to a very large number:
 - Campaigns ending: \$1 billion +
 - Campaigns continuing or launching soon: \$1.5 billion +
 - OHSU campaign: \$1.2 billion +
 - Philanthropy survey reported campaigns: \$461 to \$819 million =
 - Totals of campaigns exceed a total of \$3 to \$4-plus billion
- Though many of the project oriented campaigns stretch over several years it is instructive to note that overall giving to philanthropic causes in Oregon is about \$1.7 billion/yr. Unless total philanthropy grows significantly, will many campaigns fall short – or will some campaigns shift money from other causes?
- Fundraising goals for annual operating purposes will be UP for 2014: increase greatly (25%+) = 16.4%; increase (15-

24%) = 22.2%; increase modestly (5-14%) = 37.6%

- The big gifts are local.
- Major giving is KING.
- Nonprofits are “all swimming in the same water,” but we make plans and think we play in our own silos.
- Is the nonprofit fundraising landscape is in the midst of a paradigm shift in regard to giving, size of gifts, and expectations of donors?

OHSU’s campaign for the Knight challenge

Survey participants were asked to reflect on the impact of the \$500 million challenge issued by Phil and Penny Knight to OHSU to match by raising a like amount in two years and to rate statements in regards to prospects for their 2014-15 fundraising.

Statement: *The Knight Challenge will be like a rising tide that lifts all boats.*

Answer: *47% said somewhat unlikely or very unlikely; 26.7% neutral (wait and see?)*

Fundraisers are in general an optimistic crowd. A response of this type suggests an overall pessimism that this challenge gift will increase philanthropy across the board.

Groups that raised less than \$500,000 in 2013 were more likely than other groups to indicate that it was very unlikely or somewhat unlikely that this challenge will be a rising tide that lifts all boats. While groups that raised between \$1 and \$3 million trended negatively on this question, they also were more likely to have responses across the range, from very unlikely to somewhat likely. It is also worth noting that only groups that raised less than \$1 million said that this was not applicable.

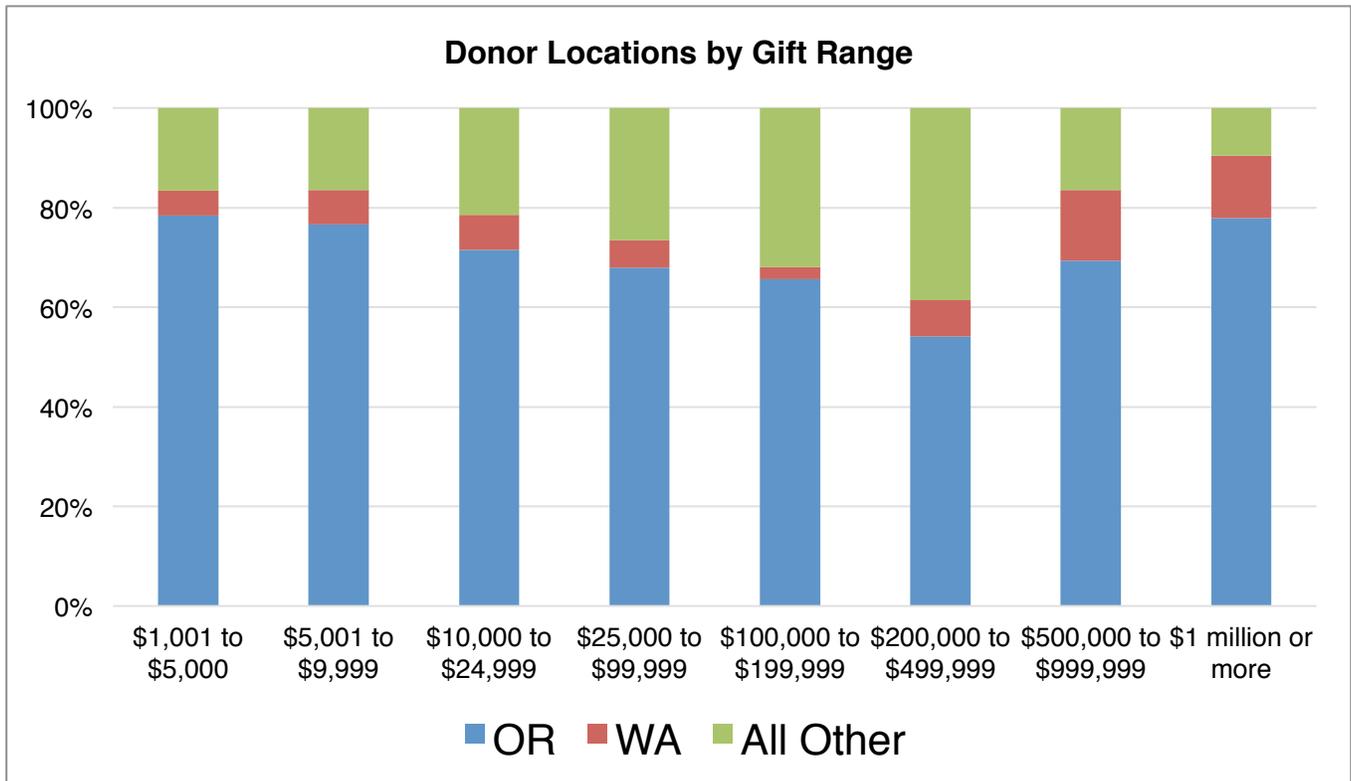
Looking at the responses from the top fundraising groups in a separate survey, they are slightly more optimistic than the larger survey respondents that the Knight Challenge will be like a rising tide that lifts all boats, and much more confident about their own fundraising prospects. This indicates that groups with substantial fundraising resources – staff, time, etc. – are in a much different place regarding this challenge than the majority of groups that serve as the “community glue” in Oregon.

In an open-ended follow-up question, there was a lot of ambivalence about the Knight challenge gift. It was surprising to see the number of respondents who said:

- “Knight challenge gift?”;
- it wouldn’t have any impact on the fundraising for their organization (because they’re a small or medium sized group, in a rural area, etc.);
- it would be more of a problem for organizations in Portland or I-5 corridor.

There is significant concern that funds will be diverted away from other causes, and some respondents stated that they are already seeing the effect of this challenge on their mid-level or major donors. Other expressed a frustration that all of this money/effort is being siphoned into one campaign, whereas mere fractions of the challenge amount could give their group a huge boost. Some respondents are keenly aware of the impact that this challenge brings to nonprofits.

There is definite concern that there will be a negative ripple effect for nonprofits in the state, though some expressed the hope that this challenge would bring more philanthropic attention (and dollars) into the state. Some respondents reported feeling inspired or motivated by this challenge, though more reported ambivalence in terms of being unconvinced that this challenge gift to OHSU would do much good for philanthropy in Oregon or unsure of how this would all play out.



Success depends on major giving

Major gifts are king. In a ranking of factors critical to 2013's fundraising results, every group chose the number and size of major gifts as important or very important to their success, dwarfing all other factors. Sixty-six percent of respondents planned to make more and larger major gift asks in 2014.

WHERE is the money coming from? Locally or out-of-state?

On average, one-quarter of donors of greater than \$1,000 to higher education institutions are from outside of Oregon and Washington. Bellwether organizations do garner large donations from outside of Oregon and Washington, though seven-figure gifts are still largely homegrown. There is also a clear distinction between higher education institutions and the other respondents in the bellwether group.

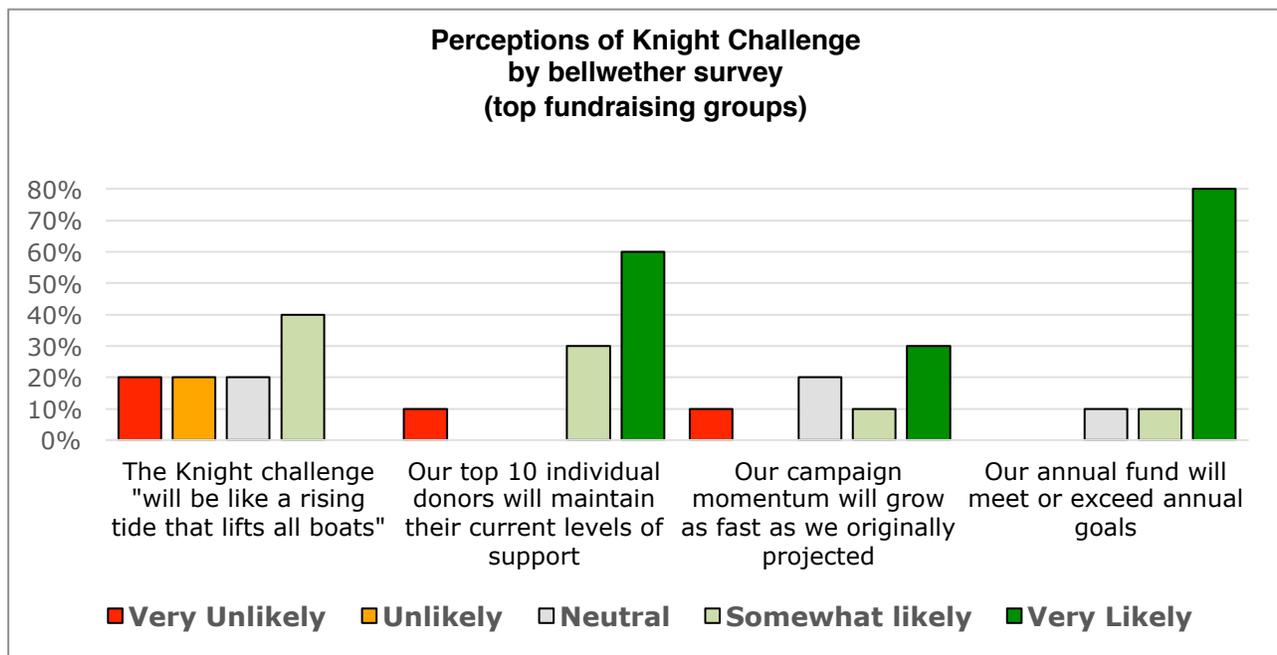
On average, respondents report that 83% of their donors of more than \$1,000 are from Oregon (78%) and Washington (5%). It is interesting to note that large organizations tend to have the most success with out of state donors at the mid-range major gift section of

the pyramid (\$25K to \$499K). However, when one looks closely at the data, it is clear that the predominance of higher education institutions in this data set skew these numbers. Within our small data set, on average, higher education institutions raise about 27% of their funds outside Oregon (66%) and Washington (8%). Other organizations represented in our sample raised an average of 96% of their funds from Oregon (91%) and Washington (5%).

It is interesting to note that for bellwether fundraising groups, an average 90% of donors in the \$1 million and above bucket come from Oregon (78%) and Washington (12%), potentially creating a great deal of competition for Oregon donors at the seven-figure level.

Bellwether groups optimistic

When asked about the fundraising landscape, including OHSU's \$1 billion campaign spurred by a challenge gift from Phil and Penny Knight, bellwether groups were largely optimistic that their fundraising plans would not be impacted by the challenge. Though confident in their own success, the bellwether groups displayed less confidence the challenge would have widespread positive consequences. Forty percent believed the challenge would be "a rising tide



that lifts all boats”, with the rest feeling neutral or finding this to be an unlikely proposition.

Knight Challenge and the OHSU Campaign Comments - excerpts

(Note: quotations are a selection of respondents’ comments intended to illustrate themes of comments and not proportionately represent responses for any single question.)

Resource challenge or drain for nonprofits

1. I hope it doesn't divert funds from social service agencies.
2. This is so out of the realm of our major donors, that it really has little impact in terms of incenting bigger gifts. It does have an impact in terms of siphoning off some funding that might otherwise flow to smaller non-profits, like ours.
3. I think cancer research is great. I certainly understand why people want to invest in that. I wish that big donors like that were more accessible to the smaller nonprofits and there was an interest in learning more about the innovative and critical work we are doing. We could do so much with just a fraction of what they are donating.
4. Will OHSU share resources or collaborate?
5. Again, the big dogs get the funding - little agencies die out - even when they are loved by their community.
6. I think that it is going to drain resources from other social service sectors.
7. By proposing the challenge, Phil Knight is deciding that OHSU and cancer research are the priority for our region.
8. There is only so much private funding to go around. Diverting attention from smaller organizations for large philanthropy activities does have an impact on other causes.
9. Now, unless your agency serves a population that can be marketed and flashed before the public with the sponsor's name affixed, it is harder to gain support. For example, how many millions did MODA pay to change the name of the sports arena? How many hours of community

mental health for low-income people and other "under the radar" services would that have provided? Grrrrrrr!

10. We are located in a rural area of Oregon and our services are location specific, so we don't expect to be in great competition related to the Knight challenge gift. That said, several of our major donors have been approached for support and expressed concern that their participation in the Knight project will mean fewer contributed dollars to local non-profits, especially for safety net services. You should know that many safety net providers in our region are on the precipice of financial failure and a loss of as little as \$50,000 is a budget disaster.
11. We've already experienced major donors who will not be contributing to our organization at all due to commitments to the Knight challenge.
12. I think the Knight gift will pull from other organizations and plans in the single focus effort of meeting the challenge.

Inspired or Motivated

13. We live in a generous community.
14. I really appreciate their tremendous philanthropy through Oregon and the US. Such a large challenge might work in the Portland area. It wouldn't work anywhere else in the state. Challenge gifts have not been very productive for us--they just add more pressure and confuse the messaging.
15. God bless the Knight family for making such a wonderful gift. :-)
16. I hope lots of donors from outside Oregon participate.
17. We think it will raise, on a national level, Oregon as a philanthropic priority.
18. The Knight Challenge is like a challenge to be even more effective to those who may fear its impact on their efforts.
19. This is an amazing gift. However, the timeline is short and I feel OHSU may have had to completely turn the ship in the water around meaning any strategic plan they were working to fulfill went to a grinding

stop, and a new strategic plan had to be developed to meet this match...

- 20. I worry about it stretching our mid-level donors
- 21. I don't like the fact that we are seeking government money to match it. Wish it were all private.
- 22. Nice to see them step forward but having to be creative to meet the match may be negative in many donors' minds.

Unconvinced or unsure about impact.

- 23. Intentional philanthropy has a long way to go in our state with donors truly doing their due diligence in knowing and understanding the organizations they are giving to and how their money is being spent.
- 24. The idea of "giving less so I can give to more organizations" needs to shift and donors need to step up, do their due diligence, and become change agents by making intentional major gifts.
- 25. I suspect the success of the Knight challenge will depend significantly on dollars pledged from outside of Oregon, and most likely, from outside of the US.
- 26. I am not convinced that the Knight challenge will change philanthropy in our state. I believe that many Oregonians do not believe or understand what true philanthropy is and many do not see themselves as philanthropists.
- 27. Public funding is not an appropriate match for a private challenge gift.
- 28. I will be interested to see how far the impact of this gift will reach into rural areas outside of the I-5 corridor. My guess is will not be very visible.
- 29. Our base (of donors) isn't big enough to protect us from the impacts of the Knight challenge.
- 30. I want to remain hopeful that it will not have a significant impact on a local/regional charity like ours.
- 31. The impact on the small non-profit is huge.
- 32. The Knight gift is completely off of our radar screen down in Southern Oregon.

33. I doubt it will have any impact on our modest capital campaign.

34. Everyone's watching the Knight challenge.

About the Survey

This is the fifth survey of philanthropy in our region. Kevin Johnson of Retriever Development Counsel, LLC created it in 2009 for the purposes of giving professional and volunteer nonprofit leaders a snapshot of the regional fundraising landscape and to identify opportunities for fruitful discussion.

The sample in this survey represents a significant part of the total annual fundraising efforts in the region. Total annual giving in Oregon is estimated at \$1.7 billion.¹ This group of respondents collectively raised more than \$322 million of that total according to the most recent 990 data available.² By comparison, the top 25 groups raised a total of \$814 million (includes a one-time \$160 million bequest for restricted endowment – not current use). The next 975 largest nonprofit fundraisers together collected \$838 million in that same period.

The 2014 recent survey is sponsored by the Association of Fundraising Professionals, Oregon and SW Washington Chapter, with support from The Oregon Community Foundation, additional pro-bono assistance from Kevin Johnson of Retriever Development Counsel, LLC, and with in-kind support from the Nonprofit Association of Oregon (NAO).



Copies of the full, 49 page report are available free to respondents and AFP members.

¹ *Giving in Oregon 2013*, The Oregon Community Foundation
² The most recent IRS 990 reports available at this time in early 2014 are for the 2011 fiscal period.