



Teen Philanthropy CAFÉ

SNACKABLE BITES ON GIVING, FOR TEENS

ON TODAY'S MENU: THE NONPROFIT UNIVERSE



Welcome to the Café



HOW DOES MY GIVING FIT INTO THE LARGER WORLD OF NONPROFITS AND SOCIETY?

This is a big question, and you've come to the right place for answers. So pull up a seat, order up your cappuccino or passion fruit tea, and we'll get you thinking and talking about what giving means to you. Would you like a scone with that?



On Today's Menu THE NONPROFIT UNIVERSE

OBJECTIVE:

Understand the world of nonprofits, and where foundations and other forms of giving fit in.

A **nonprofit** is an organization that exists to benefit the public and isn't in the business of making money. Any profits it earns aren't distributed to shareholders, like a for-profit business does; rather, any profits are used to further the organization's mission or charitable purpose.

Nonprofits come in all shapes and sizes. Some are small, community-based organizations run by volunteers, and others are large, complex, professionally run businesses. Internationally, nonprofits are often referred to as NGOs (nongovernmental organizations).

To become a nonprofit, an organization must apply to the Internal Revenue Service (IRS) of the U.S. federal government, which is the agency to which everyone pays taxes. Once the organization receives **nonprofit status** from the IRS (a letter that confirms the government agrees it is a nonprofit), it is **exempt** from paying income taxes (meaning, it doesn't have to do it). The IRS calls these types of organizations 501(c)(3)s—signifying their special "tax exempt" status.

Look around your community or town, and you'll find nonprofits everywhere: libraries, soup kitchens, animal shelters, places of worship, health clinics, and museums. Even those badge-wearing Girl Scouts selling Do-si-dos outside grocery stores represent a nonprofit organization.

SO DIG IN AND BEGIN.



GETTING TO KNOW NONPROFITS

Now that you know what nonprofits are, let's take a wider look at the world of nonprofits—often called the **nonprofit sector**. (*Sector* is another word for an area that is distinct from others.)

The **nonprofit sector** is the name people use to describe organizations in American society that are neither government-related nor for-profit companies. Other names to describe the nonprofit sector are not-for-profit sector, third sector, independent sector, or social sector.

Within the nonprofit sector, there are quite a few different types of organizations.

LET'S TAKE A CLOSER LOOK.



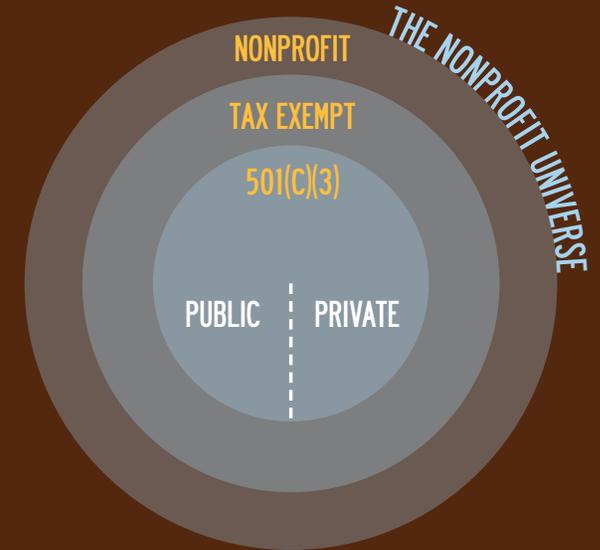
DID YOU KNOW?

The United States is home to more than 86,000 grantmaking foundations.

PUBLIC CHARITIES

Public charities are the organizations people usually think of when they hear the word *charity*. These organizations are typically supported by many funding sources and have missions that range from helping the poor to easing community problems to advancing religion, science, or education. Examples include hospitals, universities, churches and temples, museums, zoos, libraries, social services agencies, and public health clinics.

If you look in your hometown or city, you can find examples of public charities everywhere, such as Big Brothers, Big Sisters; National Public Radio; the Sierra Club; the American Red Cross; the Salvation Army; and small organizations working in the arts, education, health, environment—the list goes on and on!



PRIVATE FOUNDATIONS

Unlike public charities, private foundations are typically funded by one source (or just a few). Because there is less public support and input, private foundations must follow stricter rules. The law distinguishes between two major types of private foundations:

- 🗨️ **Operating foundations**—organizations that primarily run programs (e.g., DC Public Library Foundation)
- 🗨️ **Non-operating foundations**—organizations that primarily provide grants to other organizations or individuals (e.g., The Bill & Melinda Gates Foundation, The W.K. Kellogg Foundation)

WHAT ARE SOME DIFFERENT TYPES OF FOUNDATIONS AND GIVING?



- 🕯️ **Independent or family foundations** are formed with money given by individuals or families, and, if a family foundation, it is usually run (governed) by family members themselves.
- 🕯️ **Company-sponsored or corporate foundations** receive funds from their parent companies, although legally they are separate organizations.
- 🕯️ **Community foundations** seek support from a variety of donors (people who give), and they also give grants to organizations in the town, county, or region they are located. Community foundations are considered public charities, not private foundations. Community foundations offer individuals and families something called a **donor-advised fund**—allowing them to donate charitable dollars without having to set up their own private foundations.
- 🕯️ **Giving circles** are groups of people who pool their charitable donations and decide together where to allocate the money.
- 🕯️ **Individual giving** is just that—charitable giving done by individuals. This is by far the most common type of giving. According to Giving USA 2014, individuals made 72% of all gifts, or about \$241 billion!

WHAT ARE PHILANTHROPY SUPPORT ORGANIZATIONS?

There are many organizations out there that specifically work to strengthen the field of philanthropy. If you want to learn more about giving well, or meet other people involved in philanthropy, they are a good place to start. Here are some examples:

- 🕯️ **Grantmaker support organizations**—These national organizations focus on one or more specific types of grantmakers. Examples include Exponent Philanthropy, the Council on Foundations, The Philanthropy Roundtable, and the National Center for Family Philanthropy.
- 🕯️ **Regional associations of grantmakers**—Regional associations help support philanthropists in a specific geographic area like a state, region, or metro area. To find your local association, visit www.givingforum.org.
- 🕯️ **Affinity groups**—These groups support grantmakers that fund a certain area, cause, or population. Learn more at www.cof.org/organization-type/affinity-group.

DID YOU KNOW?

Here are some fun facts about giving and the difference it has made to our world:

- 🕯️ Early foundations, including the March of Dimes, supported the development and distribution of the polio vaccine, saving hundreds of thousands from the paralyzing disease.
- 🕯️ Sesame Street was founded through a two-year grant from the Carnegie Corporation.
- 🕯️ Foundation grants helped fund the creation of *rocket science*, beginning in 1926 with a small grant from the Hodgkins Fund.



LEARNING MORE ABOUT AN ORGANIZATION NEAR YOU

See if you can find out the answers to these questions:



HERE'S A TIP: You might want to start your search on the website www.greatnonprofits.org. Find three nonprofits that interest you, and then visit their individual websites to see what you can learn.

What is the mission of your organization?

What kinds of people or groups do you serve?

What kinds of programs or services do you offer?

Where does your funding come from?
(Or, if a foundation, where did the money come from to start the foundation?)

What are some of the biggest community needs you see going forward?

What do you find is most rewarding about what you do?

You might want to take notes, and write a few paragraphs afterward to share what you learned with your peers.



IN SUMMARY:

To-Go Box

- A nonprofit is an organization that exists to benefit the public and isn't in the business of making money.
- There are many types of nonprofits—including public charities and private foundations.
- Different types of foundations include family foundations, independent foundations, corporate foundations, operating foundations, community foundations, and public foundations.
- Philanthropy support organizations include national grantmaker support organizations, regional associations of grantmakers, and affinity groups.



WANT MORE?

If you're curious to learn more, check out these resources:



Youth Philanthropy Connect: youthphilanthropyconnect.org

Exponent Philanthropy: exponentphilanthropy.org

Foundation Center: foundationcenter.org

Great Nonprofits: greatnonprofits.org

GuideStar: guidestar.org

Follow us on Twitter: [@exponentphil](https://twitter.com/exponentphil) and [@EngagingYouth](https://twitter.com/EngagingYouth)

Thanks for coming by!
See you next time at
Teen Philanthropy Café.