

WOMEN & WEALTH

Philanthropy Toolkit

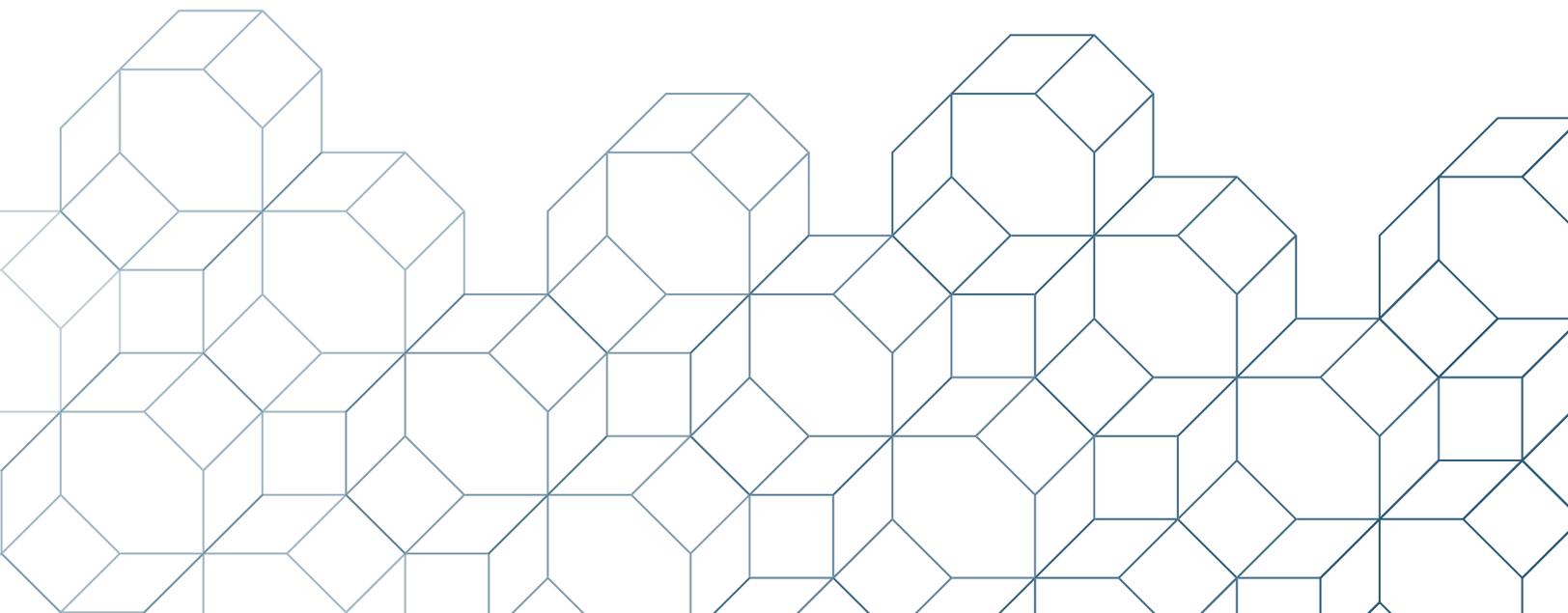


What does it mean to give effectively?

Effective philanthropy supports organizations that are likely to meet their and their donors' shared social or environmental goals. It requires donors to:

- Undertake a thoughtful decision-making process.
- Identify their own philanthropic goals and values.
- Conduct due diligence before selecting organizations to fund.
- Ensure that organizations are supported in a way that allows them to thrive and strategically design their best future.

This toolkit will guide you through each step and major decision point of an effective philanthropic process.

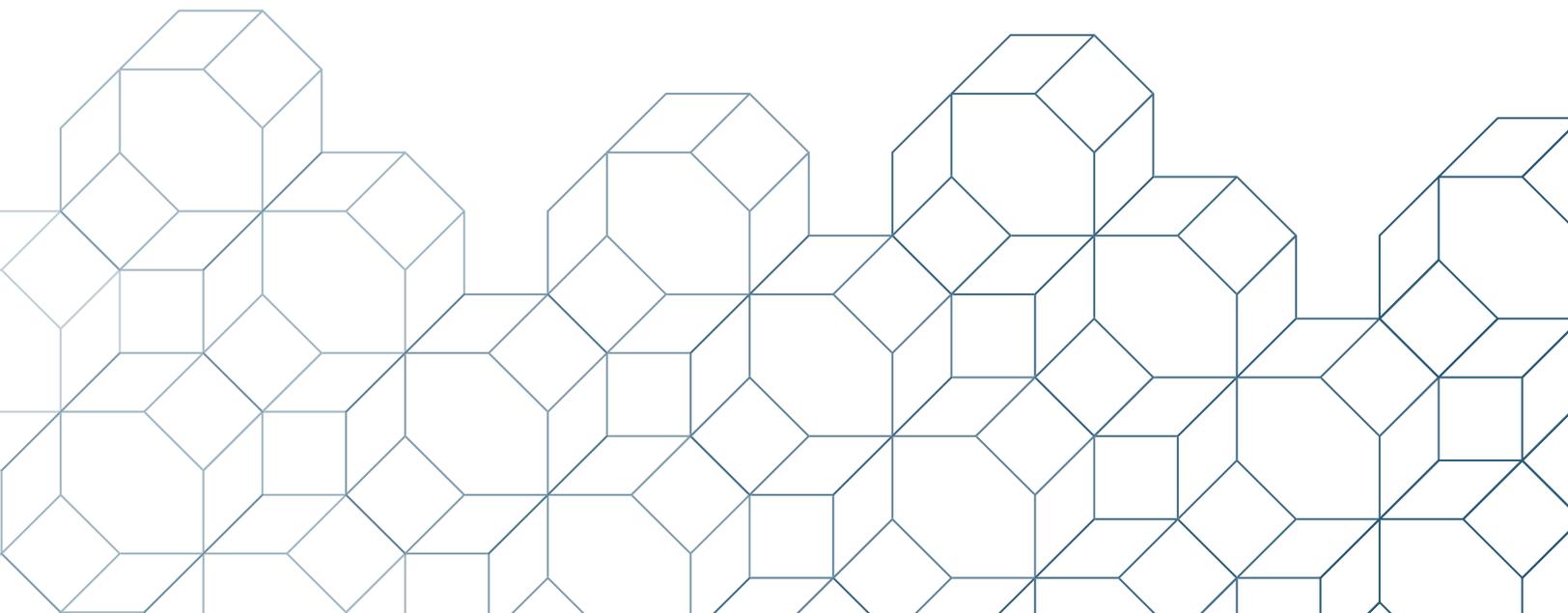


1. Finding your focus areas

Outlining focus areas for your philanthropy is key to effective, meaningful, and proactive philanthropy.

This section will guide you through the following steps:

- 1 **Clarify your motivations and values**, which will guide your decision-making throughout the giving process.
- 2 **Narrow your focus areas** to identify the issues most meaningful to you and give your philanthropy direction.
- 3 **Consider your time, talent, and social ties** to understand how you can contribute to your focus areas with your skills and network.



ACTIVITY

REFLECT ON YOUR MOTIVATIONS & VALUES

INSTRUCTIONS

Review the questions to clarify your philanthropic motivations and identify the values important to your giving. Jot down your thoughts. We encourage you to consider each question fully.

REFLECTION QUESTIONS ABOUT YOUR MOTIVATIONS:

- What motivates you to give?
- What do you hope to gain from your giving?
- What are your immediate philanthropic goals?
- What are your long-term philanthropic goals?
- What do you want to sustain or keep the same in the world?
- What do you want to change in the world?

REFLECTION QUESTIONS ABOUT YOUR VALUES:

- What values are important to your giving?
- Where have you given your time and money in the past, and why?
- Where do you give your time and money currently, and why?
- What issues interest you most, and why?
- What issues feel most pressing to you, and why?
- What life experiences have shaped you, the way you look at the world, and your giving?
- What are some moments or experiences in which you felt like you had some impact on the world?

ACTIVITY

SELECT YOUR VALUES

INSTRUCTIONS

To help you select the values important to your giving, circle the words in the list below.

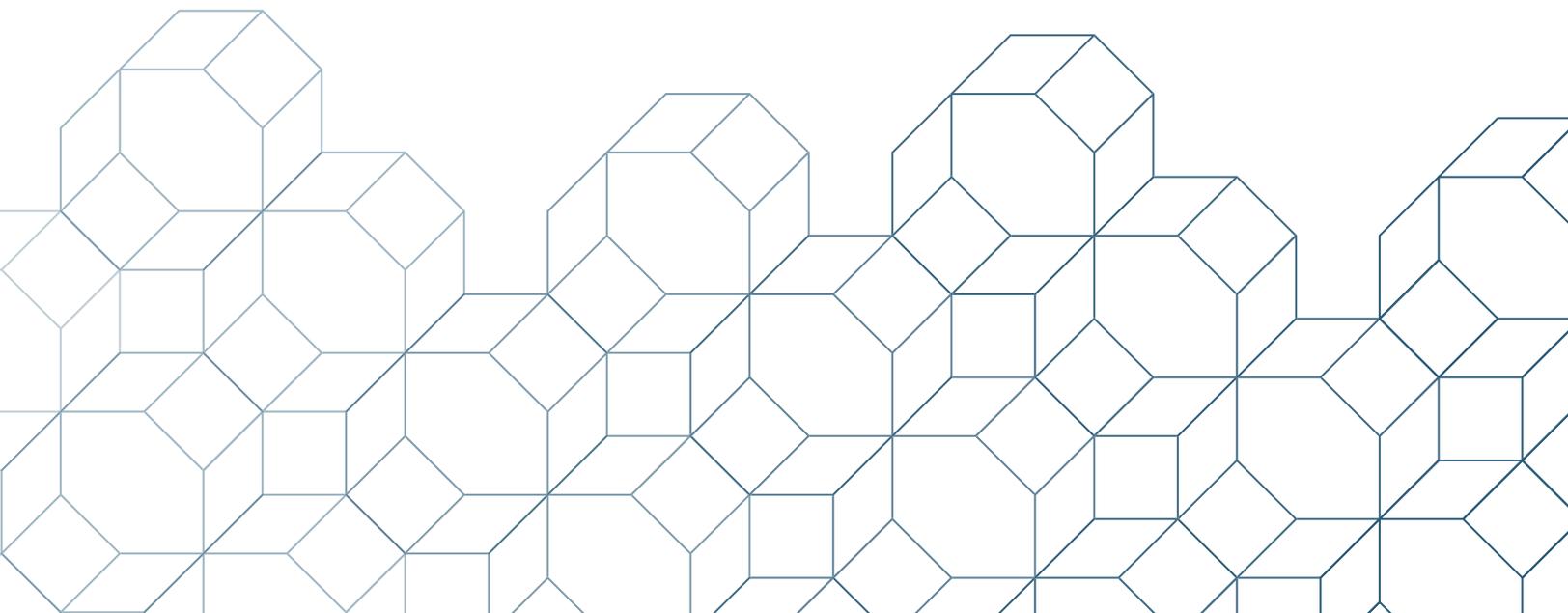
For couples and families, it can be helpful to do this activity individually first, and then share your responses and discuss areas of overlap and differences.

ACCESSIBILITY	FAMILY	LOVE
ACCOUNTABILITY	FREEDOM	LOYALTY
AUTHENTICITY	FUN	PASSION
COLLABORATION	GENEROSITY	PATRIOTISM
COMMUNITY	GROWTH	PEACE
CONNECTION	HAPPINESS	PERSISTENCE
COURAGE	HARMONY	RESOURCEFULNESS
CREATIVITY	HEALTH	RESPECT
CURIOSITY	HONOR	SECURITY
DIGNITY	HUMILITY	SELF-ACTUALIZATION
DISCIPLINE	HUMOR	SERVICE
DIVERSITY	INDEPENDENCE	SIMPLICITY
EFFECTIVENESS	INNOVATION	SPIRITUALITY
EMPATHY	INTEGRITY	SPONTANEITY
EMPOWERMENT	INTERDEPENDENCE	STEWARDSHIP
EQUITY	JOY	TRADITION
EXPLORATION	JUSTICE	TRUSTWORTHINESS
FAIRNESS	KINDNESS	UNITY
FAITH	LEADERSHIP	WELLBEING

Narrow your focus areas

The simplest way to organize your philanthropy is to focus on several specific issues, rather than giving across many issues. While your philanthropic budget certainly can allow room for reactive and emergency giving (see **Section 2: Structuring your giving**), narrowing your focus areas for proactive giving helps prioritize your resources.

This is true even if your philanthropy is concerned with a particular community—for you cannot give to every possible cause. It is also true for donors who are motivated by the philosophy of effective altruism, which is concerned with alleviating the conditions of abject poverty and avoiding global catastrophes (see [effectivealtruism.org](https://www.effectivealtruism.org) for more information).



ACTIVITY
LOOK BACK AT YOUR GIVING HISTORY

INSTRUCTIONS

Review your previous contributions and volunteer work over a given period of time to identify issues that are meaningful to you.

ACTIVITY
SELECT YOUR ISSUES

INSTRUCTIONS

To help you select the issues important to your giving, circle the words in the list below.

ANIMAL RELATED

ARTS, CULTURE & HUMANITIES

CIVIL RIGHTS & ADVOCACY

DISASTER PREPAREDNESS & RELIEF

EDUCATION

ENVIRONMENT

FOOD & NUTRITION

HEALTH

INTERNATIONAL DEVELOPMENT

LAW & SOCIETY

SOCIAL SERVICES

OTHER

ACTIVITY

CRAFT YOUR FOCUS STATEMENTS

A focus statement frames your values and motivations and connects them with your philanthropic intentions. A strong focus statement can help guide your philanthropic plan. While you may want to have an overall giving statement the same way some nonprofits have vision and mission statements, we recommend also creating a separate focus statement for each issue, including the specific population and location you would like to serve.

EXAMPLE

We aim to address education inequality for low-income secondary school students in Grand Rapids Public Schools because this aligns with our commitment to equity in public education.

INSTRUCTIONS

Craft short statements that articulate your intention for how to address each of your selected focus areas.

If you don't yet feel ready to articulate focus statements, you can return to them later in this toolkit or as you actually engage in giving, recognizing that they may change over time.

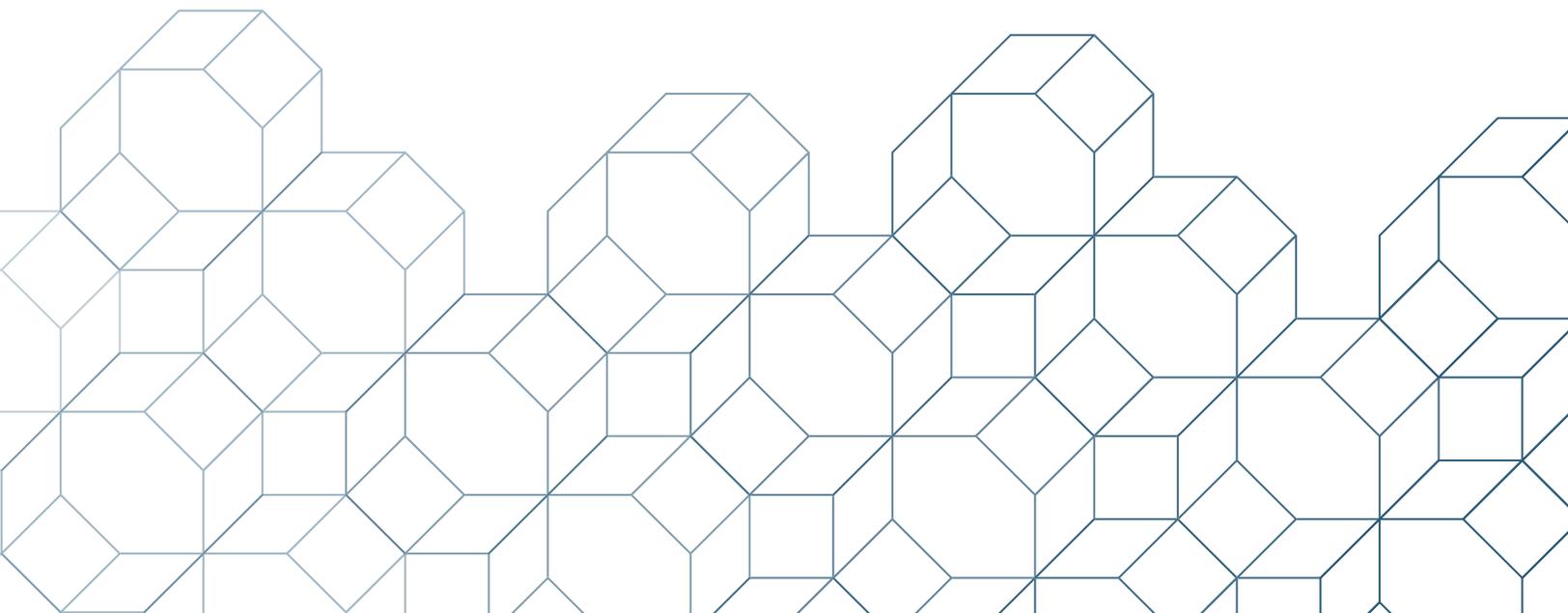
If you need additional inspiration, you can look online for various resources on crafting vision, mission, and focus statements. Feel free to borrow from statements that inspire you and rework them to make them your own.

Contribute your time, talent, and ties

When considering levels of donor engagement, you may have heard of the “4 Ts”—Treasure, Time, Talent, and Ties. In this context, treasure is shorthand for financial contributions, time reflects the hours you are able to give, talent refers to your specific skillsets, and ties relate to your social and professional networks.

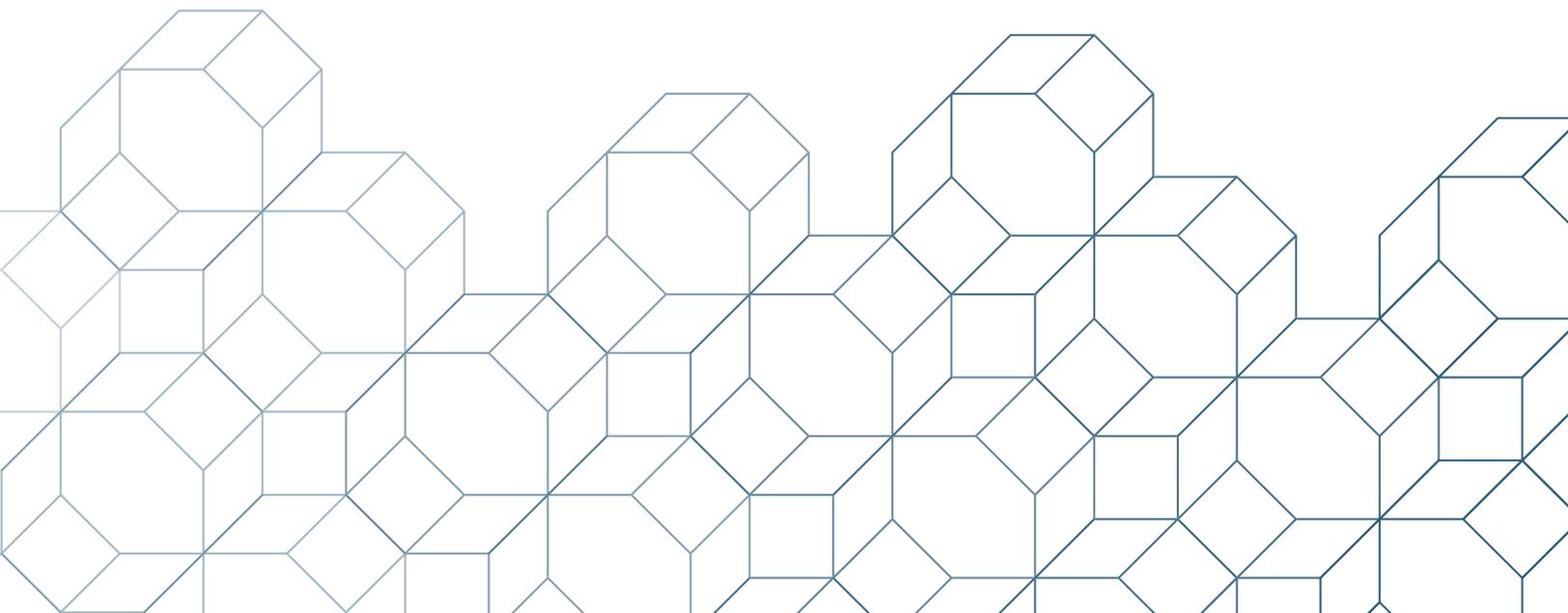
It is up to you to consider how to balance and deploy these “4 Ts” in your philanthropic endeavors at different periods in your life. There may be intervals when you don’t have much time but are happy to make significant financial donations. There may be other times when you cannot give the lead gift on a campaign but are able to consistently volunteer and make introductions to key people in your social network. Regardless of how you balance your “4 Ts,” there are many organizations that will be delighted to have you involved.

We address financial contributions in **Section 2: Structuring your giving** and **Section 4: Making gifts and tracking your giving**. In this section we focus on the other three Ts: Time, Talent, and Ties.



You might consider deepening your philanthropy by contributing your time and talent through volunteering. Volunteering can be an excellent way to learn more about your focus areas and get to know an organization. You can volunteer with organizations you support financially as well as other organizations. Nonprofit organizations sometimes post information about volunteer positions on their websites. Volunteer commitments can be short-term and focused around a specific event or short-term business goal, or they can be long-term and connected to a series of events, an ongoing program, or extended strategic initiatives.

Another way to contribute at a leadership level is to serve on the board of a nonprofit organization. Often, an organization's senior leadership identifies prospective board candidates based on the skills and expertise they can contribute and extends an invitation to join the board. Organizations often ask board members to be "ambassadors" for the organization, willing to tap into their social and professional networks to help the organization more effectively meet its various goals. While board service can be extremely meaningful, it can also be a significant time commitment depending on the organization's needs and the skills and resources other board members bring to the table.

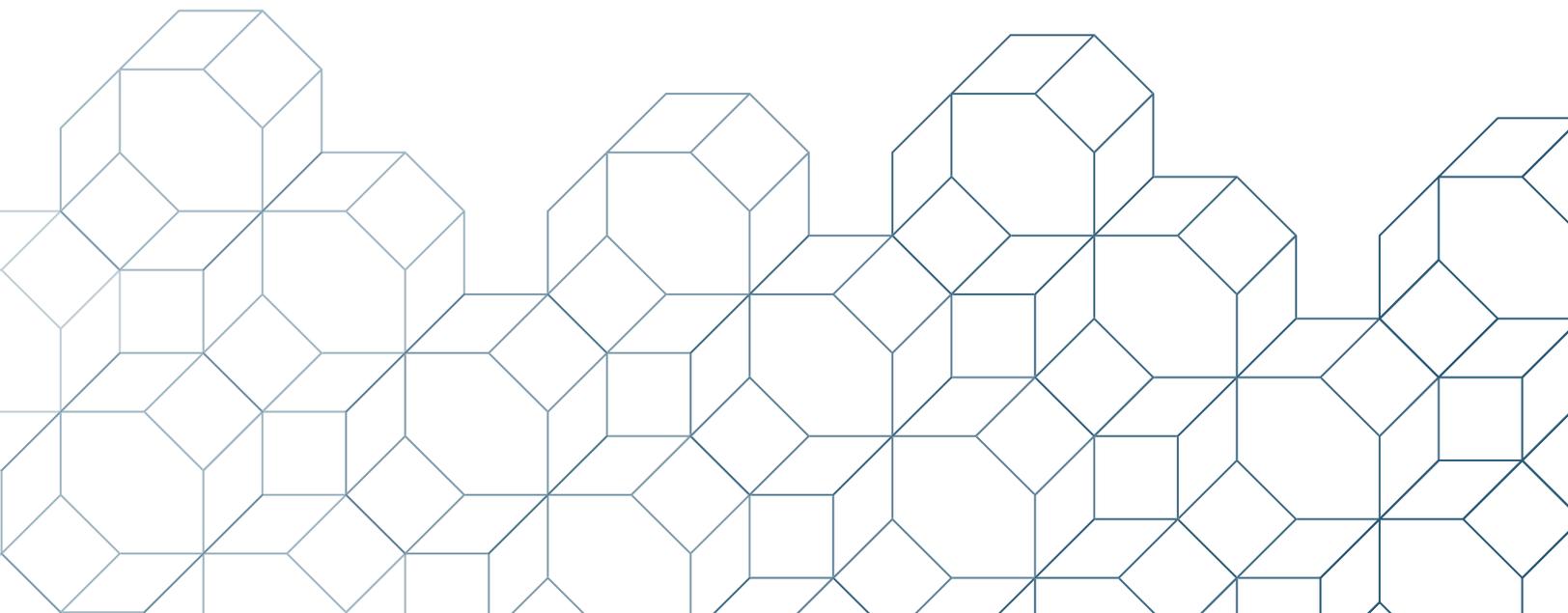


2. Structuring your giving

Now that you have defined your philanthropic motivations, values, and focus areas, it is time to develop a concrete structure for your giving.

This section will guide you through the following steps:

- 1 **Determine your philanthropy budget** in order to integrate your philanthropy with your broader financial planning.
- 2 **Select giving vehicles** best suited to both your personal and philanthropic objectives.



WORKSHEET

SET YOUR TOTAL PHILANTHROPY BUDGET

INSTRUCTIONS

Review the questions below, either on your own or with the support of your advisor, and jot down your thoughts. You do not have to answer every question.

How much do you wish to allocate to your philanthropy in the next year? Over the next three years? The next five to seven years? The next decade or more?

What future financial situations or developments could affect how much you allocate to your philanthropy?

What are the potential tax considerations for your different time horizons?

WORKSHEET
SET YOUR TOTAL PHILANTHROPY BUDGET

Are you in a position to consider giving appreciated assets as part of your philanthropy?

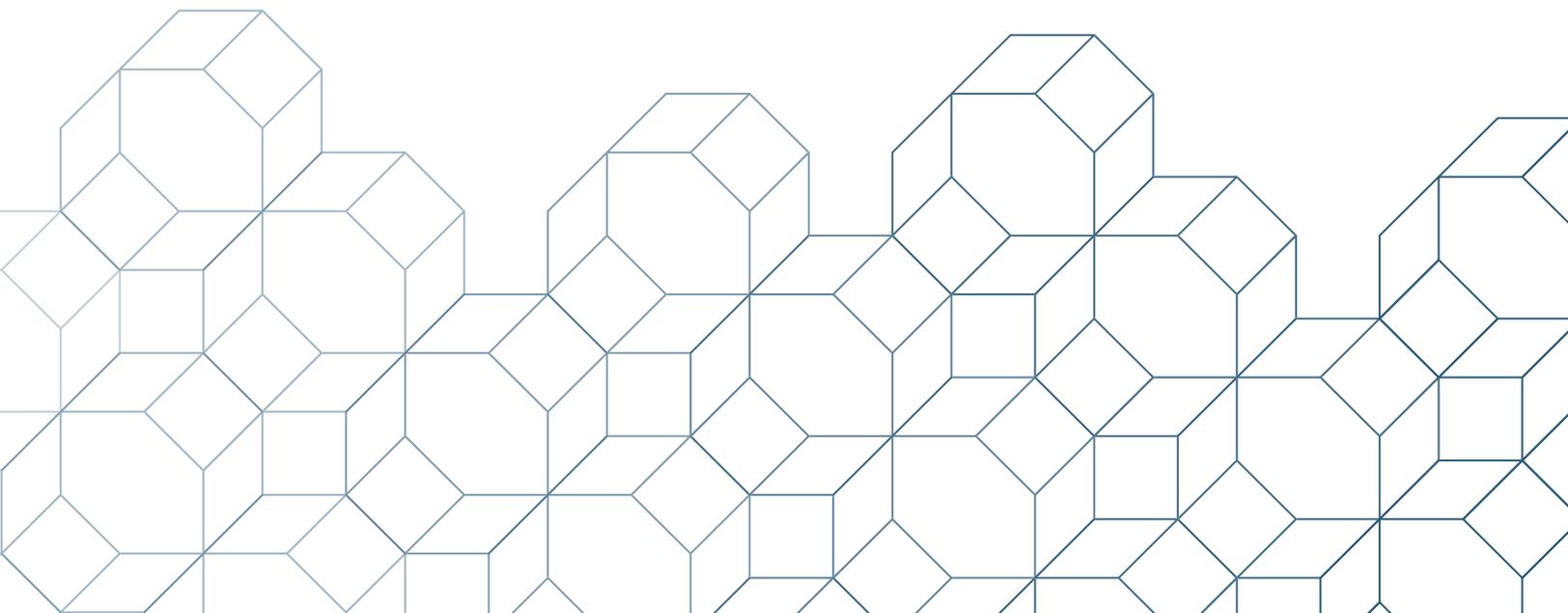
How have you thought about allocating assets for the next generation?

Would you like to revisit your allocations in the future? If so, when?

How much are you setting aside as your total philanthropy budget?

Select your giving vehicles

A philanthropic giving vehicle provides a structure for you to carry out your giving. This section will help you identify which giving vehicles are best suited to your personal, financial, and philanthropic preferences. Keep in mind that you can achieve your philanthropic objectives through any vehicle; the goal here is to ensure that you select the vehicle or combination of vehicles that best aligns with your broader needs.



Most common giving vehicles

CHECKBOOK OR OTHER DIRECT CONTRIBUTIONS

The most common way to make a gift is by writing a check or using a credit card. Such contributions qualify for a same-year tax deduction. You can also qualify for tax deductions when you donate long-term appreciated non-cash assets (e.g., stocks) directly to charitable organizations or foundations. You may want to have a discussion with your advisor about the assets best suited to your goals.

DONOR ADVISED FUNDS

A donor advised fund (DAF) is, in effect, a philanthropic investment account. You can contribute cash, securities, or appreciated non-cash assets to your account and qualify for a same-year tax deduction (equal to the deduction for giving to any public charity).

DAFs are managed by nonprofit entities, community foundations, and the charitable arms of for-profit financial service providers. Each managing entity has different minimum contributions, gifts, investment programs, and fees. DAFs within community foundations offer a local focus, with knowledgeable staff and donor education opportunities to enable placebased giving (conducting some of your giving beyond the local area is also typically allowed). DAFs at for-profit financial service providers and other independent sponsoring organizations offer the opportunity for a broader focus, as well as financial and investment expertise.

While DAFs allow you to postpone decisions about specific contributions (i.e., the nonprofit organizations receiving your gifts), the contributions to the managing entity are irrevocably given to the charitable purpose (though you can move them from one managing entity to another). Once this contribution is made, you can advise, but not direct, the managing entity to support specific recipients.

Typically they will do so—as long as those recipients comply with IRS regulations on DAFs and any additional guidelines the entity may set (and should share with you upfront).

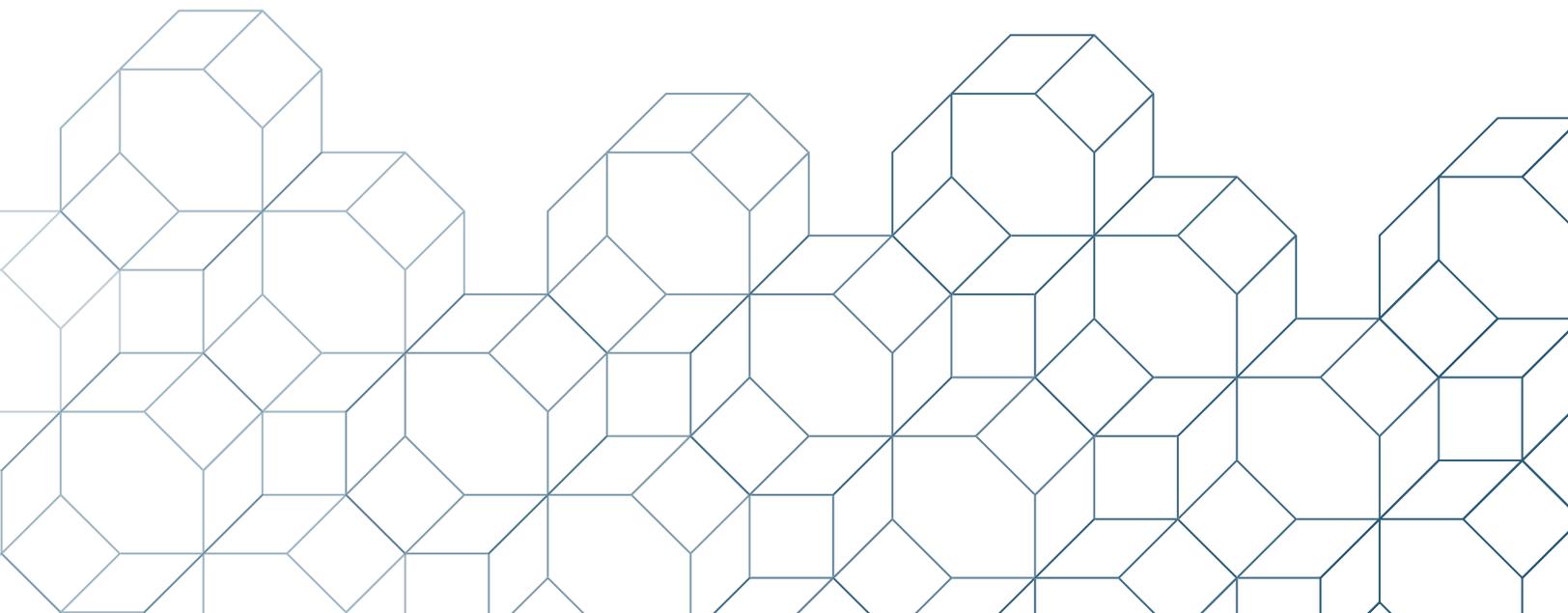
PRIVATE FOUNDATIONS

Private foundations are tax-exempt nonprofit organizations that must pay out at least 5% of their assets each year in the form of grants and operating charitable activities. These organizations are also required by the IRS to file an annual Form 990-PF—a publicly available document that describes the foundation’s grants, investments, and expenses. You will receive a tax deduction when you transfer assets to a private foundation. A foundation must have a board of directors, typically of three or more persons. Depending on the size and activity of the foundation, paid staff may be necessary for management and administrative work. Some donors want their foundation to exist in perpetuity, while others may wish to spend down all the foundation’s assets within their lifetime or over some set period of time.

Operating foundations, a subset of private foundations, primarily conduct their own charitable programs; some also make grants. Operating foundations have a legal classification under the IRS and are required to spend 85% of their assets each year on charitable activities.

LIMITED LIABILITY COMPANIES

Limited liability companies, or LLCs, are business structures that limit donors’ personal liability against lawsuits. LLCs are pass-through entities that can also function as philanthropic vehicles. As with business LLCs, income and charitable tax attributes flow through to its member(s). Contributions to the LLC itself are not deductible for charitable income tax purposes; it is only when the LLC makes a charitable contribution that its member(s) are eligible for a tax deduction. LLCs do not have annual distribution or public disclosure requirements.



Charitable giving through estate planning

These vehicles allow donors to benefit both non-charitable beneficiaries (i.e., the donor, the donor's children, etc.) as well as charitable organizations. These trusts can be created during the donor's lifetime or in a will.

CHARITABLE REMAINDER TRUSTS

Charitable remainder trusts are irrevocable trusts from which there are payouts for life or a period of up to twenty years to a non-charitable beneficiary, after which one or more charities receive whatever is left (the "remainder"). For example, the trust may provide that the donor (or the donor and spouse, or any person named) gets the income for life, or for several years, and that everything left goes to a specified charity. Only the remainder is treated as a charitable gift; this amount is tax deductible when you create the trust.

CHARITABLE LEAD TRUSTS

Charitable lead trusts reverse the charitable remainder trust—that is, the charities get paid out first. A charitable lead trust is an irrevocable trust that makes at least annual payments to designated charities for a set period of time. After that period, the trust ends and the balance passes to designated noncharitable beneficiaries, such as family members or others.

BEQUESTS

Bequests are gifts from your assets—whether they be a transfer of cash, securities, or other property—made through your estate plan or will. You can make a bequest to designated charitable organizations by including language in your will or living trust. You can also designate an organization as a beneficiary of your retirement account or life insurance policy.

ACTIVITY

REFLECT ON YOUR GIVING VEHICLE OPTIONS

INSTRUCTIONS

Review the list of giving vehicle considerations below. This list is not exhaustive, and we encourage you to speak to your advisor and those involved in your philanthropic decision-making about additional considerations relevant to your personal situation, preferences, and goals.

1. **Administrative support:** Are you willing to invest your time and effort on an ongoing basis and hire paid staff for your vehicle?
2. **Anonymity:** Do you prefer to give anonymously?
3. **Asset growth potential:** Would you want your philanthropic investment to increase in value over time?
4. **Control over giving:** Would you want to retain control over how beneficiaries use donated funds?
5. **Distribution requirement:** Would you want a vehicle with an annual distribution requirement in place to keep your philanthropy moving?
6. **Family involvement:** Do you want your family members involved in giving decisions?
7. **Impact investments:** Would you like to make investments that generate social as well as financial returns?
8. **Perpetuity:** Do you want the structure to exist in perpetuity or would you prefer it to spend down in your lifetime or some set period of time?
9. **Political contributions:** Do you want to make political donations and engage in lobbying? Direct political contributions are not tax-deductible, though some lobbying and advocacy can be, depending on a number of factors. Seek further professional advice if politics is a priority issue for you.
10. **Public disclosure:** Are you willing to submit separate tax records that will be available to the public?
11. **Tax implications:** Are tax implications important to your choice of vehicle?

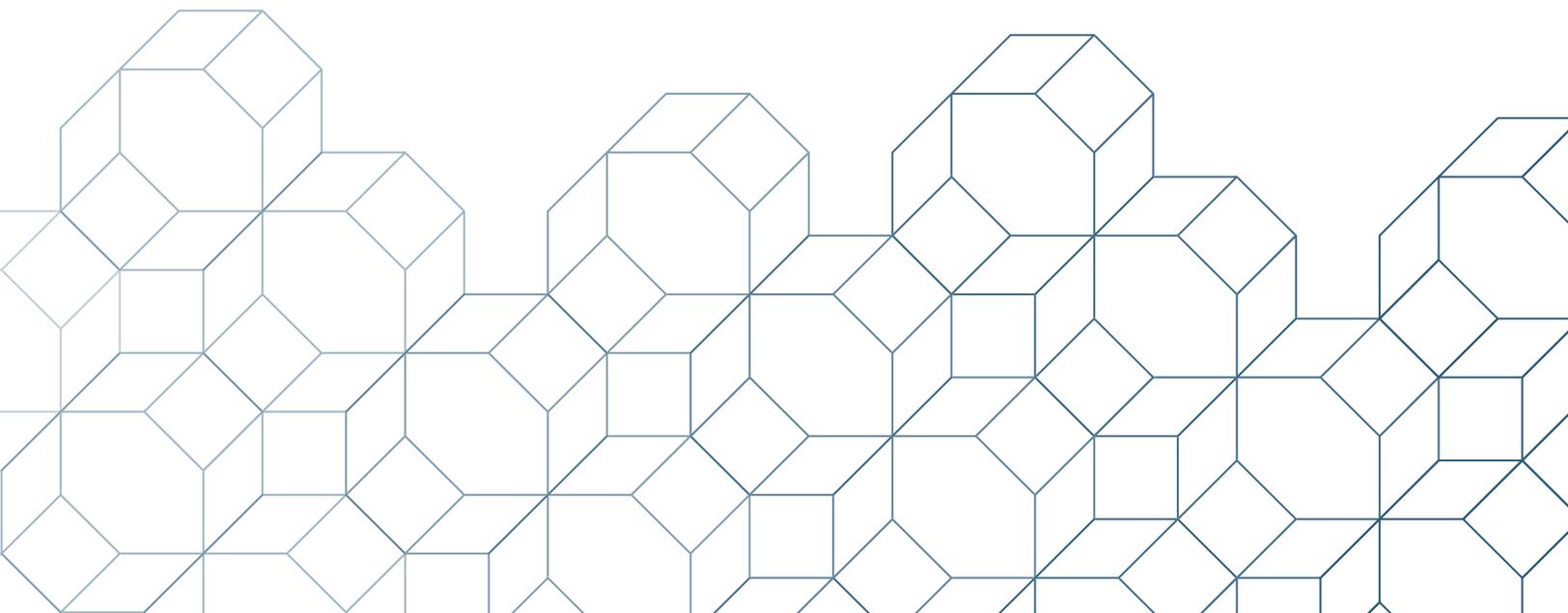
3. Finding & vetting

You are now ready to search for effective organizations aligned with your philanthropic goals. Even if you do not find a perfectly matching organization, your research will help you understand the landscape and learn which organizations address your broader issues as well as their method for doing so.

You may already have organizations in mind, but we nonetheless encourage you to take time to learn about other organizations working in your focus areas to ensure your giving is as effective as possible.

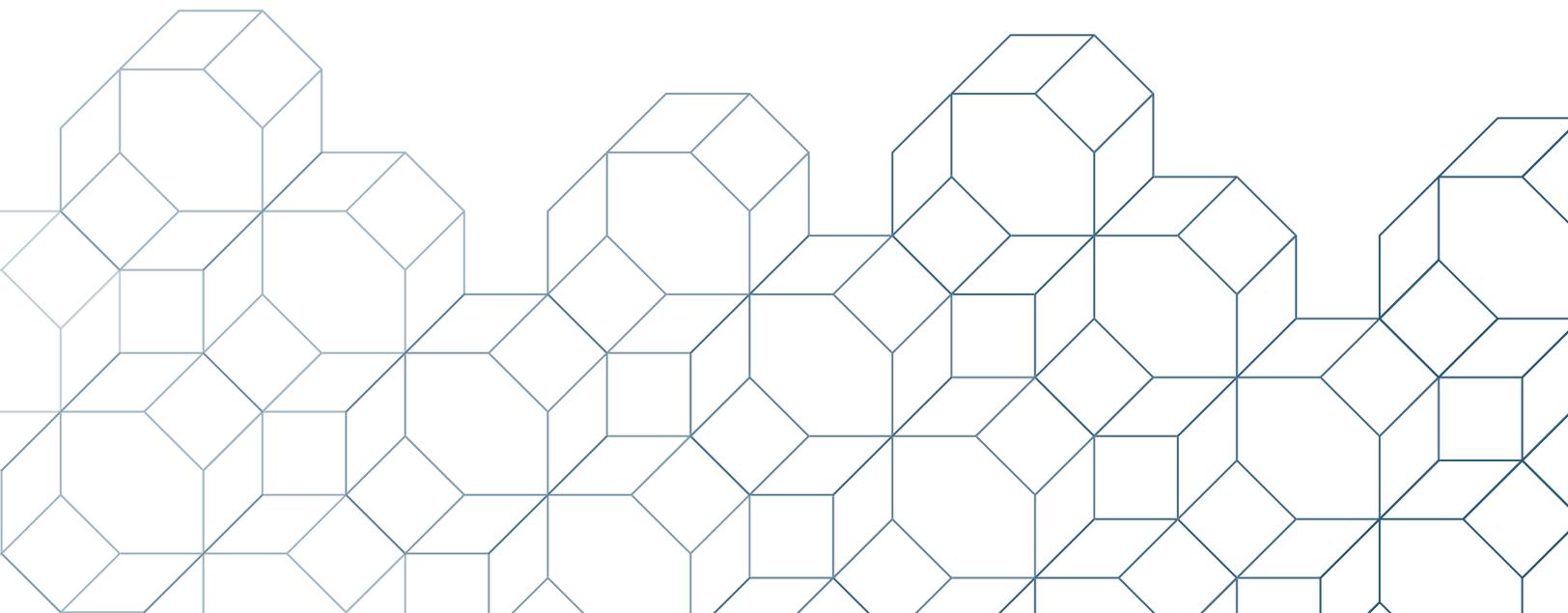
This section will guide you through the following steps:

- 1 Find organizations in your focus areas.**
- 2 Understand how organizations can achieve their intended outcomes.**
- 3 Vet organizations to identify those working effectively.**



Find focus-aligned organizations

Proactively identifying organizations to fund, rather than reactively responding to miscellaneous funding requests, makes it more likely that you will support organizations aligned with your philanthropic goals. The search process also helps you learn more about the landscape of your focus areas, making your philanthropy more effective. You will take two main steps to find organizations: **seeking recommendations** from your networks and **researching online**.



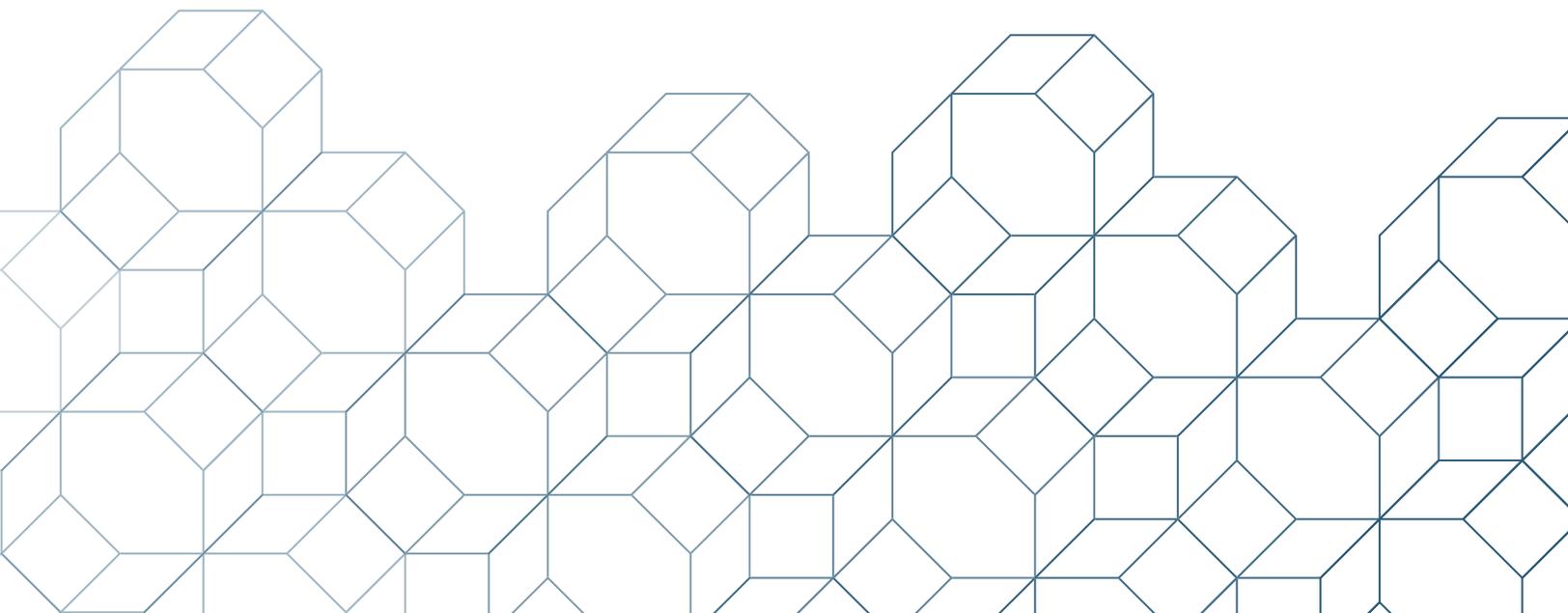
Seek recommendations from your networks

If you have family, friends, or professional acquaintances with significant experience in your focus areas, consider asking them to recommend organizations that they know of or volunteer with. Make sure you understand the depth of their experience with their recommended organizations, why they recommend them, and what biases may affect their recommendations.

You can also seek recommendations from issue-area experts. For example, you may ask a friend who is a human rights lawyer about organizations supporting immigrant rights, or an oncologist about current cancer research. Experienced donors in your focus area are another good source of recommendations.

Professional philanthropic advisors and donor networks can also help you identify effective organizations working in your focus areas. Refer to the Philanthropist Resource Directory (PRD) database on the website below for information on professional philanthropic advisors and donor networks who are familiar with your areas of interest. pacscenter.stanford.edu/prd

If you are looking for place-based funding recommendations, community foundations often understand the local landscape of nonprofit organizations. The Council on Foundations has a publicly available tool you can use to search for community foundations by location. cof.org/community-foundation-locator



Research online

Use the Internet to find organizations in your focus areas. The following resources will be helpful in your search.

ONLINE SEARCH ENGINES

A focused online search is the most comprehensive way to find nonprofit organizations. The more specific you are about your focus areas, the more likely your search query is to be useful.

Create targeted search queries by including your issue or focus area, the populations or groups you want to help, and (if relevant) your geographic interests. Note that you may want to change the word order of your search queries depending on your personal preferences. For example, if you are more interested in a particular population than a specific location, place the population before the location. Here are a few examples of searches that provide focused results:

- Nonprofit organization education low income students in Boston
- Nonprofit mental health services in Wisconsin for youth
- Charities global health women organizations

ORGANIZATIONS' WEBSITES

Look on the website of each organization that is a candidate for your giving for pages with titles like "About Us" or "About [the Organization]" and "Programs and Services," and read them carefully to see how the organization aligns with your focus area. If you are interested in volunteering with the organization before making a gift, look for titles like "Get Involved" to look up ongoing volunteer activities, or see if the organization has any public events or benefits you might attend.

Note that maintaining a sophisticated website requires significant resources that an effective organization may have chosen to direct elsewhere; website design does not necessarily correlate with the organization's effectiveness.

CURATED ONLINE LISTS OF ORGANIZATIONS

You can also use curated online lists to learn about more organizations. Here are some places you can find these lists.

Foundation grantee lists

Foundations have specialized professional staff who thoroughly vet nonprofit organizations before funding them. Many large foundations share a list of their grantees online. Search for foundations aligned with your philanthropic goals, and then look at their grantees.

If you have trouble identifying relevant foundations, consider using the Foundation Center's fee-for-service Foundation Maps tool, which provides easy-to-read visuals of foundations and grantees that can be organized by issue area and geography. Note that in 2019, the Foundation Center and GuideStar joined forces to become Candid. maps.foundationcenter.org

Issue Funds

Issue funds can help you learn about organizations that work on a particular issue or focus area. Overseen by a fund manager with expertise in a subject, issue funds aggregate donor contributions and distribute them to relevant nonprofit organizations.

Lists curated for humanitarian, emergency, and disaster relief

At the time of a natural disaster or humanitarian crisis, community foundations and charitable arms of financial institutions often provide curated lists of nonprofit organizations addressing humanitarian, emergency, and disaster relief. These lists guide donors to relief and rebuilding efforts.

Each organization has its own methodology for assessing a nonprofit's effectiveness. In addition to meeting immediate needs through emergency giving, proactive gifts can sustain disaster preparedness efforts in vulnerable communities and long-term recovery in post-crisis communities.

GiveWell

GiveWell is a nonprofit organization, primarily focused on global poverty, health, and direct aid. It recommends a short list of cost-effective, underfunded organizations based on rigorous research. Each of its recommendations explain how GiveWell assessed the organization's effectiveness. [givewell.org](https://www.givewell.org)

NONPROFIT DATABASES

GuideStar Charity Check

GuideStar Charity Check, now under the nonprofit entity Candid, provides snapshots of more than 1.5 million IRS-registered nonprofit organizations in the United States, with information about each organization's mission, programs, outputs, outcomes, financial standing, and leadership. Although all information is self-reported, each organization is given a transparency rating based on the information it shares: Bronze for providing basic information; Silver for including financial data; Gold for providing data on organizational impact; and Platinum for providing data from the previous tiers as well as the metrics used to evaluate progress toward its mission. In other words, GuideStar Charity Check remains neutral about content, rating organizations only on the availability of self-reported information. GuideStar Charity Check also provides additional filters and affiliation searches to paid premium and professional accounts. [guidestar.org](https://www.guidestar.org)

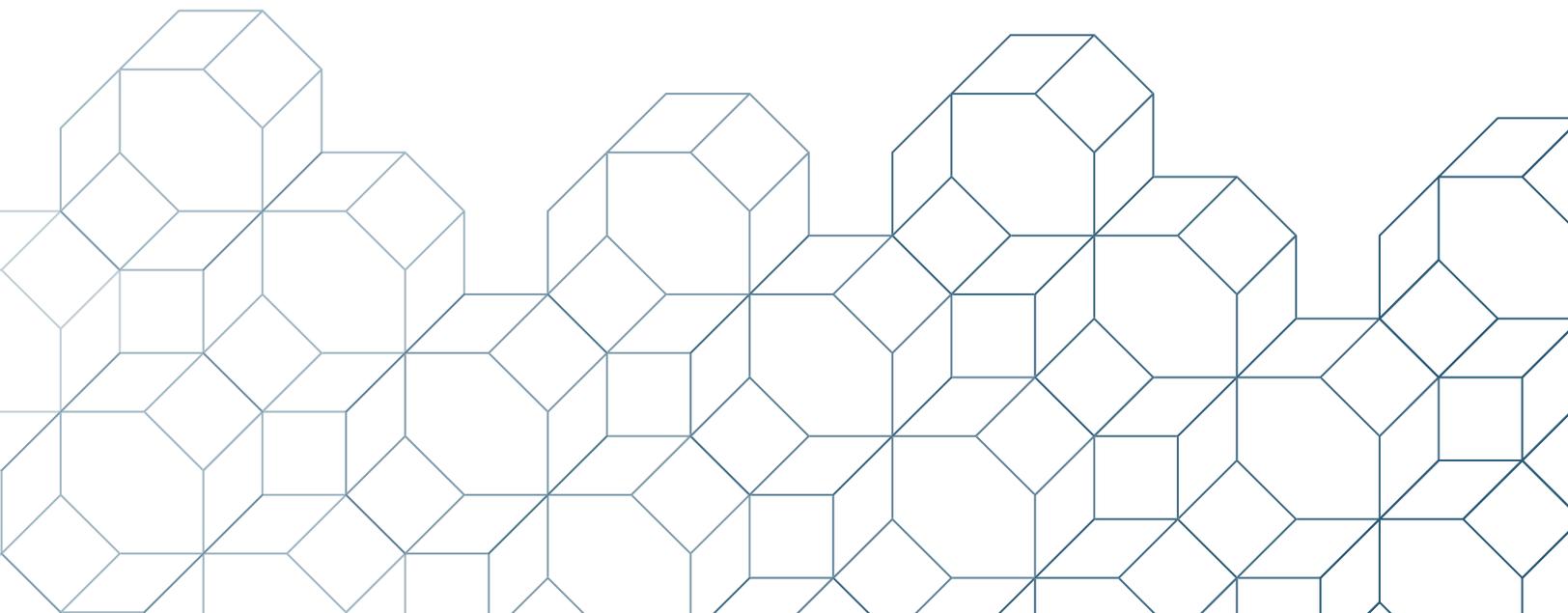
Charity Navigator

Charity Navigator rates over 9,000 US-based nonprofit organizations that have generated at least \$1 million in revenue for two consecutive years. Its rating scale of one to four stars is based on financial health, accountability (willingness to explain actions), and transparency (willingness to provide information publicly). We do not recommend relying on Charity Navigator's financial health measure, as its algorithm penalizes organizations with high overhead costs, and some organizations—especially those providing direct services—naturally have higher overhead costs due to the nature of their work. [charitynavigator.org](https://www.charitynavigator.org)

Once you have a list of organizations you want to research further, you can begin looking up their financial health and leadership through Candid's GuideStar Charity Check, or through Charity Navigator.

WHEN TO STOP YOUR SEARCH

At some point, you will stop searching for organizations and begin vetting those on your list. What that point is depends on how many plausible candidates you've identified, how much time and capacity you have to devote to the process, and your own preferences for comprehensiveness. You may wish to ensure that you don't miss any organizations in the field, or you may be satisfied after finding a handful of good candidates.



Understand how organizations can achieve their intended outcomes

The following comparison chart describes three different approaches to addressing social and environmental problems. The approaches are not mutually exclusive—donors, and even organizations, can use more than one approach. Use the charts to better understand the organizations you have identified so far. Then reflect on whether some approaches might be better suited than others to achieving your philanthropic goals in a focus area.

APPROACH	WHAT IS IT?	TIMELINE
DIRECTLY PROVIDING GOODS AND SERVICES	Engages directly with beneficiaries through programs and services. <i>Examples: women's shelters, soup kitchens, health clinics</i>	Short term
SUPPORTING RESEARCH AND DEVELOPMENT OF KNOWLEDGE	Supports the generation and dissemination of research and applied knowledge, as well as educational and cultural organizations. <i>Examples: cancer research by medical schools, policy research by think tanks</i>	Long term
ADVOCACY, MOVEMENT-BUILDING, AND CHANGING SOCIETAL MINDSETS / SYSTEMS	Aims to address structural and systemic causes of a problem, generally by changing policies and laws to protect rights or promote interests; or attempts to change mindsets across society. <i>Examples: campaigns to mitigate climate change, campaigns for nutritional labels on foods, living wage campaigns, gay-rights movements, reproductive health movement</i>	Long term

These examples show how issues can be addressed using different approaches:

ISSUE: SUICIDE PREVENTION (MENTAL HEALTH)		
PROVIDING GOODS & SERVICES	PROMOTING KNOWLEDGE	ADVOCACY & MOVEMENT-BUILDING
Crisis helplines for individual suicide prevention	Suicide prevention peer-training workshops for underserved populations	Campaigning for mental health coverage under health insurance

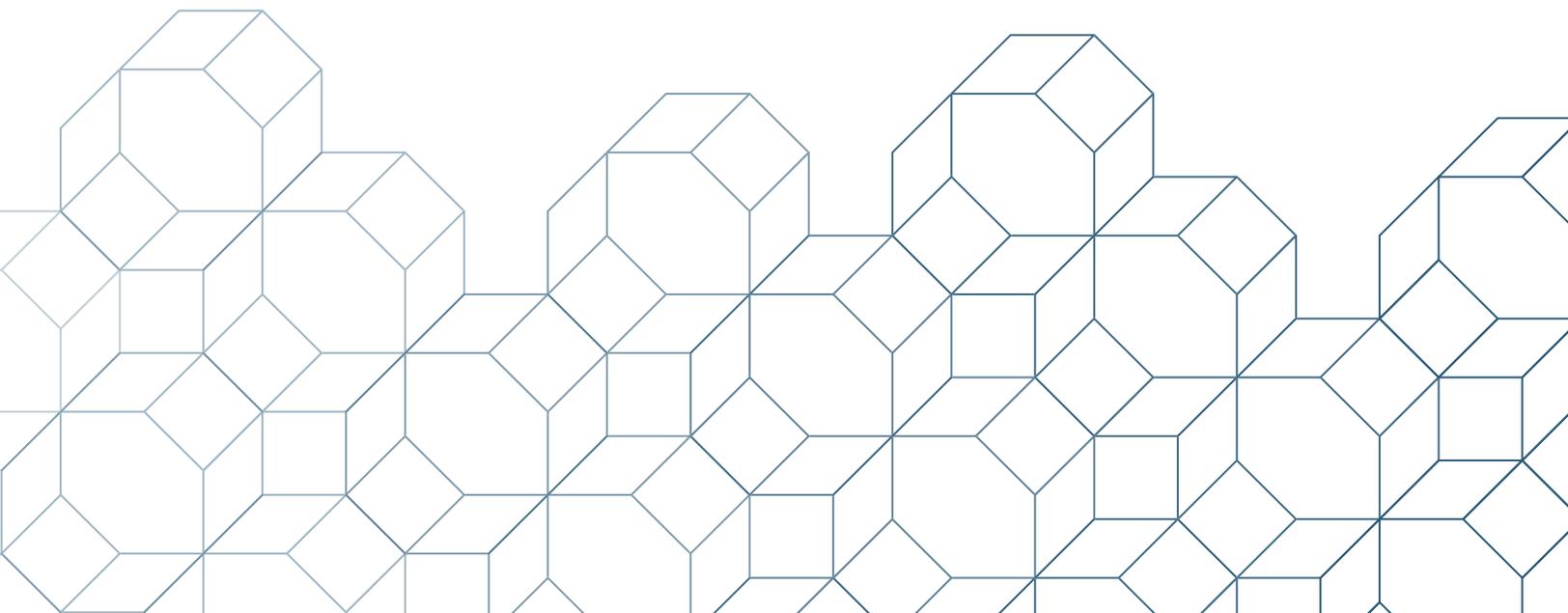
ISSUE: ANIMAL RESCUE (ANIMAL WELFARE)		
PROVIDING GOODS & SERVICES	PROMOTING KNOWLEDGE	ADVOCACY & MOVEMENT-BUILDING
Animal rescue services and shelters	Training and research on best practices for shelters	Advocating for more humane policies that regulate breeding

ISSUE: NATIONAL PARK CONSERVATION (NATURAL RESOURCES CONSERVATION & PROTECTION)		
PROVIDING GOODS & SERVICES	PROMOTING KNOWLEDGE	ADVOCACY & MOVEMENT-BUILDING
After-school and summer national park programs for children	Monitoring of park conservation efforts	Campaigning for mental health coverage under health insurance

Vet organizations

You can now vet the organizations you have shortlisted through the process of due diligence. Due diligence involves assessing an organization's legal status, overall health, strategic direction, and programmatic impact. Completing this process thoroughly will enable you to make confident funding decisions.

The following tables outline the vetting areas on which your due diligence process will focus.



ACTIVITY

CONDUCT DUE DILIGENCE

LEGAL STATUS / ORGANIZATIONAL HISTORY

<p>Is the organization legally registered?</p>	<p>Legal registration signals that organizations are adhering to basic standards and accountability frameworks in the country in which they work. Some organizations, like houses of worship, are not always registered. In the United States, a nonprofit will generally be registered as a 501(c)(3) or 501(c)(4) organization. Gifts to a 501(c)(3) are tax deductible; those to a 501(c)(4) are not. International organizations can set up fiscal sponsors to provide tax benefits for their US donors.</p>
<p>Is media coverage (if any) of the organization positive?</p>	<p>Conduct a quick Internet search of your organization. A lack of media coverage is not a red flag—it can be extremely difficult for smaller organizations doing impactful work to gain media coverage. However, a series of scandals and negative public perception may present concerns about an organization’s work.</p>

STRATEGY

<p>Does the organization clearly define its goals and strategy for creating social change?</p>	<p>Reading an organization’s mission statement or theory of change can help you get a sense of this. Effective organizations clearly define their goals and the approach they take to meet these goals.</p>
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PROGRAMS & SERVICES

<p>Are the organization’s programs and services aligned with its mission and goals?</p>	<p>An organization’s missions and goals should be consistent—or at least complementary—across its various programs and services. It is important to ensure that the organization’s programs are not spread too thin across disparate areas.</p>
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GOVERNANCE & MANAGEMENT

Does the organization's senior staff have the relevant experience, knowledge, and skills needed for their work?

Legal registration signals that organizations are adhering to basic standards and accountability frameworks in the country in which they work. Some organizations, like houses of worship, are not always registered. In the United States, a nonprofit will generally be registered as a 501(c)(3) or 501(c)(4) organization. Gifts to a 501(c)(3) are tax deductible; those to a 501(c)(4) are not. International organizations can set up fiscal sponsors to provide tax benefits for their US donors.

Does the organization's board have the wellrounded experience, knowledge, and skill needed to provide the organization with strategic direction?

Boards can play an important role in providing legal, technical, and strategic guidance; checks and balances within organizational structure; and fundraising support. It is important to have a diverse, inclusive board with active members who do not present any conflicts of interest with the organization's work.

FINANCIALS

Along with your other sources, Nonprofit Explorer can help you find the financial information you need for this section. This online database provides data from nonprofit tax returns and PDFs of full Form 990 documents.

projects.propublica.org/nonprofits

Have the organization's financial records been audited?

Nonprofits with gross annual revenues of \$1 million or more may be required by the IRS to provide an audited financial statement prepared by an independent CPA. A nonprofit with gross annual revenue between \$750,000 and \$1 million must provide a financial review by an independent CPA. If the nonprofit is not legally required to be audited and has not been audited, this is not a red flag—audits can be expensive for smaller organizations, and may be unnecessary for their level of financial complexity.

MONITORING & EVALUATION

Does the organization share how it tracks and measures the success of its work?

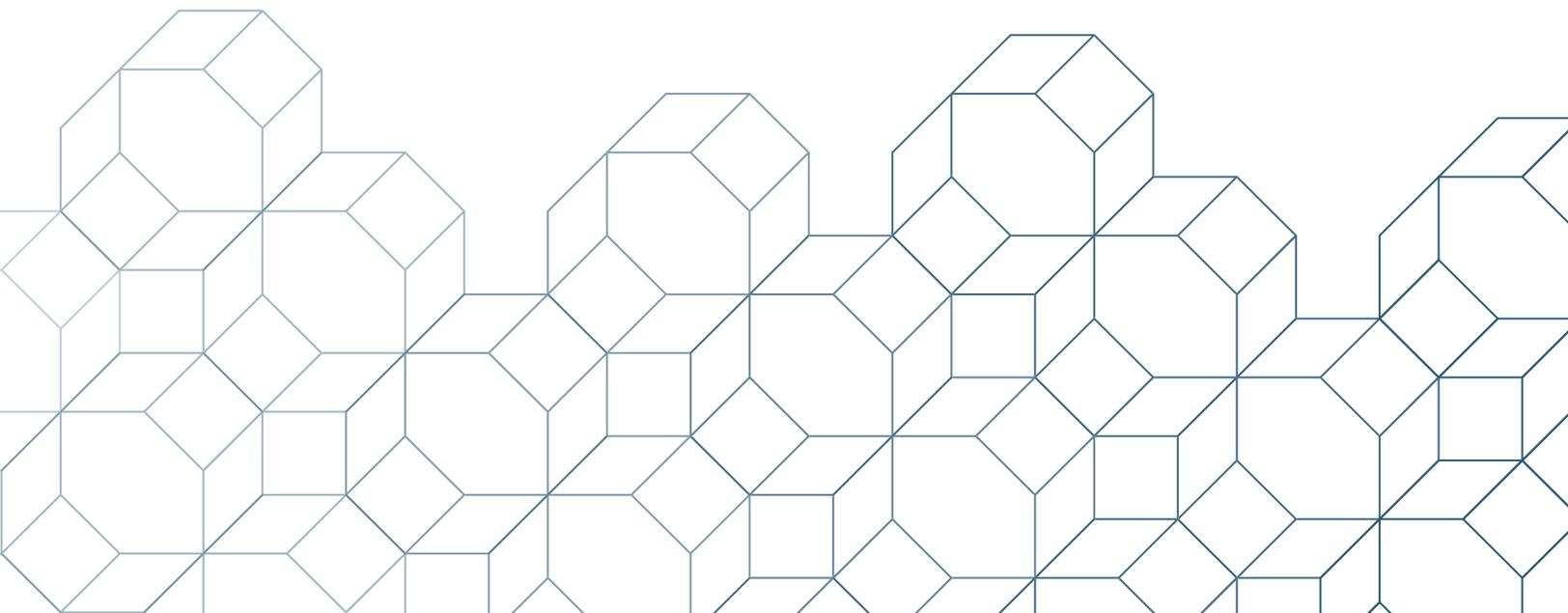
This information is often provided in annual reports or other documents. It is important for organizations to track past outcomes to inform their current and future work. A lack of a successful track record does not have to deter your gift—what is important is that the organization collects outcomes for its programs, is transparent about its failures, and intentionally applies the lessons learned to its next initiative.

4. Making & tracking gifts

Now that you have identified and selected organizations aligned with your focus areas, you are ready to make gifts—and perhaps to contribute your time and talent as well.

This section will guide you through the following steps:

- 1 **Make gifts to organizations you selected** to achieve your philanthropic goals.
- 2 **Track your philanthropy** to help you learn about and improve your giving.
- 3 **Consider expanding or refining your giving** to further support your selected issues and organizations.

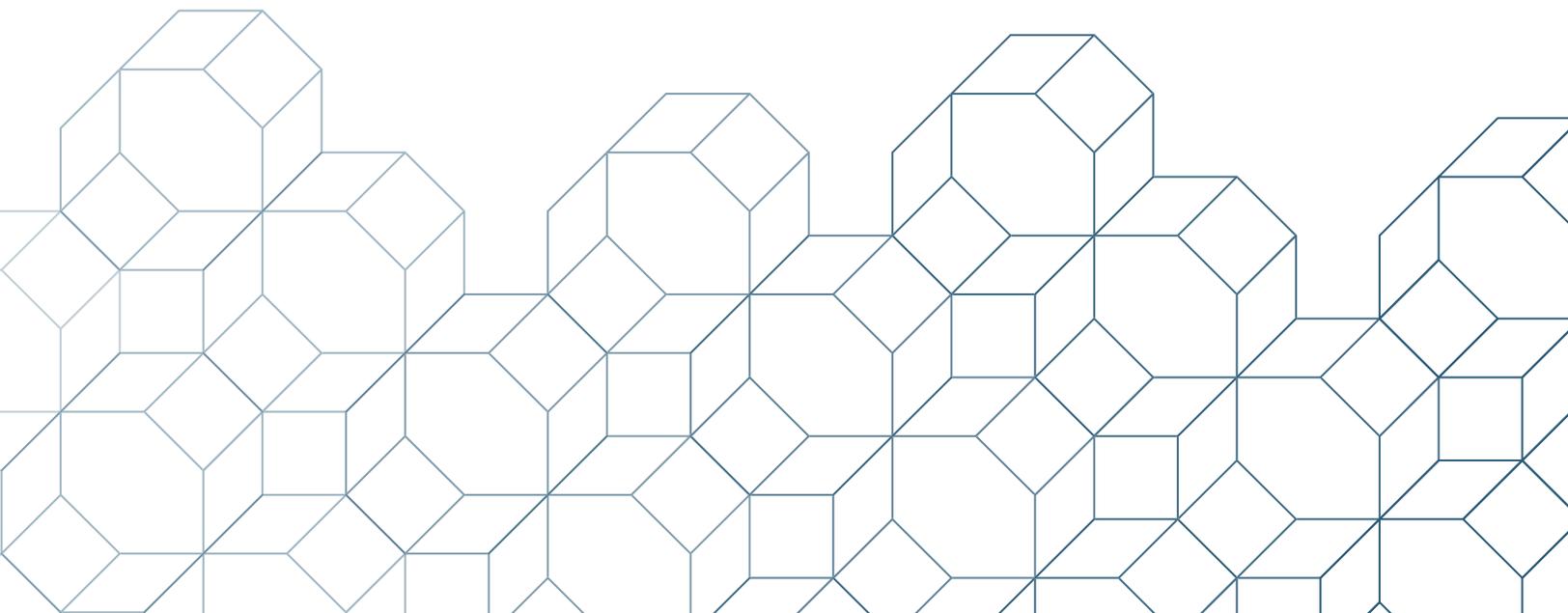


Make gifts to organizations you selected

Once you have selected organizations, the next step is to decide how you would like to allocate your philanthropic budget.

You may also consider volunteering with the organizations you have selected, including serving on an organization's board, in order to gain firsthand experience within your focus area and further support the organizations' work. Your primary consideration should be whether your expertise and other talents can help the organization achieve its goals. (Don't join a board in order to direct or track how your gifts are used.)

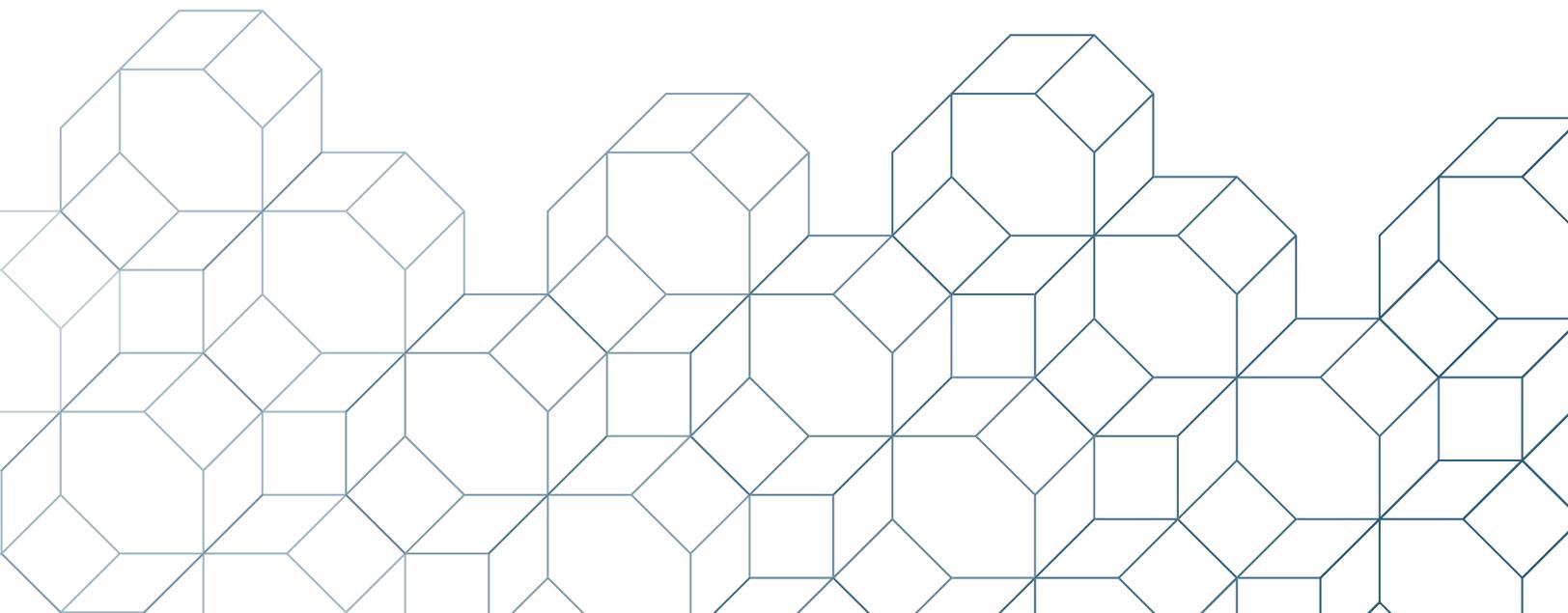
Once you have decided which organizations to fund and for what lengths of time, this section will help you build a funding plan for your focus areas.



Types of organizational funding

When you make a financial gift to a nonprofit organization, you can designate it as either unrestricted or restricted funding. In keeping with best practices in philanthropy, we recommend that you mainly provide unrestricted general operating support. After all, the basic purpose of the due diligence process was to identify effective organizations whose leadership could be trusted to decide how best to allocate resources toward your shared stated goals.

Nonetheless, you may sometimes make a gift designated for a particular project that you and the organization's leadership agree is particularly important. If so, be sure that part of the gift covers indirect costs, or overhead—to cover the gift's share of the organization's administrative expenses including office space, phone bills, and back office staff. We recommend that at least 15%–20% of the gift be put toward these essential indirect costs.



TYPES OF ORGANIZATIONAL FUNDING	CONSIDERATIONS
<p>UNRESTRICTED FUNDING</p> <p>Contributions that the organization's management can direct to any of its programs and operations as needed.</p>	
<p>UNRESTRICTED, GENERAL OPERATING SUPPORT</p> <p>General operating support is the preferred mode for funding nonprofits.</p> <p><i>Examples: making a contribution to a local animal shelter or to a national education nonprofit without placing any restrictions on the gift.</i></p>	<ul style="list-style-type: none"> • Gives organizations the most autonomy to allocate funds to areas they deem necessary to achieve their charitable objectives.
<p>RESTRICTED FUNDING</p> <p>Contributions given for a specific purpose, generally for the planning and implementation of particular programs or activities.</p>	
<p>PROGRAM SUPPORT</p> <p>Funds are directed toward specific programs or initiatives.</p> <p><i>Examples: giving to a school's music program, giving to a medical school's breast cancer research lab.</i></p>	<ul style="list-style-type: none"> • You are not particularly interested in the organization's overall mission but are keen to support a particular initiative, or you are enthusiastic about filling a particular need, such as student financial aid. • Make sure that the organization agrees that this is an important need.

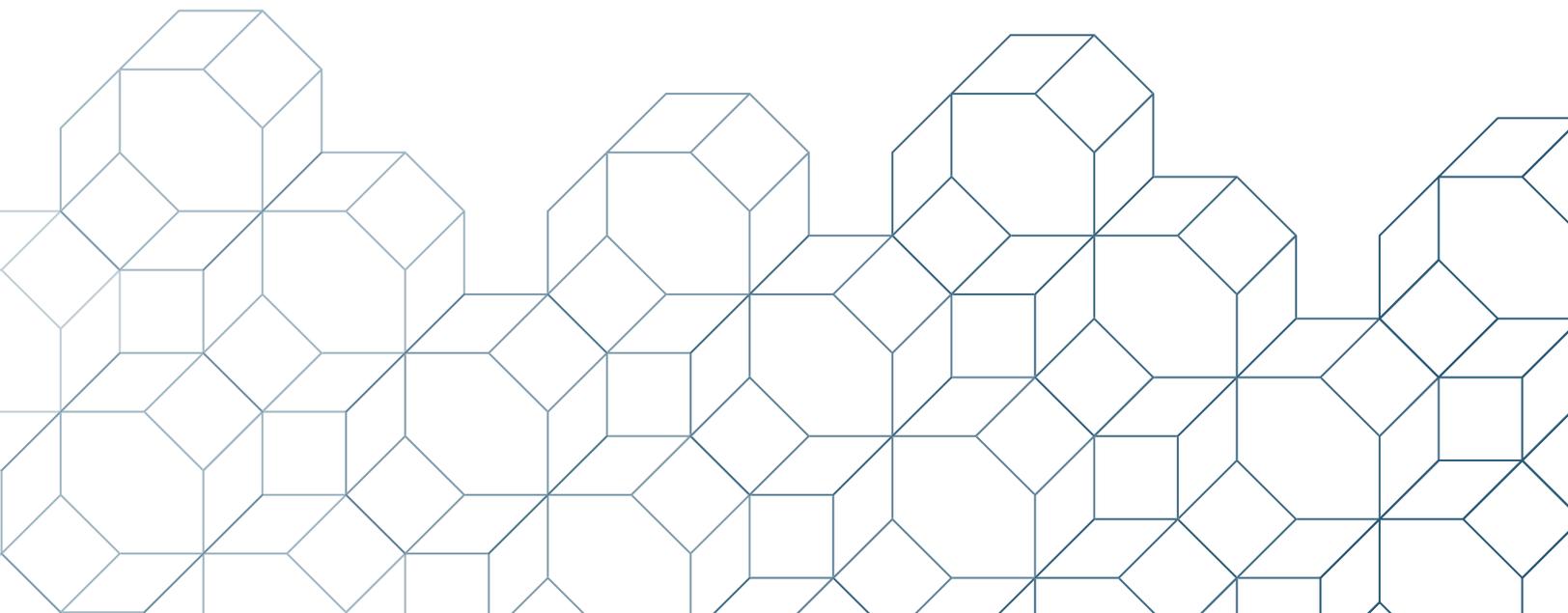
Determine the frequency & time frame of your gift

When making a gift of significant size—either in terms of the organization’s budget or your own resources—consider whether and under what circumstances you wish to make it a multi-year pledge. Longer-term pledges, which can be binding or not, help an organization engage in strategic planning for the future.

While the typical gift is expendable and can be used to meet the organization’s current needs, some organizations seek gifts to endowment funds—for example, for scholarships or professorships at a college. Endowment funds are invested in perpetuity, and the organization uses the income to pay for current needs.

Record your gift

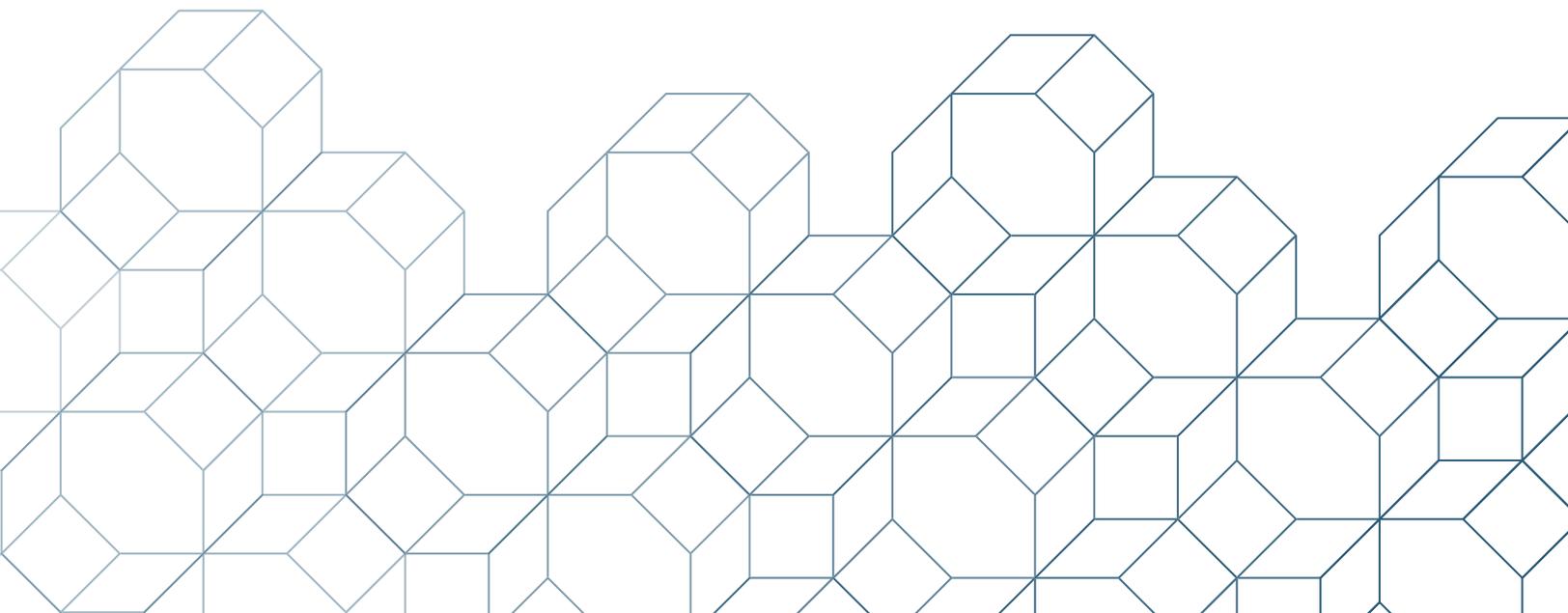
It is important to develop a system for recording your gifts. This will allow you to step back and reflect on your overall philanthropic portfolio. Use whatever format is convenient for you, such as a notebook, spreadsheet, or database. For tax purposes, unless you are giving through a DAF (with which you’ve already received a tax deduction when you put funds into the account), make sure that the organization provides you with a written receipt listing the date and amount or description of the contribution.



Consider expanding or refining your giving

As you continue tracking the organizations you support and develop more confidence in their strategy and impact, you may wish to increase your gifts to further support their work. In addition to increasing annual gifts, consider setting up recurring gifts for a period of years. Such gifts can improve an organization's stability and financial health. When reviewing your past donated funds, consider which contributions you would like to increase in the upcoming cycle.

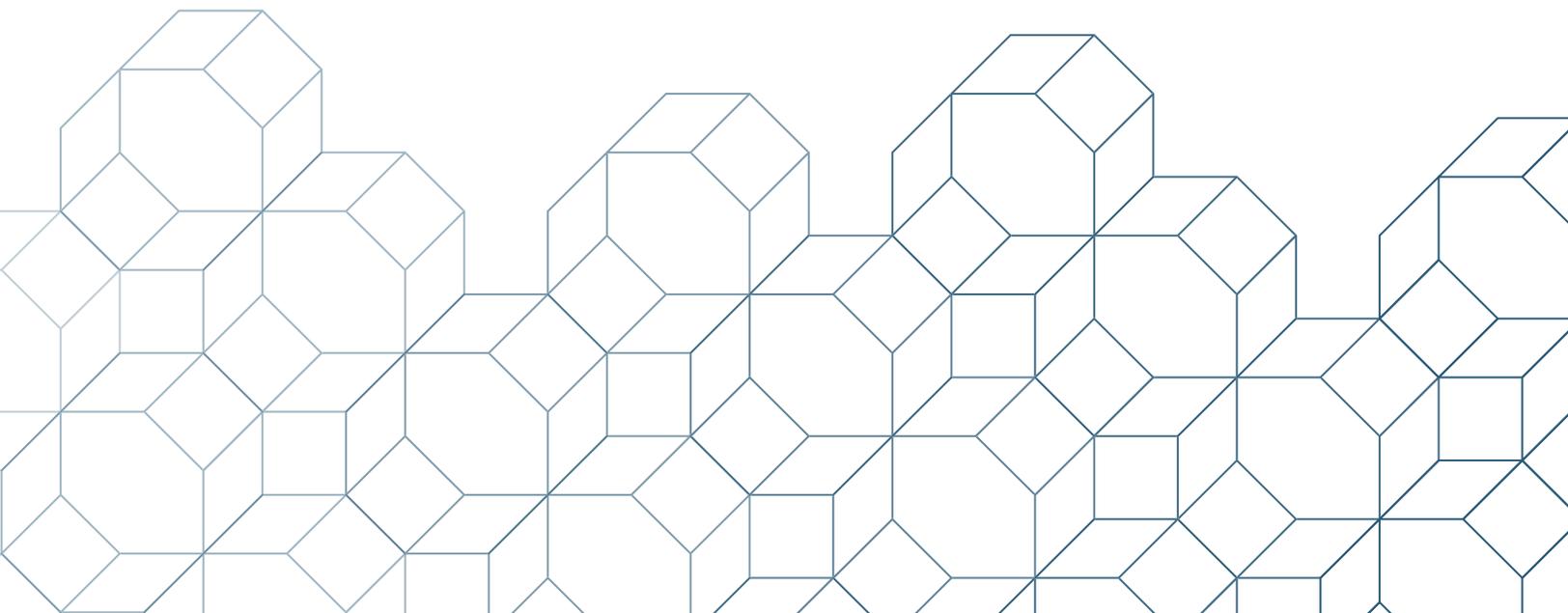
Over time, you may decide that you wish to fund new issues or new organizations. This sometimes coincides with parting ways with a current recipient. In this case, we encourage you to help the organization prepare for your transition, especially if your gift constitutes a significant part of its budget, so that its operations do not suffer. At a minimum, most organizations will appreciate notification well in advance of your last gift. You may also consider setting up a transitional gift amount to phase out your support.



Keep up with organizations you support

Below are some ways to stay current on the organizations you support:

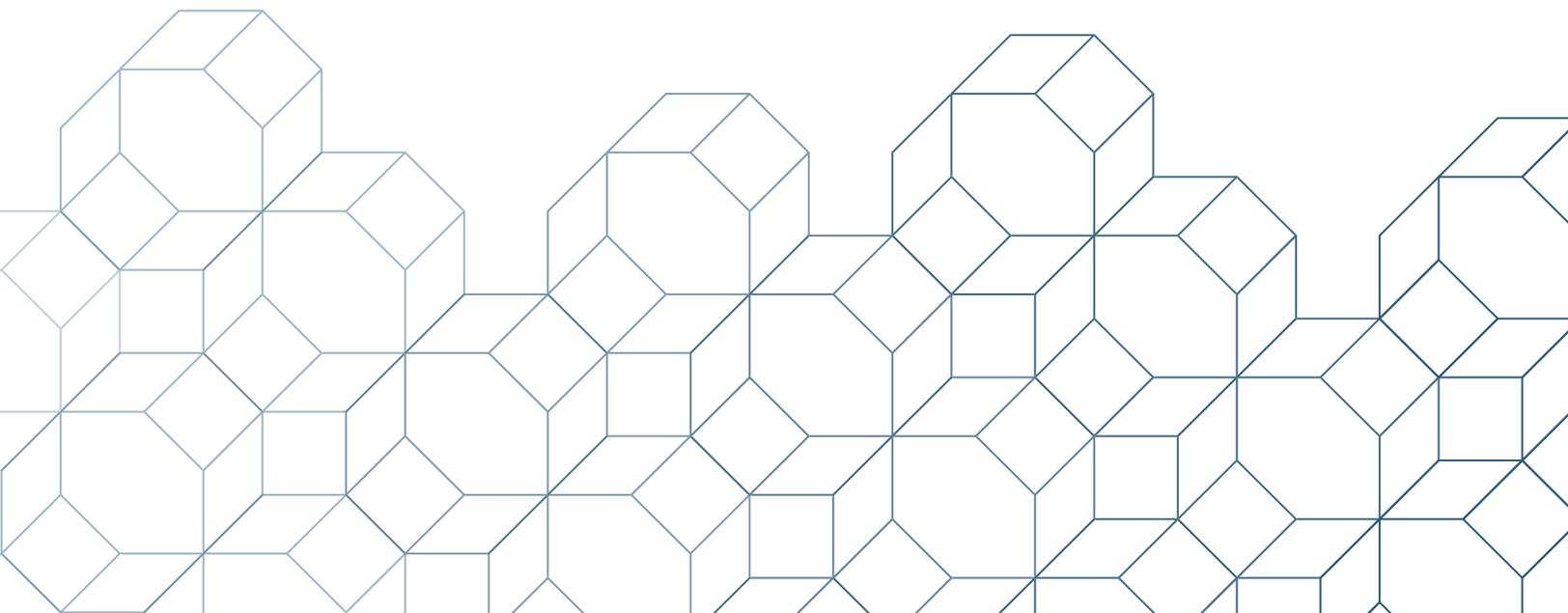
- Read the organizations' annual reports, which typically include their budgets, accomplishments, and plans.
- Follow the organizations you support on social media platforms (e.g., Facebook, LinkedIn).
- Read the "news" section on the websites of organizations you support and of similar organizations, or sign up for their e-newsletters.
- Attend events hosted by the organizations you support.
- If you made a major gift—for example, a gift that constitutes a noticeable portion of the organization's budget—consider meeting with the organization to get updates directly from its senior staff.



Keep up with your focus areas

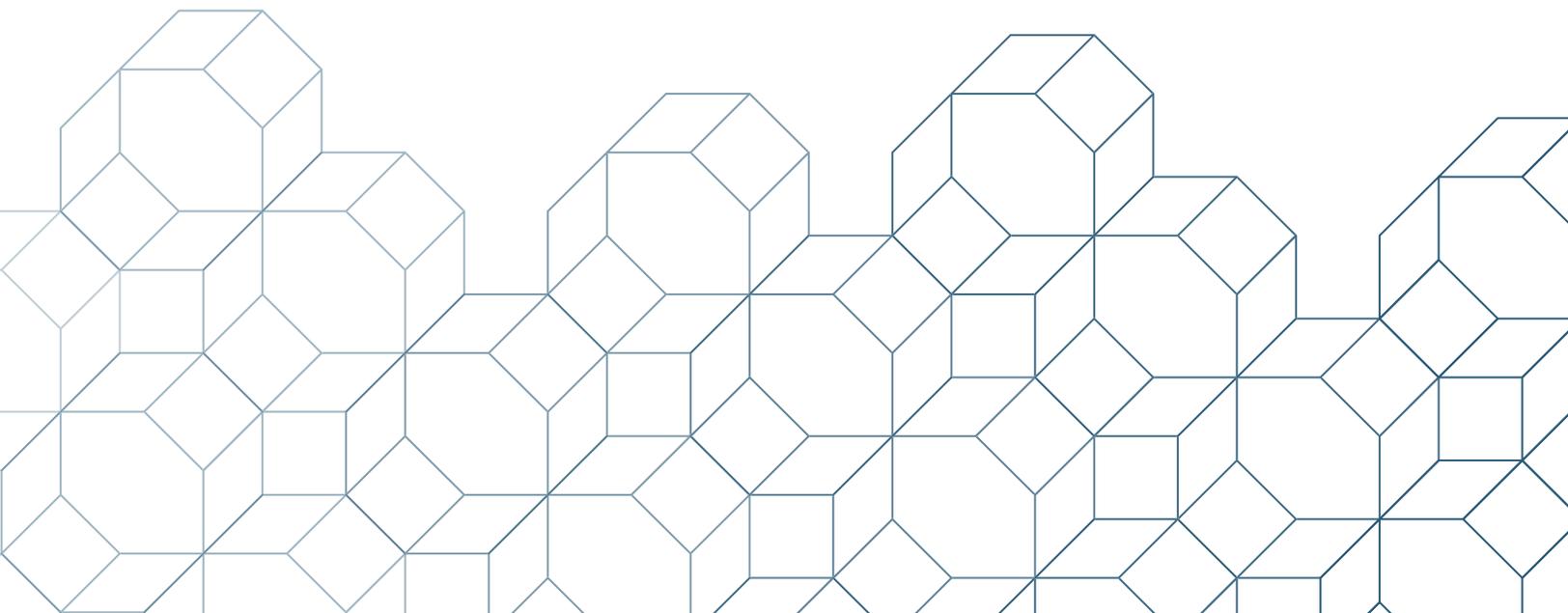
Beyond tracking your particular contributions, it is useful to stay current about your focus areas. Here are some ways to do this:

- Sign up for e-newsletters from foundations, funders, and thought leaders in your focus areas.
- Explore the websites of prominent foundations and funders who focus on your issues—read their issue-related pages and publications, note their recent grantees, and browse press releases about recent grants.
- Research annual awards that nominate exceptional organizations and individuals working on your focus areas, and learn more about their strategy and approach.
- Talk to knowledgeable peers who support your focus areas.
- Join a peer group or giving circle dedicated to your focus areas or geography.



Conclusion

Congratulations on completing The Philanthropy Toolkit! Engaging in this process of intense reflection, focus, and planning is no simple feat. We hope this approach to philanthropy enriches your giving and paves the way for a lifelong practice of intentional philanthropy—one in which you build upon the lessons you learn along the way, and continually explore how you and your loved ones can deepen your impact on the world. Keep in mind that change takes time—patience is an essential component of the philanthropy journey.





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