

Philanthropy Journal

OF NORTH CAROLINA

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Some charities defend high commissions

Solicitors keep 60 percent of funds raised for charity

A state regulator says donors feel "ripped off." But charities and solicitors say the numbers don't tell the whole story.

By EMILY BREWER

Professional solicitation firms raised almost \$58 million for charities in North Carolina in the year ended April 30, but charities received only \$22 million of that total.

"North Carolina is one of most generous of all states in the republic,

but we're getting ripped off and have been for years through charitable solicitations," says Lionel Randolph, chief of the state's solicitation licensing section.

"[The solicitors] are acting legitimately and legally, but the public feels they are getting ripped off when they see that the charity is not getting much of the money."

According to a report by Randolph's office, the 270 charities that raised money in North Carolina through professional solicitors between May 1, 1997, and April 30,

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- Lists of solicitors
- What to do if you're called.

1998, on average received 38.23 percent of those funds. Charities kept between none and 100 percent of the raised funds.

Some solicitors listed on the report raise money through telemarketing, while others raise money through promotions or events, Randolph says.

In general, he says, telemarketing

fundraising solicitors do not pass as much money onto the charities as the photography promotions and event solicitors.

Critics say that while accurate, the numbers in Randolph's report must be put in perspective. According to the report, for example, North Carolina Special Olympics received none of the nearly \$200,000 raised for the group by the Genessee Development & Research Group, Inc.

But the report does not say that North Carolina Special Olympics is in the first two years of a five-year-con-

tract with Genessee that guarantees Special Olympics half of all funds raised by the end of the five-year contract.

Keith Fishburne, president of Special Olympics of North Carolina, says, "This is the type of fundraiser that we have to build a base of support, and that base of support is our donors."

Fishburne says that at the end of five years, Special Olympics will have a base of givers in North Carolina

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Other than money

Corporate support shifting from cash

Giving by corporations to the nonprofit sector continues to rise, but more of the giving is in the form of in-kind gifts and volunteerism.

By EMILY BREWER

Corporate giving in the form of gifts of goods, services and volunteer time is on the rise, according to a survey of corporations conducted by the Conference Board.

"Noncash contributions have become an integral component of many companies' contributions and community involvement strategies," the report says. The board surveyed 289 companies, representing one-fourth of all corporate gifts in 1996.

As donations of products and services rise, cash contributions have leveled at 1.3 percent annual growth, the report says.

Noncash contributions accounted for 16 percent of all corporate giving in 1994, 22 percent in 1995, and 25 percent in 1996. In 1996, they totaled \$600 million in tax values and \$800 million in fair-market values, the report says.

Corporations that donate items to a public charity for the benefit of the ill, the needy or minor children are eligible for a tax deduction.

"Once the companies realize that they can benefit as well as the community, they are usually very willing to do what they can," says Susan Corrigan, president and chief executive officer of Gifts In Kind International.

Gifts In Kind is one of two national organizations that collect and distribute corporate noncash donations around the country. The National Association for the Exchange of Industrial Resources was the first such organization. It is based in Galesburg, Ill.

"We've been giving \$3.5 million in merchandise through Gifts In Kind each year for four years," says John Connolly, the community relations manager for the Sears Corporation in Chicago. "If they weren't there it would be much more time- and labor-intensive on our part to identify the needs out there."

Connolly says corporations are becoming more aware that some products for which they no longer have a need may be put to use by nonprofits.

The greatest needs among charities, Corrigan says, are technology and office equipment to help them run smoothly and efficiently.

Noncash versus in-kind contributions

The Conference Board defines noncash contributions as company products (at fair market value), donated furniture and office equipment, and property.

In-kind contributions include a host of other things, says Margaret Wethington-Arnold, manager for the Minnesota Keystone Program, which recognizes and encourages corporate charitable giving in the state.

According to her, in-kind giving includes the direct

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Gifts in Kind gets mixed reviews

Member nonprofits say Gifts In Kind's distribution of corporate in-kind donations carries with it high shipping costs and poor service.

By EMILY BREWER

Gifts In Kind International, a nonprofit that helps corporations donate excess inventory to charities, is taking heat from some member charities who say the group's distribution system is flawed and often fails to help nonprofits.

While some nonprofits are happy with the service Gifts In Kind provides, others complain of high shipping costs, difficulties receiving orders and poor communication from Gifts In Kind about their orders, among other problems.

Gifts In Kind says it has worked to address problems and is channeling more donations than ever.

Since 1983, the Alexandria, Va.-based group has processed product donations — such as soft-

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People giving more

Giving estimates are understated, study says

Boston College researchers find levels of giving much higher than previously thought.

By DIANA ORNITZ

The estimate that charitable giving in American households averaged \$696 in 1995 may be understated by more than \$300, say researchers at the Social Welfare Research Institute at Boston College.

Researchers Paul Schervish and John Havens found that the average household contribution may be as much as \$1,100 per year.

Independent Sector and the AAFRC Trust for Philanthropy are the leading sources of national estimates of charitable giving. But Schervish and Havens say Independent Sector's estimates of personal contributions to nonprofit organizations are consistently 65 percent to 75 percent lower than the AAFRC estimates.

Independent Sector's estimates are compiled by the Gallup Organization and published every other year in a Giving and Volunteering in the U.S. survey. The AAFRC estimates are published annually in Giving USA.

In a year-long study of 44 Boston households, the Boston College researchers found Americans gave as much as 30 percent more than their demographic counterparts in the Independent Sector survey.

The Boston College researchers used data from the 1995 Survey of Consumer Finances, the 1996 General Social Survey and the 1996

Harvard Survey of Health and Life Quality. In the process, Schervish and Havens concluded that better national survey methods are needed.

Families may forget or be unaware of the extent to which they give each year, the researchers say. Giving money to friends or family and "in-kind" giving of clothing or other products also tends to be overlooked. This means that researchers must conduct surveys that specifically address such areas, Schervish says.

"We have learned an important methodological principle," says Havens. "Whenever researchers obtain information from harder-to-interview groups such as the upper affluent and wealthy who tend to give more, whenever respondents are helped to recall the details of their giving over the past year, and when-

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Journal launches tech initiative

The Philanthropy Journal is expanding. The Journal, which publishes the *Philanthropy Journal of North Carolina* and *Philanthropy Journal Online*, this summer will launch a national newspaper and national conference series, both focusing on nonprofits and technology. The Journal also has changed its name to *Philanthropy News Network*. Story, page 3

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Foundations are enjoying free Web sites — grantseekers like it, too.

VOLUNTEERS

Wanted: 35,000 volunteers as the Special Olympics World Games come to North Carolina

CORPORATE GIVING

Large or small, charities thrive with the help of corporate sponsorships.

FUNDRAISING

A booming stock market and increased private giving boost funds of colleges and universities.