

Ohio

The State of Philanthropy

Individual,
corporate
and foundation
giving trends
and challenges
in the
Buckeye State.



g i v i n g 1998



“ p h i l a n t h r o p y ”

Issued by the Donors Forum of Ohio

An old word in a whole new light

“philanthropy”

To the Reader:

On behalf of the Donors Forum we are pleased to present this first-ever report on the state of philanthropy in Ohio. In this document we have attempted to chronicle—and describe by example—gifts made by individuals, companies and foundations across our state.

We recognize and applaud the many valuable ways through which Ohio's citizens, foundations and corporations contribute to charitable causes and organizations, whether through leadership in solving community problems, gifts of volunteer time, or a gift of stock to a charitable foundation. The focus of this report however, is on just one component of philanthropy—the gifting of financial resources. Since the business of the Donors Forum is organized private philanthropy, the giving carried out by foundations and corporations is our particular area of focus. As we in the Donors Forum work to further strengthen and support foundation and corporate giving through our Promotion of Philanthropy Initiative, knowing where Ohio stands today is critically important to our ability to identify trends and to help strengthen and provide leadership for the field.

We have all benefited from private philanthropy. Whether appreciating the beautiful music of the orchestra, enjoying the quiet calm of a clear stream running through the Ohio hills, or having our childrens' education enhanced by special programs supported by a corporation within their school, philanthropy has touched each and every one of us. We hope this report inspires you to think about your role in Ohio's philanthropic landscape.

Lynn Helbling Sirinek
Executive Director
Donors Forum of Ohio

Craig H. Shopneck
President, Board of Trustees
Donors Forum of Ohio



Lorain students participated in Cleveland Public Theatre's Act Now!, a program supported by The Community Foundation of Greater Lorain County. (See also back cover.)

About the Donors Forum

The Donors Forum of Ohio is a statewide association of corporate, private and community foundations and other institutional grantmakers whose purpose is to strengthen and enhance philanthropy throughout Ohio. Through its members, the Donors Forum works to advance the growth and effective stewardship of philanthropic resources on behalf of all Ohioans.

The word “philanthropy” can be a little off-putting.

To our modern ear it sounds somewhat arcane—like something overheard in a Victorian drawing room.

That's too bad because philanthropy is a fine word. At its root, philanthropy means simply *love of humanity*. And since love is given dimension and resonance by acts of giving, the word philanthropy has come to characterize charitable acts which seek to strengthen humanity by helping build stronger communities, a stronger state, a better nation and world.

Philanthropy in Ohio takes many forms and has many faces. Philanthropy is inclusive. Regardless of the way it manifests, the philanthropic impulse is essentially the same. What makes philanthropy diverse and lively are the ways Ohioans and the organizations with which they are involved translate this philanthropic impulse into action within the context and tradition of their unique cultures, world-views and circumstances. Whether it's a school child's efforts in Zanesville to collect coins to support a sick classmate; a successful United Way campaign in Columbus; a dinner for the homeless in an African American church in Toledo; or a sophisticated AIDS partnership implemented by a consortium of Cleveland area funders, the philanthropic impulse is hard at work.

Every day we see the tangible, gratifying results of Ohioans' willingness to translate the philanthropic impulse into action. Consider these facts:

- Ohio ranks 7th among all fifty states in the number of grantmaking foundations which operate within its borders—1,944. Those foundations reported making grants to community organizations of \$468 million in 1996. They collectively hold almost \$8 billion in assets.
- Ohio is home to several major corporate foundations. Two of those—The Procter & Gamble Fund and Nationwide Insurance Enterprise Foundation—are in the nation's top fifty in terms of their total giving.
- The nation's first community foundation was established in Cleveland in 1914, becoming a catalyst for an important philanthropic movement. Today, The Cleveland Foundation is the country's second largest community foundation. There are 65 such foundations in Ohio serving cities, towns, counties and regions throughout the state.

- The number of independent foundations in Ohio is growing rapidly, with 391 new independent foundations established between 1990 and 1996. Nearly a quarter of Ohio's independent foundations were established during this period.

Clearly, much has been done. But there's much more to do.

The purpose of this report is to give you a sense—a snapshot—of the state of philanthropy in Ohio at this point in time. We cannot look at every element of such a big and complex picture. We cannot, for example, track the myriad ways Ohioans contribute to their communities through volunteerism and in-kind gifts of products and services. Nor can we compare charitable giving in different regions of the state due to the limitations of the available data. This report will focus to a great extent on what we in the Donors Forum of Ohio—a statewide association of grantmakers—know best: the important work of individuals, community, independent and corporate foundations, as well as corporate giving programs and health care conversion philanthropies. These organizations individually and collectively provide Ohio with a wealth of energy, ideas and social capital designed to find new and effective solutions to the many challenges facing our communities.

Our goal is to help you understand the impact of individual, foundation, and corporate giving in Ohio. We also want to help you understand the need to encourage the creation of more structured philanthropic organizations and funds to meet Ohio's need for sustainable charitable resources. But most importantly, we hope that the ideas and information in this report help you think about *your* role as a philanthropist and maybe you will come to see an old word in a whole new light.

Individual Ohioans

Faces in the charitable picture



Priscilla H. Butler established a fund at The Columbus Foundation in honor of her son, John I. Butler, II.

1. Average Charitable Deductions in Ohio and Neighboring States (1996)

Source: Internal Revenue Service



As in the rest of the nation, individual gifts represent, by far, the largest source of philanthropic dollars to charitable organizations in Ohio. *Giving USA* reports that in 1997, individuals gave an estimated \$122 billion to nonprofit organizations, including religious causes, in the United States.

Where do Ohioans fall on the generosity index? There's no perfect way to measure this, of course. A great deal of individual giving "falls between the cracks" of our ability to track it. But there are some important indicators, such as information compiled from itemized federal tax returns, that can give us a sense of the charitable impulse of individual Ohioans and how it compares with people in other states¹.

- Based on an analysis of federal tax returns, Ohio taxpayers contributed a total of 1.6 percent of the state's Adjusted Gross Income (AGI) to support charitable causes, making Ohio 38th among all 50 states. If we increased our contributions to the national average of 1.9 percent of AGI—roughly \$100 extra per Ohio household—over \$500 million additional dollars would be available each year to support charitable causes. Furthermore, if we increased our charitable contributions to 2.2 percent of AGI, Ohio would become one of the top ten states and an additional \$1 billion would be available.

- Ohio ranks in the bottom one fifth of all states—and lower than all its neighboring states—for the average charitable contributions made by the 25 percent of Ohio households that itemized charitable deductions on their 1996 tax returns. The average amount contributed by Ohio households taking a charitable tax deduction was \$2,227—almost \$500 less than the U.S. average. (See *Chart 1*.)

¹ While itemized tax returns do not account for all charitable contributions made by individuals in the United States, the American Association of Fund-Raising Counsel's *Giving USA* estimates that these figures represent 70 to 80 percent of total individual contributions.

Estates and bequests: Ohioans' lost legacy

Another important way to gauge Ohioans' support for philanthropy is measured by the dollars left to charitable organizations through estate planning tools. Charitable planning through trusts and bequests can include everything from a small one-time gift to a favorite charity to a more complex charitable vehicle designed to provide ongoing support to causes and organizations for generations to come. The Donors Forum believes that it is not only important for Ohioans to contribute to charitable causes during their lifetimes, but, whenever possible, to leave gifts and establish ongoing giving mechanisms which will serve the state's communities into the future.

Giving USA estimates that 85 percent, or \$122 billion, of total U.S. giving to charitable organizations, came from individuals in 1997. Of that, only about \$12.6 billion, or just 8.8 percent of the total, came from wills and bequests.

A 1994 study of estates administered in Franklin County Probate Court found that only 2.8 percent included charitable provisions. This was less than half of the figure (5.7%) found in a national study conducted in 1993.



The namesakes of The Max and Jane Krantz Foundation enjoy their "garden of giving" in Dover.

Insights and observations

The difference between individual Ohioans' contributions to charity as a percentage of adjusted gross income (1.6%) and the national average (1.9%) may appear small, but it is significant. That additional \$500 million could go a long way toward improving lives and solving problems through the work of charitable organizations in Ohio's communities.

If the numbers from the Franklin County study are any indication, Ohioans may be failing to take advantage of opportunities to put their estates to work supporting charitable organizations into future generations.² The Donors Forum of Ohio believes that Ohioans need more and better information—including the many tax advantages—on all their giving options to support giving both during their lifetimes and afterwards.

It is estimated that approximately \$10 trillion will pass from one American generation to the next within the next 20 years—including billions of dollars here in Ohio. This historic transfer of wealth may represent an unprecedented opportunity to dramatically increase funds available for charitable organizations for years to come. The opportunity will only be realized if Ohioans have a better understanding of the benefits of structured and planned giving.

² Individuals also may make charitable gifts through the creation of trusts. There are, however, no public records to track such gifts.

Where Did
Foundation
Dollars Go? →

Percent of foundation
grant dollars targeted
to these subject
categories, 1996:
Source: The Foundation Center

17%
Human Services

16%
Health

12%
Arts & Humanities

12%
Public/Society Benefit

5% Environment
& Animals

3% Science/Technology

3% International Affairs

3% Social Science

2% Religion

The Heartland Tradition

Ohio's nearly 2,000 foundations bring variety to the giving process

What exactly is a charitable foundation? In simple terms, a foundation is a non-governmental, nonprofit organization with its own funds, a board of trustees and a program to support educational, social, charitable, or other activities serving the common welfare, primarily by making grants to other nonprofit organizations. Foundations come in all shapes and sizes. Their numbers include the relatively modest family foundation which may make only a few thousand dollars in grants a year, as well as the major grantmaking institution giving millions of dollars to the nonprofit community. Foundations may get their funds from a single source, such as a company, an individual or a family, or from many sources, as do Ohio's community foundations. All types of charitable foundations must report their grantmaking activities to the IRS and the Ohio Attorney General.

This report looks at the impact of the three principal kinds of grantmaking foundations— independent, corporate and community. But first, a look at the overall scope of foundation philanthropy in Ohio.

Ohio has seen major growth in the overall number of foundations in recent years. During the ten years between 1987 and 1996, the number of foundations in Ohio grew from 1,316 to 1,944, or nearly 50 percent. (See *Chart 2*.) During the same period, Ohio foundations' assets nearly doubled from \$4 billion to \$7.8 billion.

The growth rate in the number, assets and grantmaking of Ohio's foundations over the past ten years has been impressive but it does not tell the whole story. Because even though the number of foundations in Ohio has kept pace with the rest of the nation (holding steady at about 4.6 percent of the national total), Ohio foundations' assets and grants have not. In fact, over the same period of time when the numbers were going up, the relative *percentages* in these categories—as compared with the rest of the nation—decreased. As of 1996, even though Ohio had 4.7 percent of all U.S. foundations, those foundations made only 3.4 percent of the nation's grants and held 2.9 percent of the nation's foundation assets, evidencing a decline in those percentages in recent years. (See *Chart 3*.)

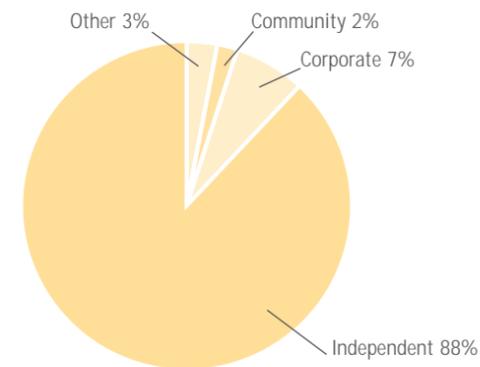
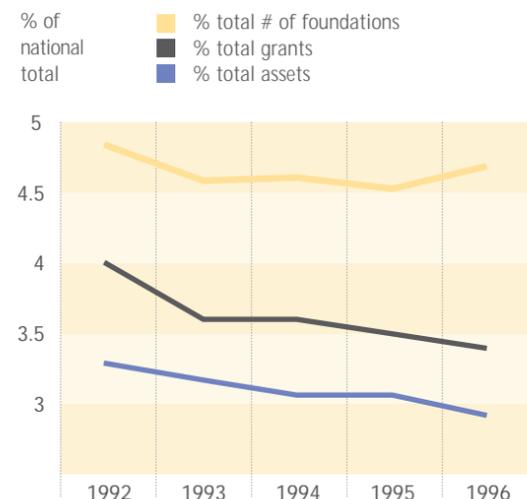
2. Number of Foundations in Ohio, 1987-1996

Source: The Foundation Center



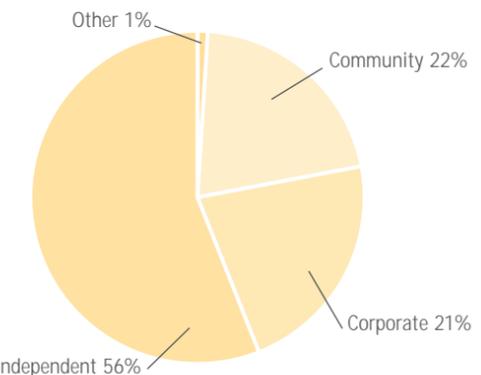
3. Ohio Foundations, Grants, & Assets as a Percentage of the National Total, 1992-1996

Source: The Foundation Center



4. Number of Ohio Foundations by Type

Source: The Foundation Center



5. Percent of Dollars Granted by Foundation Type

Source: The Foundation Center

Other key points:

- Ohio ranks 7th among all fifty states in the number of foundations which operate within its borders (1,944 in 1996) and ranks 9th by grant dollars reported (\$468 million in 1996). But Ohio drops to 18th in foundation giving as a percentage of Gross State Product and 19th in foundation giving per capita (\$41.95, as compared to the national average of \$52.15).
- In 1996, nine out of ten foundations in Ohio were independent foundations, yet they granted only slightly over half of the dollars distributed to charitable organizations that year. In comparison, Ohio's community foundations—which made up only two percent of Ohio's foundations—made 22 percent of the grants in 1996. Corporate foundations accounted for seven percent of Ohio foundations and made roughly 21 percent of the grants. (See *Charts 4 & 5*.)

Insights and observations

While foundations continue to be a key source of support for charitable organizations throughout Ohio, some regions of the state—notably the Appalachian counties—are significantly under-served. In 1995, approximately 1.4 million people—or 12.9 percent of all Ohioans—resided in this 29-county region. Yet less than two percent of the state's foundation assets were held in Appalachian Ohio, and an equally small amount of grants were made by foundations in the region.

As illustrated in *Chart 3*, Ohio foundations' grants and assets as percentages of national totals decreased between 1992 and 1996. If Ohio foundation grants and assets had retained the same percentages of the national totals—4 percent and 3.3 percent respectively, the impact would have been significant. By 1996, nearly a quarter of a billion additional dollars (\$232 million) would have been granted to charitable organizations and Ohio foundation assets would have grown by almost an additional \$1 billion (\$993 million).

Individuals, families and businesses across Ohio need more information, support and advice about making choices among and creating philanthropic funds. Financial and legal advisors need more and better information and resources to educate clients on the benefits of effective philanthropy.

A fund or endowment designated by the Internal Revenue Service as a private foundation under the law, the primary function of which is the making of grants. The assets of most independent foundations are derived from the gift of an individual or family. Some function under the direction of family members and are known as "family foundations."
Source: The Foundation Center

Independent Foundations

A hands-on way for Ohioans to be involved in giving

As the last section showed, independent foundations are sprouting up all over Ohio. **Why?** For many individuals and families the independent foundation is their tool for assuring that they can support the causes and organizations they care about not only now but also for years to come. They have proven to be an important way for families to pass on a legacy of giving.

Certainly not all of Ohio's independent foundations are relatively small family affairs. They are also major grantmakers such as The Nord Family Foundation in Elyria. Ohio's independent foundations are literally all over the map, both geographically and in terms of resources, with assets ranging from under one hundred dollars to \$482 million, and grants of one dollar to nearly \$20 million a year.

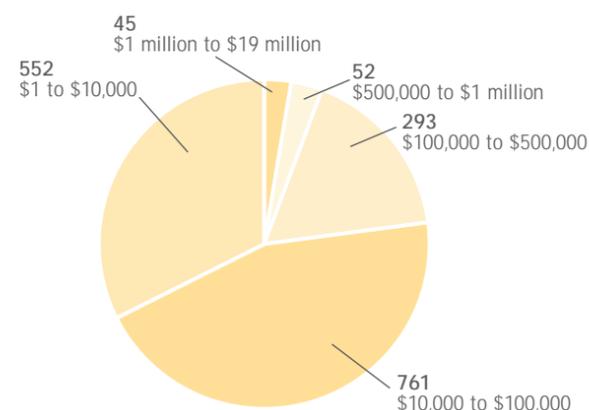
In Ohio:

- 1,701—or 88 percent—of the 1,944 foundations operating in 1996 were independent foundations holding nearly \$5 billion in combined assets.³
- 391 new independent foundations were established between 1990 and 1996. In 1996 these new foundations had average assets of \$1.1 million—significantly lower than the \$3.4 million average for independent foundations created in Ohio before 1990. This may have resulted from donors seeking to initially establish independent foundations, while intending to add to the foundations over time and/or through their estates.
- Ohio independent foundations made \$263 million in grants to charitable organizations in 1996. The six biggest grantmakers—less than one-half of one percent of the total—granted more than \$5 million each in 1996 amounting to one-fifth (20%) of all independent foundation giving in the state. (See *Chart 6*.)

³ The Foundation Center does not include the 142 independent foundations that did not make any grants in 1996 in the totals or statistics for Ohio's independent foundations. Some of these foundations were deemed terminated or inactive, while others were newly established. These newly established but non-grantmaking foundations are included in the total number of foundations established since 1990.

6. Number of Ohio Independent Foundations with 1996 Grantmaking Totaling:

Source: The Foundation Center



Insights and observations

New independent foundations have been created at a fast clip during the 90's. It is important that the more established foundations—large and small—share insights and experiences, while welcoming the enthusiasm and ideas being brought to the field by this new contingent of grantmakers.

With so many foundations of modest size awarding smaller grants, Ohio's independent foundations should consider looking for opportunities to collaborate and ways to use grant dollars to leverage other resources.

Ohio's Top Ten Independent Foundations by Assets

	1996 Assets
1) The George Gund Foundation (Cleveland)	\$482,003,271
2) Timken Foundation of Canton (Canton)	\$171,472,887
3) The GAR Foundation (Akron)	\$92,426,908
4) The Nord Family Foundation (Elyria)	\$84,491,243
5) The Martha Holden Jennings Foundation (Cleveland)	\$83,259,620
6) The Elisabeth Severance Prentiss Foundation (Cleveland)	\$79,212,381
7) The Kelvin and Eleanor Smith Foundation (Cleveland)	\$74,837,400
8) Stranahan Foundation (Toledo)	\$74,813,397
9) The Kettering Fund (Dayton)	\$72,955,433
10) The F.J. O'Neill Charitable Corporation (Cleveland)	\$70,978,511

Source: The Foundation Center

Ohio's Health Care Conversion Philanthropies: A Major Boost to Health Care Funding

Throughout the country an increasing number of nonprofit hospitals and health plans are converting from nonprofit to for-profit corporations. This comes about by the sale of one company to another, mergers, joint ventures and corporate restructuring.

These conversions occur for competitive and efficiency reasons. In the process, the assets of the former nonprofit corporation—which can sometimes amount to hundreds of million of dollars—must, by law, be re-deployed to continue to provide for the public good. The result is a health care conversion philanthropy, which may take one of several structural forms.

In recent years, Ohio has been a state in which more than a dozen of these health care conversion philanthropies have been created. While small in number, their combined assets of approximately \$900 million in 1997, now represent ten percent of all foundation assets in Ohio. Health care conversion philanthropies typically focus their grantmaking on health-related issues, such as research, delivery of health services and substance abuse prevention.



A grant from the Columbus Medical Association Foundation allowed Columbus State Community College to purchase a state-of-the-art human patient simulator to train students and medical professionals.



The Stocker Foundation funded a parent teacher group that built a community playground at South Amherst School.

The Stocker Foundation: An Exercise in Family Dynamics

Giving money away may appear to be easy. But giving it away wisely is a challenge. And it's a challenge that Lorain County's Stocker family takes very seriously.

The foundation is very definitely a family affair. Founder Beth Stocker established the foundation in 1979 with proceeds from the estate of her husband, inventor-manufacturer Paul Stocker. Daughter Jane Norton is secretary-treasurer, executive director and staff to the foundation. The Board of Trustees spans three generations and includes Beth as president, her three daughters, a grandson and a granddaughter.

Established with a \$2 million endowment, the foundation has grown to \$32 million in assets and given out 1,400 grants totaling nearly \$12 million. The foundation focuses primarily on seven areas: education, the arts, youth leadership and development, the socially and economically disadvantaged, persons with disabilities, community needs and women's issues. Grants are primarily awarded to nonprofit organizations operating in Lorain County, Ohio, southern Arizona, and Las Cruces, New Mexico, all locations where family members currently reside.

Family members gather three times per year to make grant decisions. These meetings can be lively affairs, as board members discuss their views on proposed projects. The situation involves deciding which applications get the nod and which do not—and there are always far more requests than available dollars. But whether it is a polished proposal for a fine arts endowment or a handwritten, but heartfelt plea for a community playground, The Stocker Foundation considers what the applicant is trying to do as being more important than the wording in which it is presented. If family members believe that the project is a genuine opportunity to positively impact lives, chances are they will find a way to support it.

Community Foundations

Making a difference close to home

In its general charitable purposes, much like a private foundation; its funds, however, are derived from many donors rather than a single source, as is usually the case with private foundations. Further, community foundations are usually classified under the tax law as public charities and are therefore subject to different rules and regulations than those which govern private foundations.

Source: The Foundation Center

Ohio is the birthplace of the community foundation concept. The idea took form in 1914 when a Cleveland attorney and banker set about creating an institution that would steward the charitable impulse of many citizens for years to come. Today, The Cleveland Foundation is the second largest of the more than 500 such foundations operating in the country—including the 65⁴ serving communities across Ohio.

Each of Ohio's community foundations is unique, but all share some common features and benefits. Donors to community foundations can typically either allow their gifts to be administered by the foundation's staff and board—focusing on organizations where the foundation perceives dollars can have the greatest impact—or they can become more involved by suggesting specific charitable causes and organizations which are close to their hearts.

Surveys of community foundations show that they are increasing rapidly across the nation. In just one year—1996 to 1997—assets of community foundations serving Ohio increased by over \$600 million. Of that, \$274 million represented new gifts, with the remainder of the growth resulting from appreciating assets, propelled by the booming stock market. New gifts were a particularly good source of growth for Ohio's smaller foundations (those with assets under \$10 million in 1996). Smaller foundations' share of new gifts (7%) was almost twice their share of total assets (3.6%).



John and Paula Ewers recently created the Ewers Family Fund at The Dayton Foundation.



Support from the Akron Community Foundation allowed these kids to Say Yes to Tennis.

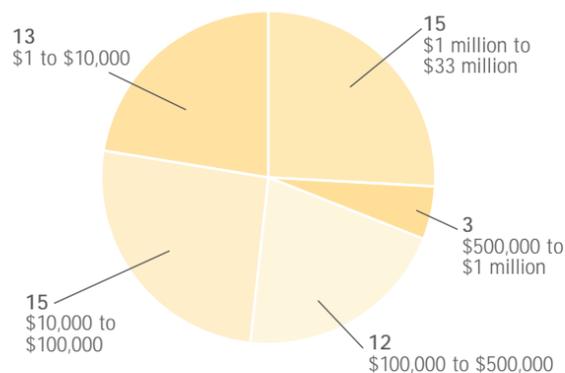
In 1997, Ohio's community foundations:

- Had combined assets of approximately \$2.8 billion, or 13.1 percent of the \$21.3 billion held by all the community foundations in the country;
- Included eleven of the 100 largest community foundations in the nation (by asset size); and
- Made grants totaling almost \$127 million to charitable organizations in 1997, representing 10.4 percent of community foundation giving nationwide.

The four largest of Ohio's community foundations each granted over \$10 million in 1997; their total giving made up over 75 percent of all community foundation giving in the state. (See Chart 7.)

7. Number of Ohio Community Foundations with 1997 Grantmaking Totaling:

Source: Donors Forum of Ohio



Insights and observations

Working with a community foundation is a way for Ohioans of various means to easily contribute to their communities. Anecdotal evidence suggests a perception that community foundations only serve very wealthy donors, when, in fact, it's usually possible to establish a fund with a few thousand dollars.

Unrestricted or general purpose dollars are the most flexible funds that a community foundation can have, allowing the foundation to address significant community challenges now and to meet the community's changing needs in the future. But in a recent national survey, the Council on Foundations found that in 1996 less than one-third (29%) of the assets of community foundations were unrestricted. In order to ensure that their funds will continue to meet changing community needs well into the future, more donors to community foundations are encouraged to consider contributing unrestricted dollars.

Four of the ten largest community foundations in Ohio hold funds established by or for various minority groups. Community foundations that have developed trusting relationships with non-traditional donors and reached out to include donors of diverse ethnicity have broadened their base of support to be more reflective of the communities they serve.

Ohio's Top Ten Community Foundations by Assets

	1997 Assets
1) The Cleveland Foundation	\$1,269,684,396
2) The Columbus Foundation and Affiliated Organizations	\$484,500,000
3) The Greater Cincinnati Foundation	\$244,344,164
4) The Dayton Foundation	\$157,231,744
6) Stark Community Foundation	\$86,137,688
6) Akron Community Foundation	\$67,000,000
7) The Youngstown Foundation	\$66,092,832
8) Toledo Community Foundation, Inc.	\$60,166,704
9) The Community Foundation of Greater Lorain County	\$57,094,499
10) The Hamilton Community Foundation, Inc.	\$55,217,901

Source: Donors Forum of Ohio

Akron Community Foundation: A Resource for Local Problem Solving

Think of Ohio's community foundations as venture capitalists for community-based innovation. Donors to any community foundation have the option of making an unrestricted gift, allowing the board of trustees to determine the best and most pressing needs for the funds, or can be more actively involved in giving decisions through what are known as donor-advised funds.

Founded in 1955, with a \$1 million bequest from the estate of Edwin C. Shaw, the Akron Community Foundation offers an example of how this kind of organization can change the face of its community. Today the Akron Community Foundation operates more than 150 donor-advised funds and has total assets of nearly \$70 million.

What do these resources provide? Consider the impact of a recent grant to a new organization called Coming Together, established in response to issues raised in a Pulitzer Prize winning series on race relations in the *Akron Beacon Journal*—a program that caught the attention of President Clinton and the entire nation when it helped assure that Akron was chosen as the site of a White House town meeting on race relations in America.

Since its founding, the Akron Community Foundation has invested more than \$19 million in Summit County nonprofit organizations carrying out innovative programs in education, culture and humanities, civic affairs and health and human services.

But the impact doesn't stop with money. Following its recent move to a new facility in the evolving downtown area, the Akron Community Foundation intends to use its greater visibility to expand its role as a convener, facilitator and collaborator in bringing diverse groups to the table to create tools, build resources and find solutions to community problems.

The Business of Giving

Ohio corporations and small businesses support giving's bottom line

A private foundation under the tax law deriving its funds from a profit-making company or corporation but independently constituted, the purpose of which is to make grants, usually on a broad basis although not without regard for the business interests of the corporation. Corporate foundations are legally distinct from contributions programs administered within the corporation directly from corporate funds.

Source: The Foundation Center

There are two principal avenues by which businesses contribute money to charitable causes and organizations. Corporate officers and small business owners may write checks directly from the business to the charitable organizations that they wish to support. Alternately, corporations may establish foundations as separate, publicly reporting entities through which they make grants. And, of course, some companies do both. In addition, more and more corporations are making charitable contributions through their marketing department. This trend is due in large part to a growing realization that customers value corporate support of issues and causes of concern to the community. These marketing activities can be carried out through sponsorships of major events and other promotional activities.

Ohio corporations and businesses are also a rich source of volunteers and in-kind donations of goods and services. Many Ohio corporations operate their own corporate volunteerism programs, while still others match their employees' gifts to nonprofit organizations, schools, United Ways and other federated giving campaigns.

Corporate Foundations

Ohio is home to some of this nation's largest companies; it makes sense that it should be

home to several major corporate foundations as well. Two of those foundations—The Procter & Gamble Fund and Nationwide Insurance Enterprise Foundation—are 5th and 38th respectively in the nation in terms of total giving by corporate foundations. Only 133 of Ohio's 1,944 foundations are corporate foundations. But this small seven percent of total Ohio foundations makes 21 percent of all the grants (1996 data).

Here are some facts about recent corporate foundation activity in Ohio:

- There were nearly 2,000 company-sponsored foundations operating in the U.S. in 1996, of which 133—or 6.8 percent—operated in Ohio.
- Total giving by corporate foundations based in Ohio during 1996 ranged from \$1,250 to over \$27 million.
- Ohio's 133 corporate foundations awarded approximately \$100 million in grants in 1996. The top 21 of these—or 15 percent—accounted for 75 percent of all corporate foundation giving in the state. (See Chart 8.)

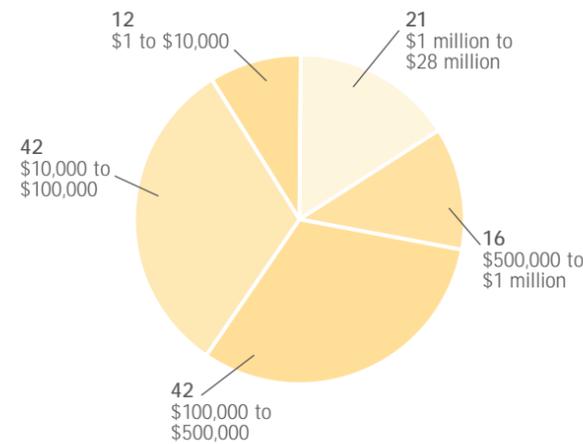
Direct Corporate Giving

Corporate giving can take many forms—from the local dry cleaner giving money to sponsor a little league team to a multi-million dollar corporate gift to a university. Needless to say, this is hard to track and measure. According to *Giving USA*, the overall corporate share of charitable giving nationally was \$8.2 billion in 1997, or 7.5 percent more than in 1996.

A closer look, however, will show that despite this overall increase, the net effect was negligible. When measured against pre-tax profits—the gauge some observers believe is the best barometer for assessing corporate giving—corporate giving has fallen by 50 percent in the last decade. *Giving USA* found that corporations gave just 1.1 percent of their pre-tax income to charity in 1997—a dramatic drop from 2.3 percent in 1986.

8. Number of Ohio Corporate Foundations with 1996 Grantmaking Totaling:

Source: The Foundation Center



The Reynolds and Reynolds Employee and Company Foundations teamed up to provide manpower to renovate a neighborhood park as well as funds for programming.



Dayton's Reynolds and Reynolds Company: Bringing Imagination and Resourcefulness to Corporate Giving

"Community involvement has long been, and will continue to be, an area of emphasis for us," said David R. Holmes, chairman, president, and CEO of The Reynolds and Reynolds Company. "We believe that by creating a positive environment in which our associates live, we are better able to attract and keep quality associates, allowing our company to grow and prosper."

And Reynolds and Reynolds backs up this commitment with not one, but two foundations—plus a volunteerism program. Funded through the company's pre-tax earnings, in 1997 The Reynolds and Reynolds Company Foundation made grants totaling more than \$400,000 to charitable organizations in the Dayton area.

Reynolds and Reynolds also makes it possible for its Dayton associates to give back to their communities through a unique vehicle, The Reynolds and Reynolds Employee Foundation. Last year, company employees raised more than \$600,000 through *Carefest*, the company's annual giving campaign. The 16-member all-employee board of the Foundation awarded these funds to a wide variety of health and human service agencies serving the Greater Dayton area.

The contributions of both of these foundations are leveraged through a systematic employee volunteerism program. Collectively, these programs assure that the people who make up the Reynolds and Reynolds team understand that they are part of a company for which community really matters.

Insights and observations

Historically, corporations have committed a minimum of 1.5 to 2 percent of pre-tax profits to philanthropy. There are companies in Ohio doing that and more. But if the *Giving USA* figures are indicative, companies are giving just over one percent (1.1%) of pre-tax profits to charitable causes, significantly less than the 1.5 - 2 percent target. There is a "giving gap" between Ohio businesses' philanthropic capacity and their actual performance.

As business becomes more global, corporate executives are seeing more strategic value in grantmaking. Now, more than ever, corporate charitable contributions are expected to support the company's marketing, community relations and employee recruitment goals in measurable ways.

The Donors Forum perceives a need to provide small and medium-sized Ohio businesses with more information on the benefits of effective corporate giving. These businesses represent another potential growth area for corporate philanthropy.



Procter & Gamble employees volunteer at the FreeStore/FoodBank in Cincinnati.

Ohio's Top Ten Corporate Foundations by Giving

	1996 Total Giving
1) The Procter & Gamble Fund (Cincinnati)	\$27,341,322
2) Nationwide Insurance Enterprise Foundation (Columbus)	\$10,226,708
3) TRW Foundation (Cleveland)	\$6,886,577
4) The Mead Corporation Foundation (Dayton)	\$2,776,338
5) The Eaton Charitable Fund (Cleveland)	\$2,684,132
6) GenCorp Foundation Inc. (Fairlawn)	\$2,434,454
7) Scripps Howard Foundation (Cincinnati)	\$2,305,331
8) Dana Corporation Foundation (Toledo)	\$2,132,666
9) Wolfe Associates, Inc. (Columbus)	\$1,717,535
10) The Parker-Hannifin Foundation (Cleveland)	\$1,716,949

Source: The Foundation Center

Much
has
been
done

Clearly, Ohio is a state with a strong philanthropic tradition. The old word can be seen in a whole new light every day as Ohioans discover more and more innovative ways to give back to their communities, state, nation and world. But as this report observes, there is still much to do to help fill the various gaps that have been identified. The Donors Forum of Ohio is committed to meeting the challenges of growing philanthropy by helping educate donors, advisors, public policymakers and the media on the need for and benefits of effective, structured giving. To make that possible, the Donors Forum of Ohio is carrying out a special Promotion of Philanthropy Initiative to:

Help Ohioans understand the many values and benefits of working with a community foundation.

Encourage the creation and growth of independent foundations

Increase philanthropic activity within Ohio's business community.

This report has attempted to chronicle the good news and identify the challenges for the future growth of philanthropy in the State of Ohio. As Ohio continues to struggle with educating its children, protecting its environment, enhancing its cultural institutions, and providing health care for those who have none, the philanthropic sector has an important role to play. As citizens, we are responsible for sharing some of what we have to benefit our communities now and for years to come. May we all be challenged to step to the plate and do our part in making this state the best that it can be.



The Nord Family Foundation supported an after school tutorial program run by Save Our Children of Elyria.

but much
remains to do

Data Sources used in this Report

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Preschoolers at Madison DayCare in Mansfield develop their computer skills through ComputerTots, a program funded by Cleveland's Martha Holden Jennings Foundation.



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