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U.S. CHARITABLE GIVING REACHES \$295 BILLION IN 2006

Third straight year of growth fueled in part by mega-gifts, foundations

By George C. Ruotolo, Jr., CFRE, Chairman and Chief Executive Officer
Chair, Giving Institute: Leading Consultants to Non-Profits

Editor's Note: Ruotolo Associates is one of 37 firms that comprise The Giving Institute, formerly the American Association of Fundraising Counsel (AAFRC). The Giving Institute seeks to enhance the professionalism of the fundraising profession. Since 1935, the Giving Institute and its member firms have served clients of every size and purpose, from local institutions to international organizations, and embraced the highest ethical standards while maintaining a strict code of fair practices. Ruotolo Associates is proud to be a member of this organization; our founder, chairman and CEO now chairs the Institute's board. Mr. Ruotolo also previously chaired the board of The Giving USA Foundation.

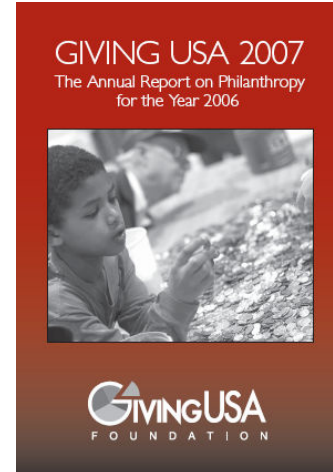
In late June, The Giving USA Foundation™ published *Giving USA 2007*, which details giving trends in 2006. The book was researched and written by the Center on Philanthropy at Indiana University.

The foundation's mission is to advance the research, education and public understanding of philanthropy. It was founded in 1985 by the American Association of Fundraising Counsel, now Giving Institute: Leading Consultants to Non-Profits. As chair of the Giving Institute, I wanted to share highlights of the findings with you. I am proud that

Americans continue to be so generous, with charitable giving reaching a new record in 2006.

Overall Giving

- Americans gave \$295.02 billion in 2006.
 - This is a 4.2 percent increase over 2005.
 - If disaster gifts of \$7.4 billion are excluded from 2005 giving, donations rose 6.6 percent.
 - About 65 percent of households with incomes lower than \$100,000 gave to charity.
 - “Mega-gifts” represented 1.3 percent of total philanthropic contributions, including Warren Buffet’s \$1.9 billion contributed in 2006 as the first installment of his 20-year pledge of more than \$30 billion to four foundations.
- Individual giving, always the largest single source of donations, rose by 4.4 percent to an estimated \$222.89 billion and accounts for 75.6 percent of all estimated giving in 2006.
- Charitable bequests are estimated in 2006 to be \$22.91 billion. Charitable bequests are 7.8 percent of the estimated total.
- Foundation grantmaking rose 12.6 percent to \$36.5 billion. The increase is attributed to the growth in the number of foundations and the stock market’s favorable performance. Foundation giving accounts for 12.4 percent of total estimated charitable giving.
- Donations by corporations and corporate foundations are estimated to be \$12.72 billion in 2006. This is a decline of 7.6 percent, which reflects the extraordinary gifts in 2005 for disaster relief as well as a slow-down in the rate of growth for non-disaster-related corporate giving.



Giving by Type of Recipient

- Religious congregations received an estimated 32.8 percent of the total.
- Gifts to education are 13.9 percent of total estimated giving.
- Gifts to foundations equal 10 percent of 2006 philanthropic contributions.
- Giving to human services dropped an estimated 9.2 percent from 2005, while donations to organizations in the international affairs subsector also fell an estimated 9.2 percent. This drop is due to extraordinary disaster-relief donations in these two areas in 2005.

NATIONAL ASSOCIATION OF CORPORATE DIRECTORS PRESENTS RESULTS OF SECOND SURVEY OF NON-PROFIT ORGANIZATIONS

By Roger W. Raber, Ph.D., Senior Advisor, Former President and CEO, NACD, and George C. Ruotolo, Jr., CFRE, Chairman and Chief Executive Officer, Ruotolo Associates, and Vice-Chair, NACD Not-for-Profit Advisory Council



In 2006, for the second year in a row, NACD surveyed the largest and most prominent not-for-profits based in the United States. Nearly 60 organizations responded to the survey, including the American Red Cross, Volunteers of America and other well-respected organizations. Average revenues for the respondents approached half a billion dollars, with the five largest respondents reporting revenues ranging from \$921 million to \$6 billion.

The NACD Survey asked 75 questions probing a variety of governance issues, including transparency, independence, CEO and board compensation, risk oversight, finances, CEO and board succession strategy and a section on “leading issues.” In most areas, the vast majority of respondents indicated that they were meeting or exceeding best-practice standards.

For example:

- 98.3 percent carry director and officer liability insurance (down slightly from the previous year, which was unanimous).
- 94.7 percent have a written conflict of interest policy (down slightly).
- 98 percent ensure accuracy of disclosure (form 990) (same as previous year).
- 94.6 percent engage in fundraising (up slightly).
- 91.4 percent educate new trustees (up from 86 percent).

In addition:

- 83.9 percent have a code of ethics (down slightly from previous year).
- 87.9 percent have governance guidelines for their boards (up slightly).
- 88 percent have written charters for some or all key committees (up slightly).
- 73 percent have a policy for avoiding unreasonable compensation, and 2 percent are developing one (up slightly).
- 71.9 percent have a committee focused on board operations (down from 81 percent in previous survey).

As in the past, more than half of surveyed organizations disclose their governance guidelines to the public. These findings are essentially unchanged from the past. As stated last year, nonprofits could benefit from disclosing their practices in these areas—to show the public their diligence and to obtain commentary from peers and resourceful organizations.

Some areas showed extreme improvement:

- 88 percent have an independent compensation committee (up significantly from 70 percent).
- 75 percent held at least one executive session without any management present (up significantly from 40 percent).
- 56 percent of organizations document what they expect from their boards with respect to fundraising. While this is a relatively low percentage, it is higher than last year's 40 percent of respondents.

Survey findings also indicated some possible governance weaknesses—and opportunities to strengthen their governance.

- Less than half (42 percent, similar to the previous year) make public disclosure of their committee charters.
- Only 19 percent have a written CEO succession plan—down from an already low 23 percent reporting any formal plan previously. When asked to rate themselves on CEO succession, 35 percent gave themselves a weak grade.
- Also, although there has been improvement with regard to executive sessions, this could stand further improvement. One in four boards never meet without the CEO present; nearly half of those never meet with only the CEO present. On those boards (about one in 10) staff is always in attendance—a practice that could limit the candor of board discussions.

Respondents rated 16 issues on their level of importance. Based on these ratings, the four areas of greatest interest today (with half or more of respondents deeming them “extremely important”) are board-CEO relations, executive performance, nomination/succession of trustees and relations with the general public. A close fifth was governance, where interest has cooled somewhat.

Only a slight majority (57 percent) said they considered executive compensation “extremely important” or “very important” as an issue, unchanged from the first survey. Nonprofits should continue to increase their awareness of potential problems in executive compensation, because it is a key focus for regulatory reformers and can be a source of scandal for inattentive boards.

A slight majority of respondents, 56 percent, also said they consider CEO succession extremely important or very important, down from 63 percent in the previous survey. Given the continuing need for nonprofits to have competent leadership suited to their mission, this is an area upon which boards should focus.

STRATEGIC PARTNERSHIP BENEFITS CONSTITUENTS AND MAXIMIZES PHILANTHROPY

By Theresa Shubeck, Senior Vice President



Ruotolo Associates recently completed a feasibility study assessing the philanthropic potential to support the creation of a visionary and distinct partnership between Warren County Community College (WCCC) and Hackettstown

Regional Medical Center (HRMC) in New Jersey to create a Health Education Center on the campus of HRMC. This initiative addresses a spectrum of existing community challenges through a strategic partnership that was viewed by study respondents to be innovative and beneficial over the short and long term.

Reflective of national trends, Warren County has projected shortages in healthcare professionals, particularly in the allied healthcare professions. The Health Education Center will provide a continuous source of caregivers by training and retaining local residents to meet those needs. Furthermore, the center will grow the economic status of the region and create a leadership model for other institutions to emulate in their communities. This effective and mutually beneficial partnership between health and educational institutions is fostered by the strength of both institutions and the leadership of Dr. William Austin, president of Warren County Community College, and Gene Milton, president and chief executive officer of Hackettstown Regional Medical Center.

“The Health Education Center is a strategic investment in the future of Warren County, the region and the state,” said Dr. Austin. “The initiative will essentially change lives through educational opportunities and save lives through strengthening healthcare. We are excited to be working on this project with the talented professionals from Ruotolo Associates, who have the expertise to manage the strategic and philanthropic ingredients necessary for success.”

CONGRATULATIONS TO OUR CLIENTS

Cathedral High School Receives \$1 Million Gift



A special luncheon took place at Cathedral High School in St. Cloud, Minnesota, at the end of April to honor the late Dr. Marie Kirchner Stone, class of 1953, and recognize a

\$1 million gift that the school received from the Dr. Marie Kirchner Stone Foundation to the capital campaign. The generous gift was the result of the efforts of Dr. Stone’s siblings, all graduates of Cathedral High School.

In light of Dr. Stone’s dedication to teaching (she was a high school teacher for more than 30 years) and love for education, a memorial scholarship has been established in her name as a means for her “determined” spirit to live on and continue to touch today’s students. Cathedral’s Central Building on campus will be named in her honor.

This gift raised the school's \$6 million capital campaign proceeds to \$5.9 million and is just one more indication of the tremendous spirit and support present at Cathedral. Congratulations to the school's administration, all those who worked as volunteers and all who have contributed to this remarkable fund-raising effort. Ruotolo Associates is proud to have served as professional counsel to Cathedral in its successful capital campaign.

Niagara University Launches \$80 Million Campaign



In May, Niagara University launched the most significant fundraising campaign in its 150-year history. The Promise of Niagara: The Next 150 Years is an \$80-million drive that will expand and enhance facilities, endow professorships and scholarships and launch a major reorientation of the campus.

Roughly half of the campaign goal will be directed towards capital projects, including an academic complex already under construction and a new \$25-million science building. Nearly \$30 million will go to various endowments for professorships, for existing and new academic programs and for graduate and undergraduate scholarships. The remaining \$10 million will enrich the Niagara Fund, which supports a number of university priorities ranging from academics to student life. More than one-third of the total has already been raised in the silent phase of the campaign, including a \$5-million gift from alumnus Jerry Bisgrove, who graduated Niagara in 1968.

Speakers at the announcement included University President Rev. Joseph L. Levesque, C.M., and Robert J. Dwyer, chair of the board of trustees as well as the campaign.

Ruotolo Associates has worked with Niagara University, the alma mater of George C. Ruotolo, Jr., CFRE, chairman and chief executive officer, on several projects. The firm is currently providing counsel to the vice president of the development office and the campaign leadership.

NEWS TO NOTE

These on-line resources might be of interest to our readers:

- Charities Grapple with Challenges in Keeping Volunteers
(<http://www.philanthropy.com/news/updates/index.php?id=2715>)
- Funders Recommend Streamlining Grant Process, Survey Finds
(<http://foundationcenter.org/pnd/news/story.jhtml?id=183900012>)
- Foundation Yearbook: Facts and Figures on Private and Community Foundations, June 2007
(http://foundationcenter.org/gainknowledge/research/pdf/fy2007_highlights.pdf)

STAFF HIGHLIGHTS

Staff Profile: Office Manager Diane Corigliano

Diane Corigliano has been a member of the Ruotolo Associates' team since 1989. She has worked for the firm longer than any employee except Jay Caporale, president and chief operating officer. Based in the firm's headquarters office in Cresskill, New Jersey, Diane oversees in-house operations, including bookkeeping, advertising, trade shows and special events, along with supervision of administrative staff members. An important part of her responsibilities is preparation of proposals, from which she has developed a solid understanding of nonprofits and fundraising and the services and strategies of Ruotolo Associates. Diane is also called upon for many proofreading projects, due to her expertise in this area. (She actually considers proper grammar a hobby!) In 1990 Diane received RA's second annual "Culture of Excellence Award" in recognition of her performance and dedication to the firm.



"Diane has been a loyal and extremely talented member of our team," said George C. Ruotolo, Jr., CFRE, chairman and chief executive officer. "Her role of office manager entails a variety of financial and HR responsibilities, and she wears many hats within our organization. Diane is important in enhancing the brand and face of the firm with our current and prospective clients. We all recognize and are appreciative of her extraordinary gift to oversee the creation and editing of new business proposals. Diane also serves as primary editor with reports and graphics for both Ruotolo Associates and our clients. We all feel blessed by her commitment to philanthropy, our clients and RA."

Diane resides in Fort Lee, New Jersey, where she attended Holy Trinity Elementary School and Fort Lee High School.

Speaking Engagements by Ruotolo Associates' Staff

Theresa Shubeck, senior vice president, spoke about "Building Strong Volunteer Networks to Expand Development Efforts" at the Association of Fundraising Professionals-Eastern Pennsylvania Chapter's April luncheon meeting. If you are interested in more information about this subject or would like to schedule a presentation on this or another topic for your board or staff, please contact Theresa at tshubeck@ruotoloassoc.com.

In May, Ruotolo Associates' New England office sponsored a breakfast forum for the Association of Fundraising Professionals-Massachusetts Chapter. "Funders Roundtable" included representatives from eight different foundations who were available to share information with the 125 participants on how they evaluate grant applications.

Jay Caporale, CFRE, president and chief operating officer, co-chaired the Summer Symposium of the Giving Institute: Leading Consultants to Non-Profits. David H. King, managing partner and president of Alexander Haas Martin & Partners, Inc., also co-chaired. George Ruotolo, chair of the Giving Institute's board, attended the Summer Institute.

On July 24, Jay Caporale presented a workshop on capital campaigns as part of the Association of Fundraising Professionals-Massachusetts Chapter's Basics Course, offered to development staff members who are new to the field.

In September, George Ruotolo is conducting a track entitled "Major Gifts 101" at the National Catholic Development Conference's 39th Annual Conference and Exposition in Phoenix.

On October 13, Jay Caporale and Senior Associate Audrey DeLoffi will facilitate a workshop for the Massachusetts Board of Library Commissioners on developing and enhancing an annual giving program. Library staff and board members will be invited to attend. For more information about RA's work with libraries, e-mail jay@ruotoloassoc.com.

In May, for the second year in a row, John Uzzi, president of Roy W. Walters & Associates, Inc., facilitated Ruotolo Associates' annual two-day staff retreat. John has 27 years of experience as a consultant to leading organizations that are navigating large-scale change through improvement initiatives. He also works closely with small and mid-size companies to design and facilitate strategic planning and organizational retreats.

UPCOMING EVENTS

National Catholic Development Conference Annual Conference

Arizona Biltmore Resort & Spa, Phoenix, AZ
September 13-16, 2007

International Catholic Stewardship Council Annual Conference

Miami Beach Conference Center, Miami Beach, FL
September 23-26, 2007

Association of Fundraising Professionals-New Jersey Chapter Conference on Philanthropy

Hanover Marriot, Whippany, NJ
November 2, 2007

Ruotolo Associates is a conference sponsor and exhibitor.



Archdiocese of Newark Stewardship Day

Paramus Catholic Regional High School, Paramus, NJ

November 3, 2007

Ruotolo Associates is a co-sponsor for this event.

**Association of Fundraising Professionals-Massachusetts Chapter
Conference on Philanthropy**

Marriott Copley Place, Boston, MA

November 27, 2007

Ruotolo Associates is a conference sponsor and exhibitor.

AFP International Conference

San Diego Convention Center, San Diego, CA

March 30-April 2, 2008

Registration will open in the fall of 2007.

CURRENT CLIENT LISTING

- Archbishop Stepinac High School, White Plains, NY
- Auburn Public Library, Auburn, MA
- Bishop Fenwick High School, Peabody, MA
- Bishop McNamara High School, Forestville, MD
- Blessed Stephen Bellesini, O.S.A. Academy, Lawrence, MA
- Carmel of the Incarnation, Beacon, NY
- Casita Maria, Inc., Bronx, NY
- Christ the King Catholic Church, Fort Smith, AR
- Diocese of Brooklyn, Brooklyn, NY
- Dominican Foundation, Province of St. Joseph, NY, NY
- Dominican Sisters of Hope, Ossining, NY
- Elizabeth Seton Pediatric Center, NY, NY
- Estes Park Medical Center Foundation, Estes Park, CO
- First Congregational Church, Dudley, MA
- Flint Public Library, Middleton, MA
- Franciscan Monastery of St. Clare, Greenville, SC
- Freedom House Foundation, Glen Gardner, NJ
- Grace Episcopal Church, Millbrook, NY
- Great Falls Central Catholic High School, Great Falls, MT
- Guardian Angel Parish, Allendale, NJ
- Islamic Society of Central Jersey, Monmouth Junction, NJ
- Little Sisters of the Assumption, Walden, NY
- Mercy Hospital of Tiffin, Tiffin, OH
- Merrimack Valley Hospice, Lawrence, MA
- Mother of Divine Providence Parish, King of Prussia, PA
- National Center for Energy Management and Building Technologies, Alexandria, VA
- New Jersey SEEDS, Newark, NJ
- Niagara University, Niagara, NY
- Notre Dame High School, Easton, PA

- Notre Dame High School, West Haven, CT
- Our Lady of the Holy Souls Catholic Church, Little Rock, AR
- Our Lady of Perpetual Help Parish, Bernardsville, NJ
- Palisades Medical Center Foundation, North Bergen, NJ
- Passionist Missionaries, St. Paul of the Cross Province, Union City, NJ
- Pearle L. Crawford Memorial Library, Dudley, MA
- Phillips Park Committee, Swampscott, MA
- St. Aloysius Parish, Pottstown, PA
- St. Helena Parish, Edison, NJ
- St. John the Evangelist Parish, North Chelmsford, MA
- St. Joseph Parish, Medway, MA
- St. Joseph Parish, North Plainfield, NJ
- St. Paul's Memorial Church, Staten Island, NY
- St. Thomas Aquinas High School, Dover, NH
- Summit Speech School, New Providence, NJ
- The Children's Home, Cromwell, CT
- The Friendship Service Center, Inc., New Britain, CT
- The Thursday Morning Club, Madison, NJ
- Union County Arts Center, Rahway, NJ
- Warren County Community College Foundation, Washington, NJ
- Wellesley Free Library, Wellesley, MA
- West Hartford United Methodist Church, West Hartford, CT
- Woods Services Foundation, Langhorne, PA

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