



# Big Philanthropy Reinforces Common Misconceptions on Charitable Giving: How Nonprofits Can Address Them

By Dr. Keith Leaphart

Philanthropy has continued to be a driving force in our society, especially over the last few years as we've seen a greater need for resources across a number of different areas. From humanitarian aid to the environment to health care, monetary contributions have steadily increased.

According to the "Giving USA 2022" report, philanthropic contributions totaled more than \$484 billion in 2021, up 4% from 2020 and nearly 14% from 2019. Of these contributions, individuals and foundations donated a combined 86% of philanthropic dollars last year.

When reviewing the contributions made by individuals and foundations in 2021, I see a plethora of large donations from a number of wealthy donors and their philanthropic organizations. These benefactors included Warren Buffett, Mackenzie Scott, Michael Bloomberg, the Bill and Melinda Gates Foundation and the Chan Zuckerberg Initiative.

Contributions from these donors and foundations have made a great difference for a number of organizations and causes across the country. However, big philanthropy can often reinforce common misconceptions about charitable giving that can lead to challenges down the road. Let's explore two of them.

## 1. Donations From Everyday Givers Don't Matter

Everyday givers often donate what they can to the causes they care about most — whether it is their spare change at a store or lump sums, such as \$5, \$25 or even \$100. But when some everyday givers see million- or billion-dollar donations from wealthy individuals or well-known foundations, they can be discouraged from giving altogether because they feel as if their gifts aren't large enough to make a real impact. However, this is not true.

Everyday givers often make these donations over time as they have the ability to, making philanthropy more sustainable in the long-term. If the consistent stream of donations from these everyday givers ceased to continue, the future of the organization or cause could be in jeopardy.

## 2. Large-Sum Donations Alone Can Sustain Nonprofits

Wealthy donors and foundations typically make large-sum donations of millions or billions of dollars to singular causes or organizations. These contributions do go a long way, but they can make causes and organizations too reliant on their wealthy benefactors. That's why the key to the longevity of nonprofits will be to rely on a substantial pool of everyday givers who are firmly committed to their missions day in and day out.

For nonprofits today, the misconceptions of big philanthropy perpetuate challenges that must be addressed. And, to do so, the encouragement and engagement of everyday donors is essential and should be prioritized.

My experience working as chair of The Lenfest Foundation, as well as the knowledge and understanding I gained from my late friend and mentor, Gerry Lenfest, has given me insight into how this can be accomplished.

Gerry Lenfest and his wife, Marguerite, felt a tremendous responsibility as philanthropists to make an impact on the world during their lifetimes and beyond. They also possessed an unwavering belief in the collective power of individuals and

communities to solve societal issues. The couple used their influence to encourage others active in big philanthropy and nonprofits to unite groups of people and unleash the power of everyday individuals to give.

More specifically, to accomplish this, the Lenfests pledged a significant portion of their fortune to countless matching gift programs, such as those in their local Philadelphia-area community that supported journalism, K-8 education, museums and more. These matching funds would ensure their gifts would have a lasting impact well beyond their origination by amplifying smaller contributions made by everyday individuals.

To address the challenges presented by the misconceptions of big philanthropy and to ensure the success of future fundraising efforts, I implore nonprofits to consider the Lenfests' approach. They should request that the entirety — or, at the very least, a significant portion — of large contributions from wealthy donors or foundations be used to match smaller gifts in their grant proposal process. By doing so, nonprofits and wealthy donors can inspire more everyday donors to give by demonstrating that their gifts, regardless of size, are making an impact. It also helps to ensure that the nonprofit organization itself can be sustainable for years to come through community building.

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