

“Windfall” Gifts: What really happened in their immediate aftermath?

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Today's Presenters



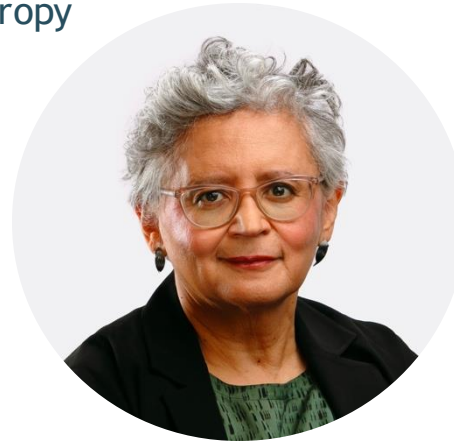
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Stanley Richards
President & Chief Executive
Officer of the Fortune Society



Cecilia Conrad
CEO of Lever for Change

Interview with Stanley Richards



Stanley Richards
President & Chief Executive Officer
of the Fortune Society

Ruth McCambridge



NFC Director of Content

What is a “windfall”

Reparations are not charity or aid, but rather an acknowledgment of responsibility by industrialized nations to pay their just dues.

Windfalls: a piece of unexpected good fortune, typically one that involves receiving a large amount of money.

Capital structure is sometimes invisible but never absent.

There are four principles to remember:

- First, and fundamentally, capital structure exists in even the smallest nonprofits; ignoring it puts an organization at risk.
- Second, capital structure always has an impact on mission and program, and on organizational capacity.
- Third, capital structure is linked directly to a nonprofit's underlying business, which is distinct from, though clearly related to, its program.
- Fourth, healthy capital structures are difficult to maintain in nonprofits because there often are restrictions on nonprofit assets; this creates a “super-illiquidity,” or lack of financial flexibility, that makes it difficult to keep the “business” aspects of nonprofits functioning well

EVERY RESTRICTED GRANT COSTS YOU MONEY

Examples of capital Needs in restricted grants environments

- Unfunded expenses (e.g., underpaid staff)
- Working capital (cash for day-to-day needs)
- Reserves (e.g., savings, rainy day fund)
- Fixed asset/technology additions (money to purchase a building, or new computers)
- Debt
- Change capital (e.g., resources to adapt, grow, and/or expand)

Interview with Cecilia Conrad



Cecilia Conrad
CEO of Lever for Change

John McIntosh



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SeaChange Capital Partners

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EMERGING IMPACTS





The Effects of MacKenzie Scott's Large, Unrestricted Gifts:
Year Two of a Longitudinal Study



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MACKENZIE SCOTT'S APPROACH DEVIATES FROM PREVAILING NORMS

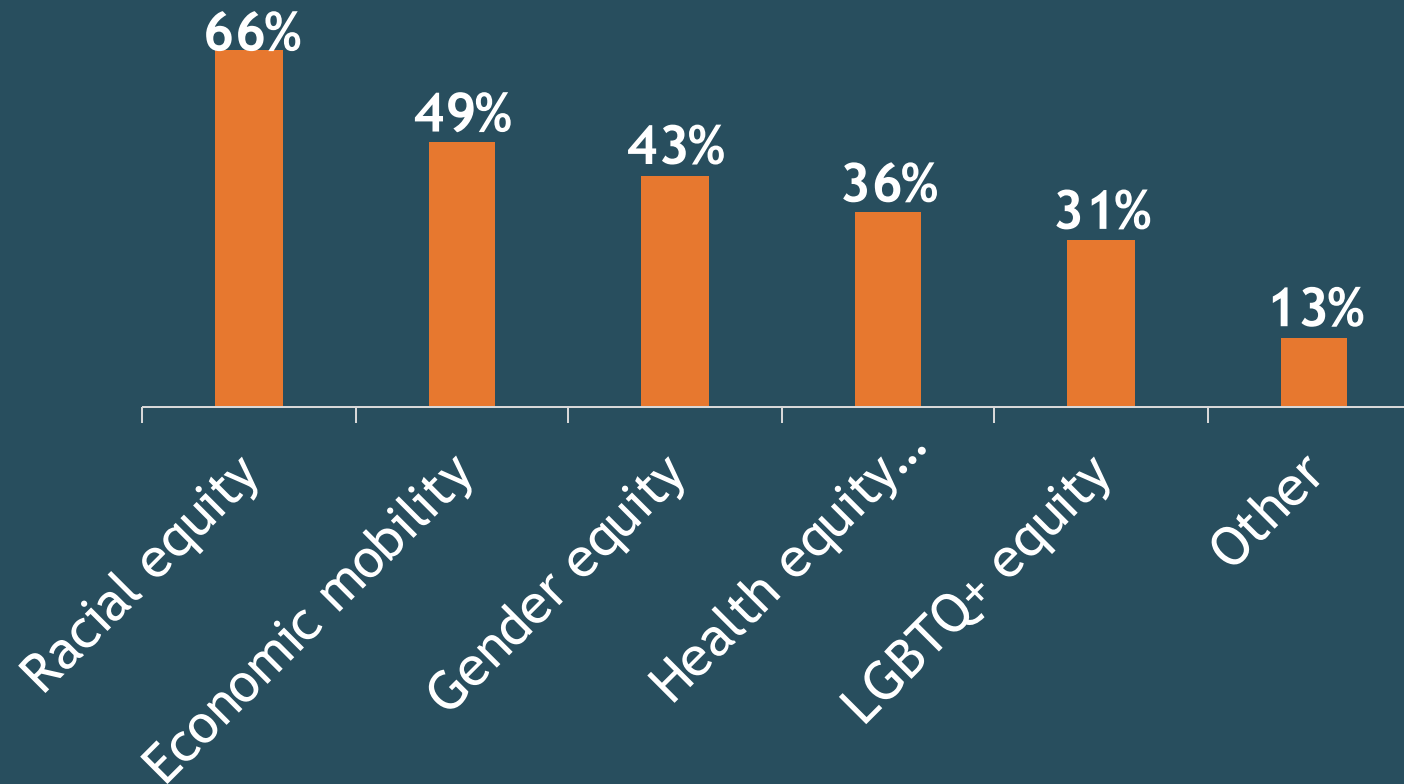
	MACKENZIE SCOTT	OTHER GRANTMAKERS
 Extremely large gifts	\$5.75M (83% of budget)	\$110K (6% of budget)
 Unrestricted gifts	~100%	~20%
 Reduced application	Few hours	30 hours
 Specified grant period	No	Yes

▶ FINDING #1

Nonprofit leaders describe expanding and improving programs to pursue opportunities - often related to equity - resulting in what they see as demonstrable impact.

ADVANCING EQUITY

Percent of Nonprofits Who Used Some of the Grant to Advance Equity (N=620)





▶ FINDING #2

Nonprofit leaders describe using Scott's grants to strengthen their organizations' capacity and staff climate, translating into better support for communities their organizations serve.

STORIES OF CHANGE

With these grant funds, nonprofits...

started innovation funds

grew and diversified their staff

built up financial reserves

raised staff salaries to reach a living wage

benchmarked salaries to achieve pay equity

made long-needed equipment upgrades

implemented a retirement plan for staff

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▶ FINDING #3

Funders generally express positive opinions about Scott's giving, but many have concerns, particularly about the ability of nonprofits to handle large, unrestricted gifts.

INFLUENCING FUNDERS

~70%

of funders interviewed reported their thinking has been influenced by recent giving trends – including Scott's approach.

EXPRESSED CONCERNS ABOUT NONPROFITS

>75%

of funders interviewed
expressed concern about
nonprofits' ability to handle
large, unrestricted gifts.

EXPRESSED CONCERNS ABOUT NONPROFITS



Smaller, newer, or
grassroots nonprofits
are less capable



Younger or newer
leaders are less
prepared



Nonprofits more
broadly are not
trustworthy



When nonprofits get additional funding like this, it requires that they scale up internal operations and infrastructure in ways that some CEOs or executive directors and boards just weren't built to handle.

- Funder

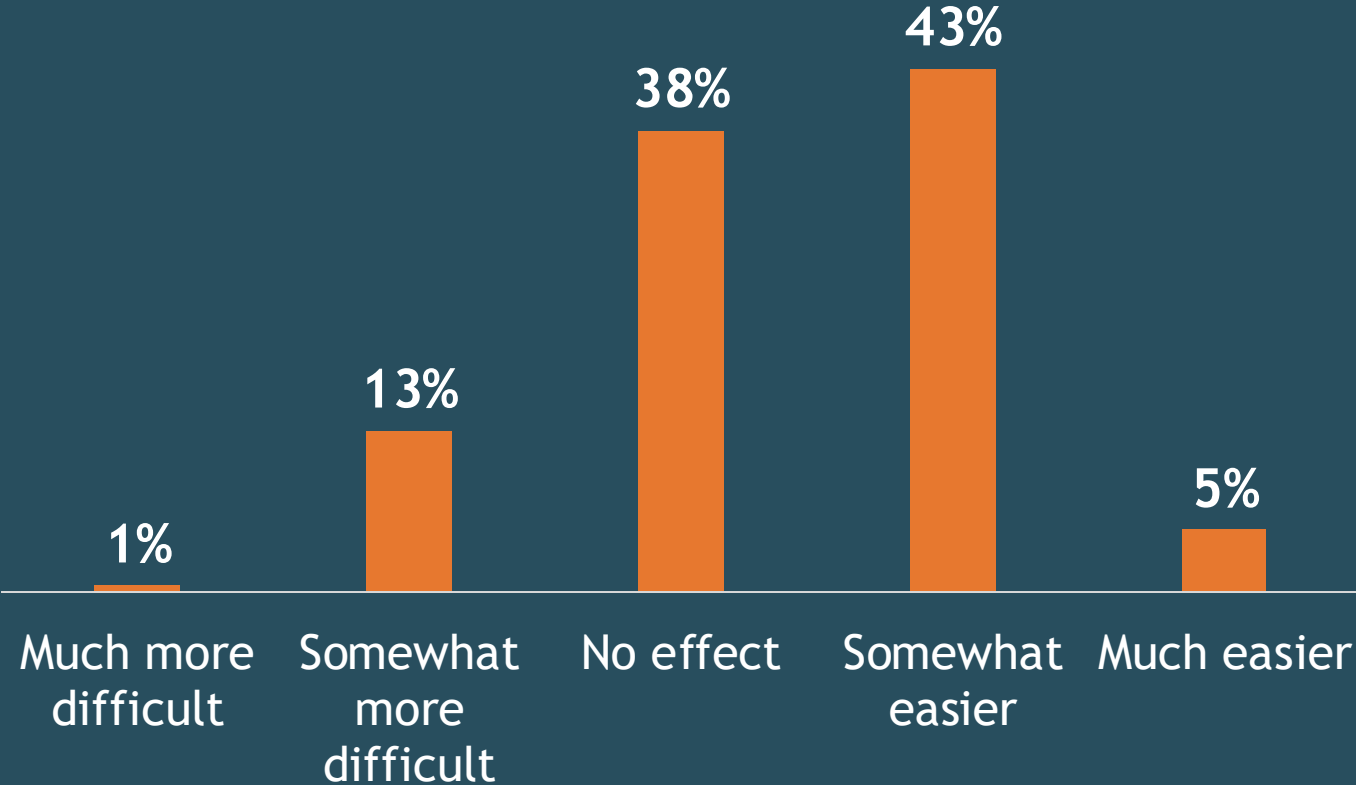


▶ FINDING #4

Despite funder concerns, nonprofit leaders report few challenges or unintended negative consequences and are planning for the long-term to minimize risks of a "financial cliff".

EFFECTING FUNDRAISING

Ease or Difficulty of Fundraising After Grant Receipt (N=610)



Resources & Wrap Up

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