

Understanding Philanthropy and Nonprofits

Understanding Nonprofits

First, let's take a look at why donating is important. Donating helps support vital organizations in our communities. These are called nonprofits.

Nonprofits are formed to achieve certain purposes. They contribute to and help support the common good. Nonprofits can serve whole communities. They also can serve specific groups. Usually nonprofits work toward a cause. They are established to help people, and communities, better themselves.

Nonprofits differ from businesses in one key way. Businesses are formed to earn money, known as profit. After a business pays its bills, it keeps any leftover income. This extra income, or profit, is usually given to the company's owners or investors. The profit represents a reward for succeeding in business.

Unlike businesses, nonprofits do not give out profits. If they earn extra income, they use these funds to run their organization. Nonprofits also usually do not pay taxes. Most have what is known as tax-exempt status. Instead of paying taxes, they can devote their resources to helping the community.

Why Give?

Nonprofits meet many community needs that businesses and government do not. These needs range from education and health care to crime prevention. Nonprofit religious organizations also provide important functions to the community. Most of us benefit from the work of nonprofits throughout our lives. It is important to support these programs to promote the common good.

The Common Good

"How wonderful it is that nobody needs to wait a single moment before starting to improve the world." —Anne Frank, German-Jewish teenager (1929-1945)

The "common good" is defined as conditions that benefit all people in society. These conditions benefit everyone equally. One example of such a condition is world peace. Another example of a common good is a health care system that all people can afford.

Though the common good benefits everyone, it may not happen automatically. People must cooperate to create the common good. When a common good is maintained, its benefits are enjoyed by the entire society. Reducing pollution, for example, enables all people to live in a healthier environment.

Most nonprofits depend on individual giving. Nonprofits may make some money through their programs, but they often need donations to survive. Businesses donate to nonprofits, and the government may give them money as well. But the majority of nonprofit donations



are from individuals. The success of nonprofits depends on the generosity of people just like you.

Individual Support

In 2003, financial donations to organizations exceeded \$240 billion. Most people would think that businesses or foundations gave the majority of that amount. However, the opposite is actually true. Individual donations made up 74.5 percent of it, or more than \$179 billion. Source: Giving USA 2004.

The act of giving to charitable causes is known as philanthropy. A philanthropist is a person who donates time, talent and treasure and takes action to support the common good. Perhaps the greatest benefit of philanthropy is that it creates a positive impact. It can bring about very important changes. These changes create positive life experiences for others.

One way in which philanthropy helps others is through advocacy. To advocate is to speak up for something. Many nonprofits help society by fighting for important causes. A nonprofit may advocate for justice, for example. Through philanthropy, youth have the power to promote many causes, from equality to world peace. Philanthropy is a personal way to make the world a better place.

Throughout our history, Americans have benefited from the generosity of many individuals. These individuals were pioneers in donating their time and money:

- Benjamin Franklin started volunteer fire companies and lending libraries.
- Clara Barton, along with other nurses, tended wounded Civil War soldiers. Barton then founded a volunteer assistance agency known as the Red Cross.

The contributions of these individuals continue to affect us today. Many people now volunteer at libraries and fire departments. The Red Cross is an international organization. What started as a donation turned into a commitment? The rest, as they say, is history.

Youth giving

One in four Americans is under the age of 18. That amounts to about 70 million youth in our country. If you are part of this group, you may not be able to vote yet or even drive. Still, you do have power. You particularly have the power to make a difference in your community.

As a youth, how you spend your time matters. About 13 million U.S. teens volunteer three hours per week, on average. That adds up to over 2 billion hours per year! Youth volunteers are making a difference in their communities. Working together, they tackle problems such as pollution, poverty, and more.

