

This introductory section describes the philanthropic sector as a dynamic ecosystem of interdependent actors, constantly striving for collective good. It frames the document's central theme around the concept of an 'organism,' 'organization,' and 'organize,' focusing on how forces impact individual organizations. The publication, the seventh annual edition, will explore issues like public accountability, investment decisions, distributed leadership, funding collaboratives, unionized labor, and new governance structures that are introducing dynamism into the philanthropic environment for 2023 and beyond. This section details the significant growth of funder collaboratives among institutional funders, driven by increased wealth and novel giving interests. It defines collaborative funding as aligning philanthropic efforts based on shared long-term goals, geographic focus, and beneficiary populations, often with the aim of creating systemic change. Examples such as The Audacious Project and Blue Meridian Partners illustrate this trend, emphasizing increased efficiency and effectiveness. A key distinguishing factor of these collaboratives is their heightened focus on systemic issues, racial justice, and the inclusion of diverse leadership, particularly from Black, Indigenous, and people of color (BIPOC) communities. The section concludes by envisioning the substantial impact if a greater portion of U.S. billionaire wealth flowed into these collaborative initiatives. This section examines the evolving concept of capacity building in the nonprofit sector, highlighting a shift away from traditional models often criticized for their origins in white dominant culture and focus on white-led nonprofits. A growing movement seeks to center equity, redefining capacity building to strengthen the systems, structures, cultures, skills, resources, and power within communities, especially for communities of color. The discussion emphasizes the need for funders and grantees to co-create solutions, foster trust-based relationships, and provide multi-year, unrestricted grants, particularly for BIPOC-led organizations that have historically been underfunded. This rethinking aims to dismantle power dynamics and move towards an asset-based approach that empowers nonprofits and addresses systemic inequities. This section highlights a critical shift in disaster philanthropy from immediate, short-term emergency response to a more sophisticated, long-term approach focused on preparedness and resilience. Driven by the increasing frequency and intensity of climate-related disasters, philanthropic institutions are recognizing that emergency aid alone is insufficient. The document showcases examples like the Philanthropic Preparedness, Resiliency and Emergency Partnership (PPREP), the Atlantic Hurricane Season Recovery Fund, and the Mexico Earthquake Recovery and Disaster Preparedness Fund. These initiatives emphasize community leadership, an equity lens, cross-border collaboration, and addressing medium-to-long-term recovery needs. While the philanthropic infrastructure for disaster response has matured, the critical challenge remains the stagnant funding allocated to preparedness and resilience, which accounts for only about 2% of total disaster grantmaking. This section explores how traditional for-profit news organizations, facing declining advertising and circulation revenue, are increasingly turning to philanthropic models for sustainability. It identifies three emerging models: outright conversion to nonprofit status (e.g., The Salt Lake Tribune), ownership by a nonprofit organization (e.g., The Philadelphia Inquirer, Chicago Sun-Times), and direct philanthropic partnerships to support for-profit journalism (e.g., The New York Times, The Associated Press). The trend, particularly among local news outlets, has accelerated, doubling the number of new nonprofit news outlets launched. However, the section cautions that philanthropy must be careful not to perpetuate old habits, such as disproportionately funding national over local news and restricting grants from supporting general operating expenses, to ensure a truly free and independent press. This section discusses the growing adoption of non-traditional organizational structures within the nonprofit sector, moving away from the single-executive, pyramid-shaped hierarchy. Driven by a desire for sustainability, mission alignment, and addressing issues like burnout, these models include co-leadership (e.g., co-executive directors), worker self-direction (e.g., worker cooperatives like Sustainable Economies Law Center), and fiscal sponsorship. These alternative structures aim to support more diverse talent, make leadership roles more sustainable, disrupt the cycle of burnout, advance diversity, equity, and inclusion (DEI), and facilitate smoother leadership transitions. The trend reflects a broader push to reject burdensome and regressive structures in favor of more collaborative, power-sharing, and community-centered approaches. This section addresses the growing pressure on wealthy donors and foundations to increase their giving and distribute funds more quickly, fueled by discussions around the wealth gap and income inequality. Movements like Patriotic Millionaires and The Giving Pledge advocate for greater philanthropic action. Critically, U.S. Congress has shown increased interest in regulating charitable giving, particularly donor-advised funds

(DAFs), with proposed legislation like the Accelerating Charitable Efforts (ACE) Act. While the debate over payout rates and the distinction between perpetual and time-limited foundations is long-running, the new trend signifies a heightened role for policymakers. The proper response to these calls and the potential unintended consequences of changes remain complex and unclear. This section delves into the intensifying backlash against Environmental, Social, and Governance (ESG) criteria in investing and its implications for philanthropy. ESG, defined as metrics for evaluating corporate sustainability and social impact, has become popular but now faces significant political opposition, labeled as 'woke capitalism' by some. Criticisms include arguments that ESG prioritizes politics over free markets, leads to underperformance, and relies on faulty or manipulated measurements. This debate is expected to embroil philanthropy in 'culture wars' as impact investing grows. The section emphasizes the urgent need for better, long-term data on ESG investment performance and clearer, widely shared definitions to navigate these challenging waters, with philanthropy potentially playing a crucial role in developing better metrics and fostering intentional investments. This section questions whether philanthropy's recent surge in focus and funding for racial equity represents a fundamental shift or a temporary 'philanthro-fad,' susceptible to fading attention as new issues arise. While philanthropy demonstrates responsiveness to urgent needs, it can also be prone to faddism, with past trends often short-lived. The proliferation of conference sessions and public statements on racial justice raises the question of genuine systemic change versus being perceived as responsive. However, there are reasons for optimism: research indicates a dramatic rise in funding for racial equity, and foundations/collaboratives like the Council of Michigan Foundations and the Abundance movement are making concrete commitments. The section acknowledges that large donors like MacKenzie Scott may skew the data, but overall, evidence suggests a potential enduring shift rather than just a fleeting trend. This section examines the growing trend of unionization within the nonprofit sector, mirroring a broader resurgence in labor sentiment across the U.S. It highlights the substantial growth of organizations like the Nonprofit Professional Employees Union (NPEU). Nonprofit employees are seeking unionization not only for better salaries and workplace power but also for social goals, including anti-discrimination policies, flexible scheduling, leadership development, and Diversity, Equity, and Inclusion (DEI) commitments. Examples from the art world illustrate this movement. The section discusses how philanthropy can support workers' rights by funding groups that raise awareness of labor laws and advocate for reforms, suggesting unionization could become a more popular tool for building community wealth, sector leadership talent, and workplace equity. This section highlights the significant risks posed to the nonprofit sector by ongoing IRS delays and other barriers to data accessibility. While the release of electronic Form 990 data in 2016 initially spurred innovation and transparency, pandemic-related processing backlogs have led to delays exceeding 36 months, creating critical information gaps. The document points out limitations of Form 990 itself, which often lacks detailed information on service areas or populations, and the absence of nonprofit-specific employment data in federal reports. It underscores that philanthropic data initiatives are heavily reliant on grants, making them vulnerable to disappearance when funding ceases. These data deficiencies hinder researchers, policymakers, and nonprofits from understanding and utilizing crucial sector information, leading to calls for increased resources for the IRS and improved data collection. This section details the increasing public demand for nonprofits to align their actions with their stated missions and values, both internally and externally. The online availability of Form 990 data has significantly enhanced financial transparency, enabling greater scrutiny of how charitable dollars are used. The document provides several high-profile examples, such as Public Allies, the Southern Poverty Law Center, TIME'S UP, and The Trevor Project, where public outcry or internal dissent over perceived misalignment between leadership actions and organizational values led to leadership changes. Social media and internet transparency have amplified these calls for accountability, making publicly-stated missions a powerful measure against which an organization's and its leaders' conduct is judged. The section concludes that accountability, intended for improvement, is increasingly driven by stakeholders expecting greater inclusion and transparency.