



National
Philanthropic
Trust

Your partner in giving

2019

ANNUAL REPORT



From the President and CEO

AT NATIONAL PHILANTHROPIC TRUST (NPT), our mission is to increase philanthropy in society. We are able to realize that mission every day through the generosity of our donors. Their commitment to charitable causes and organizations around the world is steadfast. When charitable people use efficient giving tools like donor-advised funds, the result is increased philanthropy in society.



This fiscal year, our donors recommended more grants than ever before. In fact, there was a 28% increase in the number of grants and a 37% increase in the dollar amount over the prior year. Whether they harness the power of collaborative giving or simply automate a monthly recurring grant to their favorite local charity, our donors are thinking generously and creatively about how they give.

Our donors are looking at all the assets they own when deciding *what* and *when* they give to their donor-advised funds. NPT's expertise in liquidating complex assets for philanthropic purpose has led to incredible partnerships, like working with two building owners to turn commercial properties in Minnesota into grants to address homelessness in the Twin Cities.

At a time when the world faces complex—and sometimes divisive—problems, I am heartened that people find power in philanthropy. Our donors supported a wide range of causes this year: community arts, climate change research, domestic violence interventions, literacy programs, vaccine delivery and so much more. I am tremendously proud of the charitable impact that NPT and our partners have around the world. It would not be possible without our donors' generous spirit, our Board of Trustees' able guidance and our remarkably talented and hard-working staff.

Together, we will continue to be a force for good.

A handwritten signature in cursive script that reads "Eileen R. Heisman".

Eileen R. Heisman
President and CEO

Executive Summary

NPT IS PROUD TO PARTNER with individuals, families, financial institutions and private foundations to maximize their charitable giving. These partnerships led us to new heights during the 2018-2019 fiscal year (FY19), achieving new records in grantmaking, contributions and assets under management.

- **GRANTMAKING** reached a new record this year. Driven by our donors' generosity, we made nearly 52,000 grants totaling almost \$1.4 billion to charities across the globe. These grants supported charitable causes and organizations of all different types, in each of the 50 states and 44 other countries. Notably, this is nearly a 37% increase in grant dollars over the prior fiscal year. NPT's donors also contributed nearly \$2.61 billion to their donor-advised funds this year, which will be used to support charities doing work in their communities and around the globe.
- **EXPANDED SERVICES** ensure that our donors can have the greatest charitable impact at every step of their giving journey. This year, NPT invested significant resources to enhance our philanthropic services, investment offerings and online capabilities. The decision to expand our service offerings reflects our donors' desire to be more strategic and impactful with their philanthropy. For example, collaborative giving is on the rise. NPT's new Fiscal Sponsorship allows individuals, corporations and other like-minded organizations to combine forces, learning from one another while working towards the same end goal.
- **FINANCIAL SERVICE PARTNERS** helped propel NPT's growth this year. We work with some of the world's largest banks and hundreds of registered independent advisors to offer donor-advised funds, other giving vehicles and philanthropic advice to their most generous clients. Philanthropy is taking a more prominent place in wealth management and planning. We need only to look at the recent growth of impact investments to see that people want to align their wealth strategies with their charitable goals. Professional advisors can serve a critical role in effective philanthropy, and NPT offers unique resources for advisors to help clients reach their charitable goals.

- **LEADERS IN PHILANTHROPY**, like NPT, are carefully watching trends in charitable giving right now. The Tax Cuts and Jobs Act of 2017 changed how Americans take their tax deductions. While the full impact of the legislation remains to be seen, our research has found immediate responses in donor-advised funds. For example, our annual Donor-Advised Fund Report found the number of individual donor-advised fund accounts has increased nearly 150% since 2017. Our new DAF Insights education series addresses giving strategies that are impacting donor-advised funds, including the rise of donating complex assets and the most tax-efficient ways to give.

- **IMPACT INVESTMENTS** are a tool NPT has offered since 2015. In the years since, both our donors' interest in impact investing and the market itself have grown substantially. This year, NPT dedicated significant resources to researching the best next-generation investments for our donors to help them achieve their philanthropic goals with a favorable bottom line.

As one of the largest grantmaking institutions in the country, NPT takes our responsibility to the sector and those interested in philanthropy seriously. We are proud to share our charitable expertise with those who want to use giving for good. Read on to learn more about NPT's impact.

DAFs are the fastest growing giving vehicle in the U.S., **INCREASING MORE THAN 200% IN THE LAST FIVE YEARS**, according to our annual Donor-Advised Fund Report.

Grantmaking: How Our Donors Support Their Favorite Charities

FOR THE SECOND YEAR IN A ROW, NPT's donors recommended more than \$1 billion in grants to charities across the U.S. and around the world. During the fiscal year 2018-2019 (FY19), together we made:

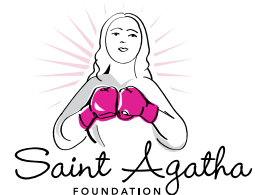
52,058 GRANTS TOTALING **\$1,372,458,658** TO
20,471 UNIQUE CHARITIES IN **44** COUNTRIES

This represents nearly a 37% increase in the value of grants and a 28% increase in the number of grants over the previous year. Our grants ranged from \$250, our grant minimum, to more than \$70 million in FY19. Over 60% of grants were designated for "general support," meaning recipient charities have the flexibility to use the grant dollars where they're needed most. Almost all of our donors choose to be recognized when recommending grants: only 3% of grants were anonymous in FY19.

Whether our donors want to support the arts in their local community or tackle poverty on a global scale, they can use NPT's expert staff and services to help realize their charitable giving goals. This includes our advanced philanthropic services, like international grantmaking, grant agreements and philanthropic advising.

Nonprofit organizations can also partner with NPT to make giving easier. Charities can establish a designated fund to which donors can make a single gift or recurring gifts to support them. Designated funds can be particularly helpful to charities that want to accept illiquid assets but cannot. NPT can accept assets on the charity's behalf and then grant the proceeds to the charity through the designated fund.

The **ST. AGATHA FOUNDATION** is a supporting organization of NPT that provides financial support, care and comfort to breast cancer patients in Central New York. The foundation celebrated its 10th anniversary in 2019.

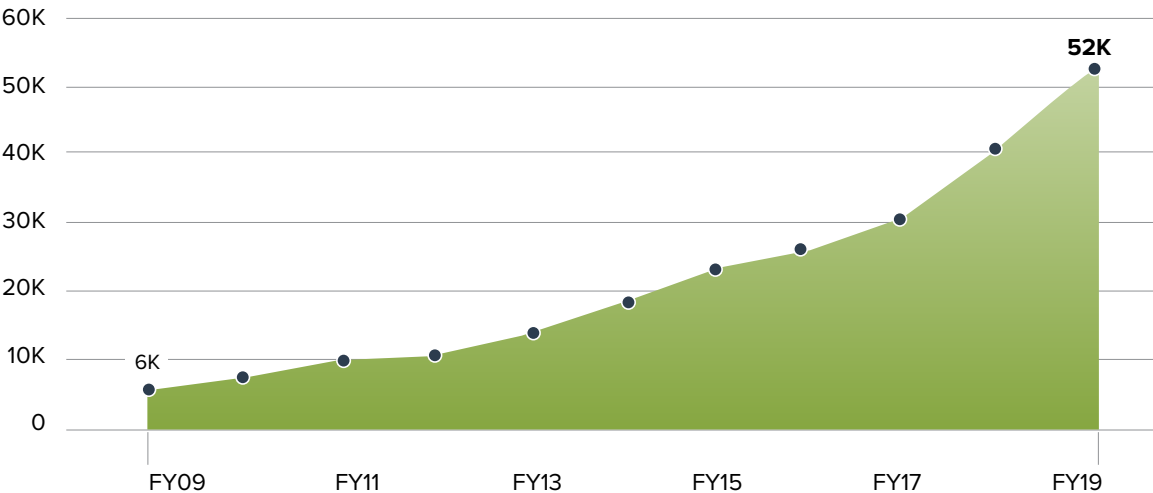




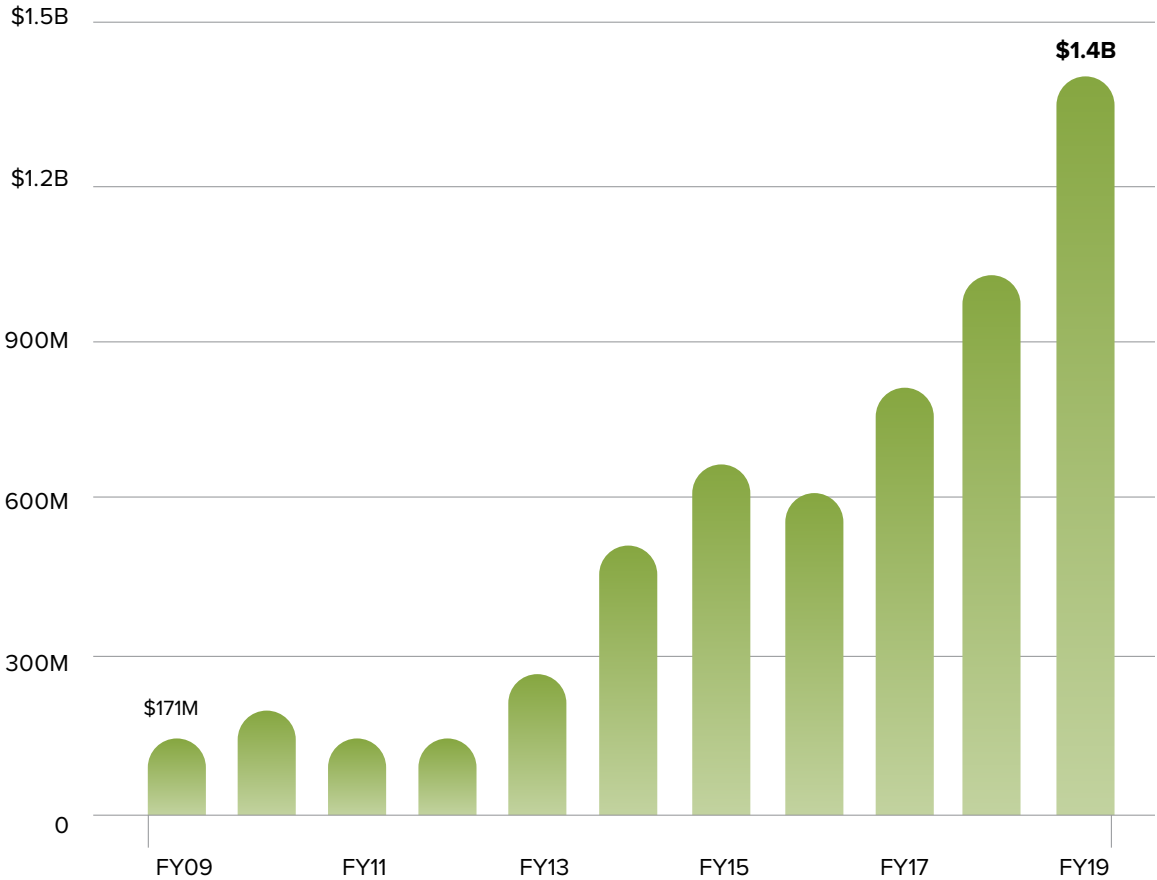
Through a grant to the Bassett Medical Clinic, the Saint Agatha Foundation supported a 44-year-old single mother of two who is battling breast cancer. The funds alleviated the burden of costly treatment and covered her winter heating and utility expenses after she was unable to keep up with bills while undergoing treatment.

Grantmaking On the Rise

TOTAL VOLUME (#) GRANTS FY09 – FY19



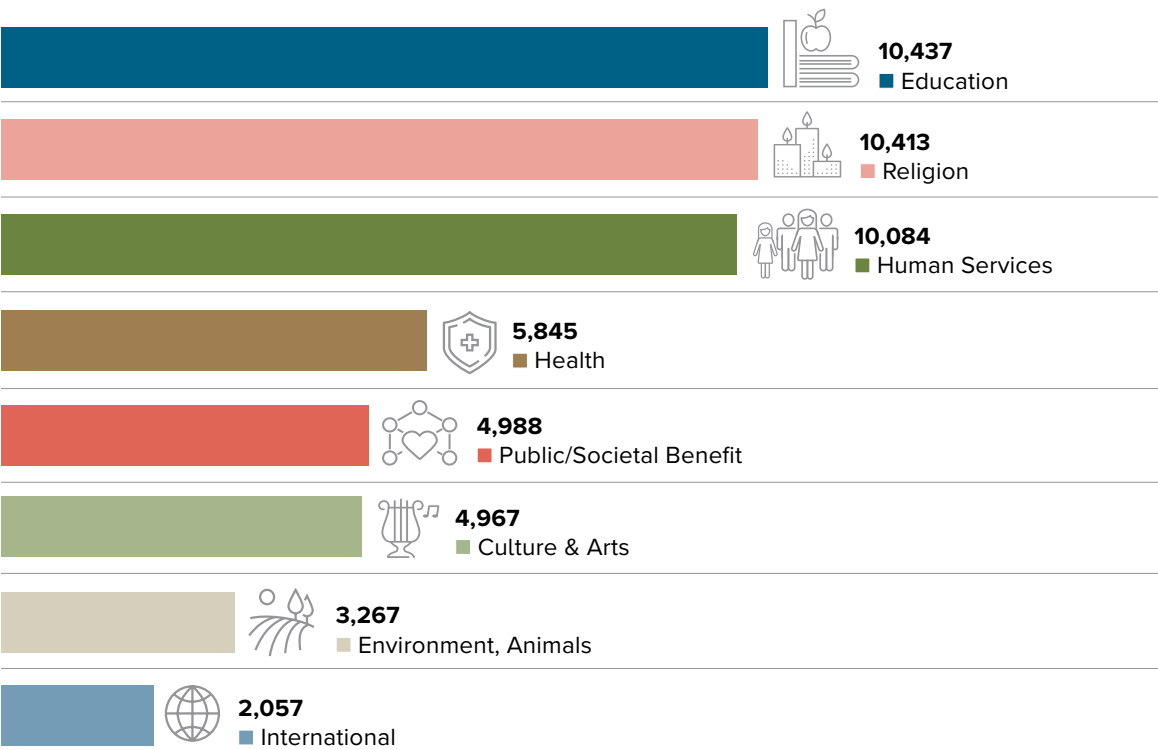
TOTAL VALUE (\$) OF GRANTS FY09 – FY19



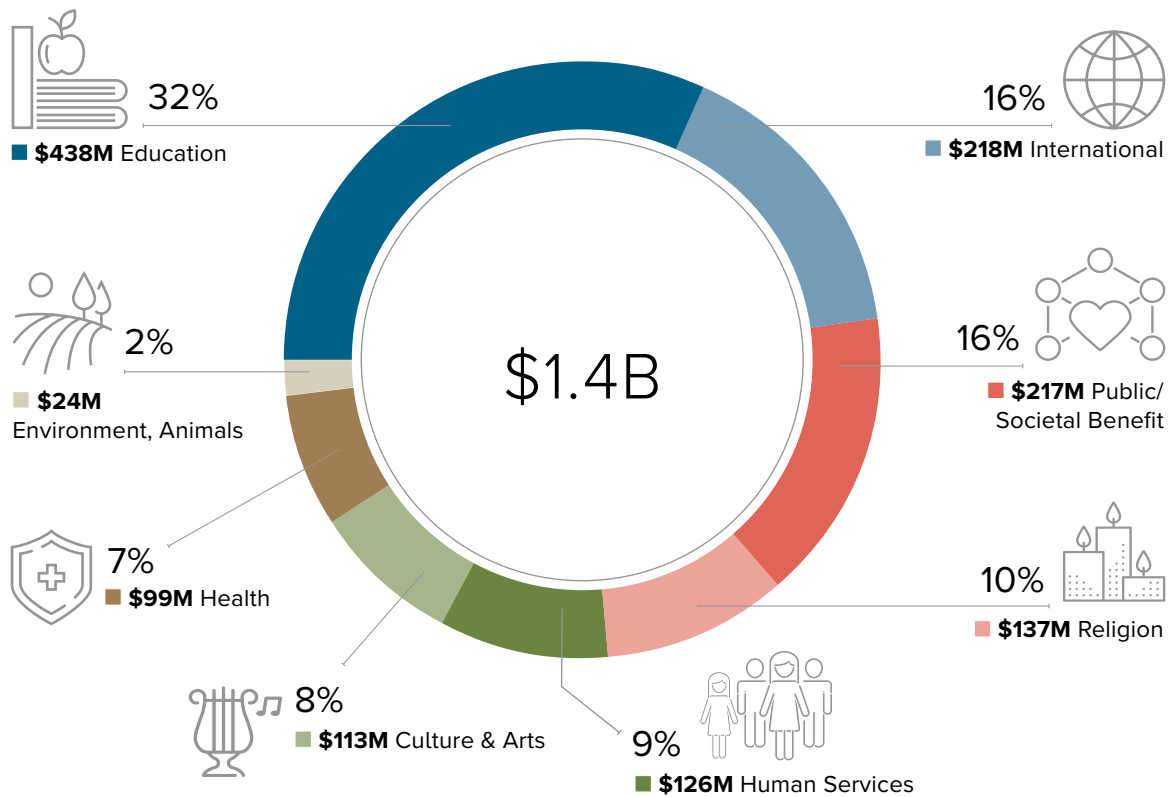
Grantmaking On the Rise

DONORS ARE MOVED TO GIVE for many reasons. They are responding to immediate needs in the aftermath of a natural disaster in a foreign country, executing a long-planned major gift to a local university—or both. In FY19, our donors recommended grants to a large and diverse group of charities. Education is consistently the most popular cause that NPT donors support, once again topping our list this year.

TOTAL VOLUME (#) OF GRANTS BY AREA OF INTEREST FY19



TOTAL VALUE (\$) GRANTS BY **AREA OF INTEREST** FY19



Grantmaking Impact

AT THE CLOSE OF FY19, NPT sponsored 8,435 donor-advised funds and five Type I supporting organizations, plus designated funds, field of interest funds, fiscal sponsorships and other special projects. We are also affiliated with UK-based NPT Transatlantic and NPT UK, both independent charities registered in England and Wales. Our donors used their giving vehicles in FY19 to support over 20,000 charities with more than \$1.37 billion in grants.

The landscape of giving has changed significantly in the past decade. For example, donors are making impact investments to amplify their charitable giving. Cross-sector collaboration in philanthropy is on the rise. Giving circles are becoming a popular way to share knowledge and giving goals. New tax legislation has changed how donors take their charitable tax deduction. But one thing has remained the same: our donors have an unwavering commitment to charitable giving.

**AT NPT, THERE ARE MANY WAYS TO GIVE—ALL OF WHICH
SUPPORT OUR MISSION TO INCREASE PHILANTHROPY
IN SOCIETY.**

The **100,000 OPPORTUNITIES INITIATIVE** (100K), a sponsored project of NPT, is one of the largest employer-led coalitions in the U.S. focused on opportunity youth—the 4.5 million young people aged 16-24 who are out of school, ready to work and filled with potential. 100K connects promising young people with more than 55 nationwide companies and 300 community organizations to help them land jobs and change the face of economic prosperity in the U.S.



With support from their broad coalition of corporations and community partners, as well as NPT, **The 100,000 Opportunities Initiative** hopes to help employ 1 million opportunity youth by 2021.



Global Grantmaking

CALIFORNIA

\$100,000 offers social and emotional counseling, along with wellness programs, to children and teens

INDIANA

\$1,000 brings live classical music concerts to senior living facilities

NORTH CAROLINA

\$3,500 protects 18,000 acres and 136 miles of streams in the Triangle area

BERMUDA

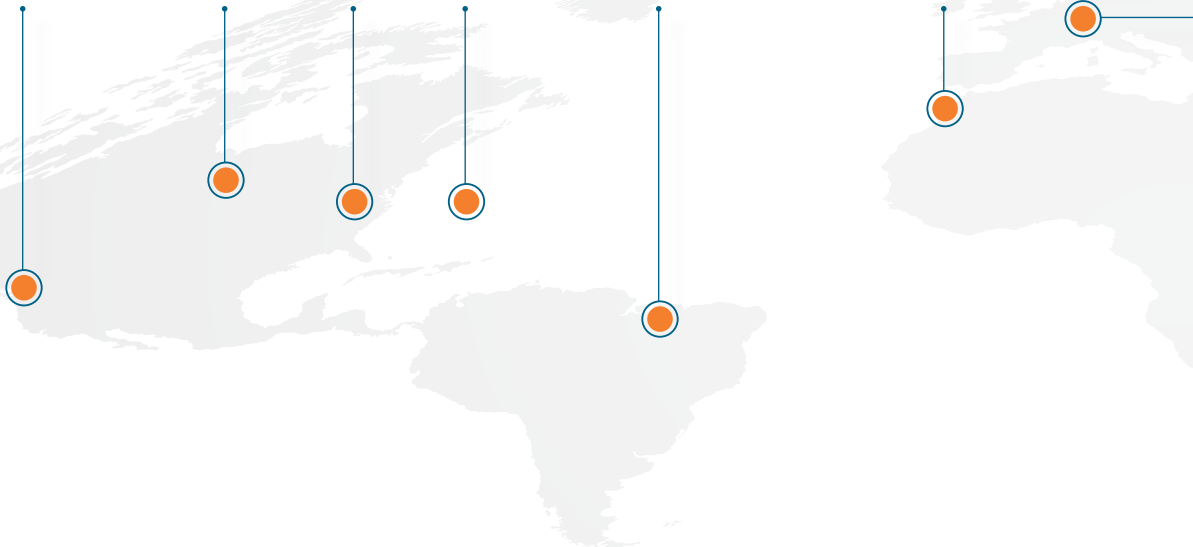
\$5,000 supports ocean science research and education programs

BRAZIL

\$18,000 develops a course on entrepreneurship at a local cultural center

MOROCCO

\$15,000 offers job training programs in electrical working, iron working and clothing manufacturing



GERMANY

\$100,000 funds research projects in molecular ecology and food-borne pathogens

BHUTAN

\$100,000 improves sanitation infrastructure in rural communities

INDIA

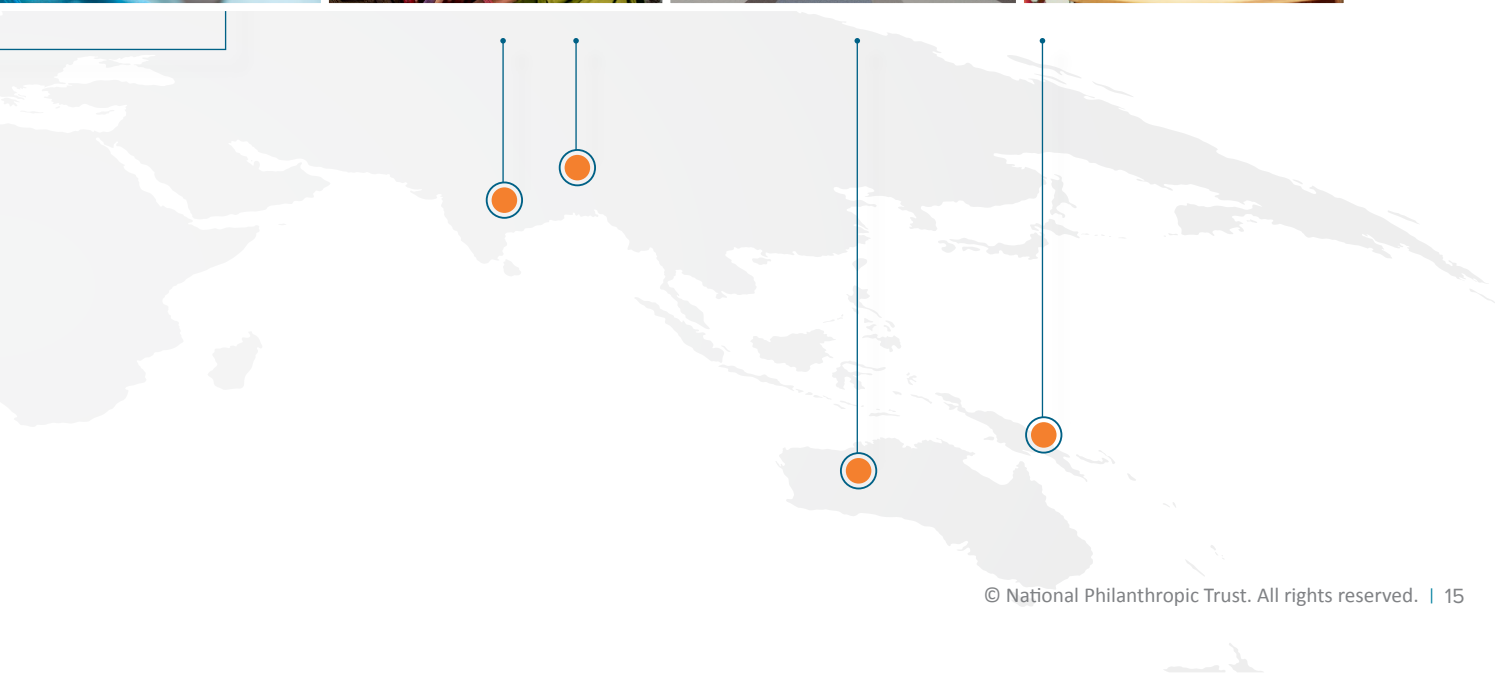
\$8,000 provides housing, clothing and nutrition for elderly citizens living in poverty

AUSTRALIA

\$15,000 supports the permanent display of important works of art at a public library

NEW ZEALAND

\$50,000 provides early intervention services to babies and young children with disabilities

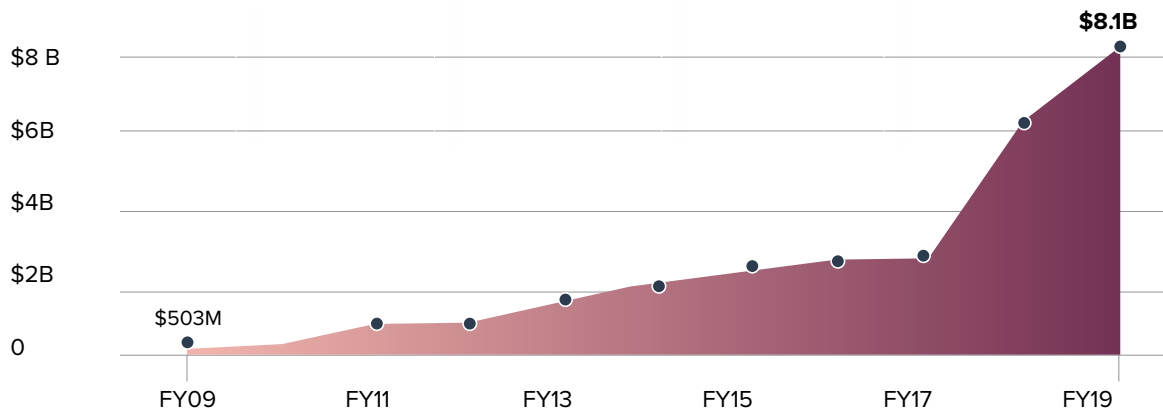


Contributions: How Our Donors Fund Their Philanthropy

NPT'S DONORS COLLECTIVELY contributed assets totaling \$2.61 billion to their donor-advised funds and other giving vehicles in FY19. Donors will use these charitable assets to support the organizations and causes that mean most to them. They may also recommend investment strategies with the goal of increasing the amount available for grantmaking.

The majority of our donors contribute securities and cash to fund their philanthropy. Over the last several years though, we have seen an increasing trend towards donating illiquid assets. NPT is a leader in helping philanthropists convert these complex assets into charitable capital. For example, this year we accepted commercial real estate, hedge fund interests and pre-IPO shares of a company as charitable donations. When a donor wants to contribute an illiquid asset to their donor-advised fund, NPT performs all appropriate due diligence before accepting it. Once accepted, NPT liquidates the asset, making grant dollars available to the mission-driven charities that our donors support.

ASSETS UNDER MANAGEMENT FY09 – FY19



CONTRIBUTION BY ASSET TYPE IN FY19

52%

Cash

11%

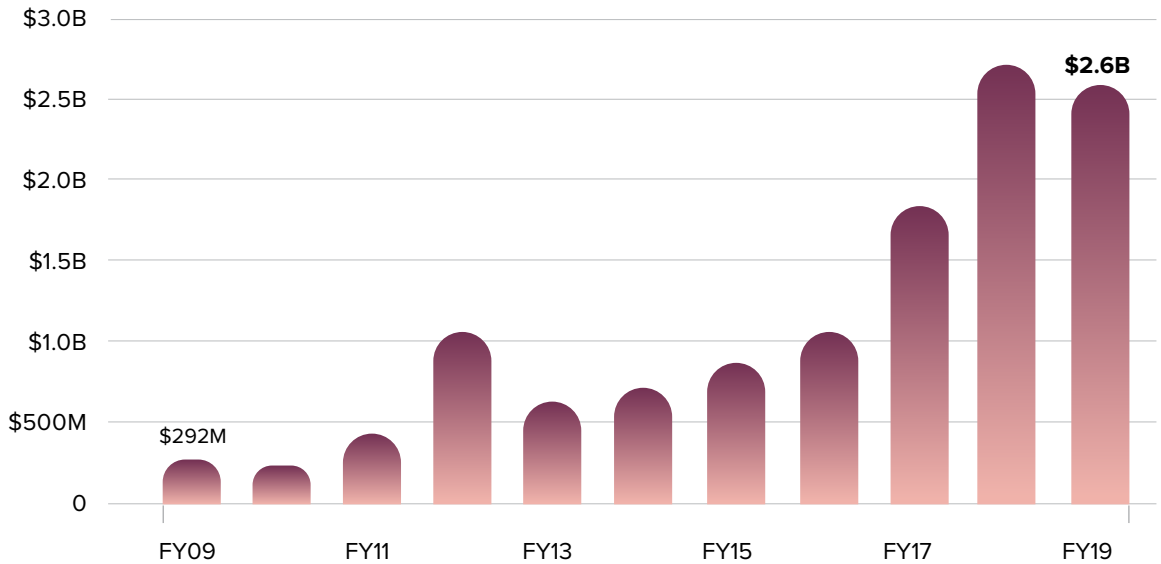
Illiquid

37%

Securities



TOTAL VALUE (\$) CONTRIBUTIONS FY09 – FY19




Investments: How We Maximize Giving

NPT GROWS WHEN OUR GENEROUS DONORS MAKE CONTRIBUTIONS to NPT and when we experience continued positive investment performance. In FY19, with record contributions and stock market growth, NPT's assets under management increased to \$8.11B.

Every dollar in our AUM is dedicated to charitable purposes, including some that are invested to maximize the benefit to society. NPT recently expanded impact investment choices in our investment offering. These impact options allow donors to align their investments with their philanthropic goals and values while they decide where they want to recommend grants.

NPT carefully selects all investment options, which include mutual funds and publicly traded securities, as well as impact investments. Donors who qualify for discretionary investment portfolios can recommend investments in a wide range of instruments—from blue-chip stocks to complex hedge fund or private equity holdings. NPT's investment committee regularly monitors the performance and compliance of all investments.

WE REALIZE THAT GRANTMAKING ALONE WILL NOT SOLVE THE MOST COMPLEX PROBLEMS FACING SOCIETY. NPT'S IMPACT PORTFOLIOS ALLOW DONORS TO AMPLIFY THEIR IMPACT BY ALIGNING THEIR GRANTS WITH INVESTMENTS THAT ALSO CHAMPION SOLUTIONS.



NPT's Environmental
Stewardship fund manages
climate change risks and
protects and conserves
natural resources.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION YEARS ENDED JUNE 30, 2019 AND 2018

	2019	2018
Assets		
Cash and cash equivalents	\$ 1,137,146,365	\$ 977,279,809
Investments	6,977,125,047	5,305,944,209
Receivables:		
Receivables for redeemed investments	-	5,799,976
Other receivables	7,957,121	5,297,170
Prepaid expenses	398,425	314,044
Property and equipment, net	1,909,686	1,290,042
TOTAL ASSETS	\$ 8,124,536,644	\$ 6,295,925,250
Liabilities and Net Assets		
Liabilities:		
Accounts payable and accrued expenses	\$ 13,262,928	\$ 3,214,078
Asset management fees payable	220,114	170,611
Grants payable	253,860,553	90,779,913
TOTAL LIABILITIES	267,343,595	94,164,602
Net assets:		
Net assets without donor restrictions	7,857,193,049	6,201,760,648
TOTAL LIABILITIES AND NET ASSETS	\$ 8,124,536,644	\$ 6,295,925,250

CONSOLIDATED STATEMENTS OF ACTIVITIES

YEARS ENDED JUNE 30, 2019 AND 2018

	2019	2018
Support, revenue and gains:		
Contributions	\$ 2,613,559,004	\$ 2,767,378,836
Dividend and interest income	132,162,506	88,236,198
Net realized and unrealized gains on investments	325,687,092	90,426,555
Administrative and maintenance fees	1,102,316	1,229,671
Other income	2,583,602	583,608
TOTAL SUPPORT, REVENUE AND GAINS	3,075,094,520	2,947,854,868
Expenses:		
Grants to charitable organizations	1,372,458,658	1,005,426,308
Program services	19,524,833	14,280,532
Fundraising	4,161,532	3,373,620
General and administrative	13,337,587	9,782,005
TOTAL EXPENSES	1,409,482,610	1,032,862,465
Other expenses:		
Provision for taxes	9,600,880	499,000
Foreign currency translation loss	578,629	142,818
TOTAL OTHER EXPENSES	10,179,509	641,818
CHANGE IN NET ASSETS	1,655,432,401	1,914,350,585
Net assets without donor restrictions:		
Beginning	6,201,760,648	4,287,410,063
Ending	\$ 7,857,193,049	\$ 6,201,760,648

Leadership

NPT SENIOR MANAGEMENT

Eileen R. Heisman
President & Chief Executive Officer

René J. Paradis
Chief Operating Officer

Andrew W. Hastings
Chief Development Officer

Ellen M. McGuinn
Chief Financial Officer

Jenna Mulhall-Brereton
Chief Philanthropic Services Officer

Gil A. Nusbaum
General Counsel

Bill Webster
Chief Marketing Officer

John Canady
Chief Executive Officer, NPT UK

Matthew Rovi
Senior Vice President, Institutional Services

Andrea Rush
Senior Vice President, Philanthropic Services

Christopher Adams
Vice President, Technology

Joseph Gajewski
Vice President, Investment Operations & Compliance

Elizabeth Maggio
Vice President, Institutional Services

BOARD OF TRUSTEES*

Wayne R. Walker
Chair

Benito Cachinero-Sánchez

Ann Dugan

Robert Eichfeld

Eileen R. Heisman

Stephen Hopkins

Dirk Jungé

Gerald Kerner

Joseph H. Kluger

Cecilia Mendez Hodes

Clark D. Pitcairn

Daniel Schloendorn

Paul Schreiber

Kelly M. Williams, J.D.

Suzanne Yoon

**As of date of publication*

Ahead in 2020

WITH FISCAL YEAR 2019-2020 ALREADY UNDERWAY, here's a look at what's to come for NPT:

- To meet our mission and donor demand, NPT is expanding our impact investment offering even further. We developed portfolios that actively pursue social and environmental solutions alongside competitive financial returns with CapShift, the preeminent provider of impact investment solutions for DAF sponsors. Each portfolio contains a mix of 9 to 10 carefully selected investments, which support issue areas identified in the United Nations Sustainable Development Goals.
- NPT's philanthropy experts travel the world to share our knowledge, best practices and predictions. In 2020, our senior leadership team and development staff will continue to speak at conferences and events, author articles and blog posts, and teach courses to help increase philanthropy in society.
- Partnerships are the cornerstone of NPT's success. Now and in the future, we will partner with individuals and institutions that see philanthropy as a solution to complex challenges.

ABOUT NPT

National Philanthropic Trust is a public charity dedicated to providing philanthropic expertise to donors, foundations and financial institutions, enabling them to realize their philanthropic aspirations. Since 1996, we have made more than 311,000 grants totaling \$7.7 billion to charities all over the world. We rank among the largest grantmaking institutions in the United States.



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