**Methodology World Charity Index 2017**

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1. ***Introduction***

In the quest to identify the world’s most generous philanthropic foundations around the globe, one must have a clear methodology and guidelines at hands to do so in the most rigorous manner possible. The Center for Philanthropic Studies at the VU University in Amsterdam therefore proposes the following methodology section to guide us in comprising 2 ‘top 20’ lists for the City A.M. giving index, to be presented around Christmas time 2018. Based on charitable giving in the previous year (2017), a top 20 list is made for both the most generous foundations across the entire globe as for Europe’s most generous.

 In order to foster consistency for the methodology used in future lists and to promote transparency in the research, a clear methodological framework is of key importance. In this methodological framework we first define which organizations are included and excluded from the lists by creating a definition of what makes a ‘foundation’. After that, we explain our work plan.

1. ***Foundations***

The purpose of this study is to range *foundations*’ financial support worldwide. As the legal and fiscal frameworks vary greatly from country to country it is complicated to come up with a single definition of foundations. Compared to the definition of a private foundation in the United States[[1]](#footnote-1) for example, the European definition of a foundation is much broader. The European Foundation Centre (2007: 6) defines “public benefit foundations” as:

 *“Independent, separately-constituted non-profit bodies with their own established and reliable
 source of income, usually but not exclusively, from an endowment, and their own governing
 board. They distribute their financial resources for educational, cultural, religious, social or
 other public benefit purposes, either by supporting associations, charities, educational
 institutions or individuals, or by operating their own programs”.[[2]](#footnote-2)*

In order to define the scope of this study, two important aspects need to be clarified in more detail.

*1. Way of supporting*

In this study we only focus on the *grant making activities* of foundations. Foundations that primarily operate their own programs and projects (operating foundations) are therefore excluded from the study. With regard to the so called mixed foundations (foundations that are engaged in grant making and operating activities), we only focus on the grant making activities of these foundations. It is also useful to clarify the difference between donating and other ways of contributing to the mission of the foundation. Relatively new concepts and practices such as mission related investments, loans, guarantees etc. are excluded from this study.

*2. Source of income*

In this study we focus on foundations who derives it funds from an endowment or a structural single private source of revenues, be it a family, an individual, corporation or other organization and does not solicit direct funds from the public. Therefore, foundations primarily dependent on fundraising from the public and community foundations/donor advised funds - supported by a broad range of private donors - are excluded from the study. In some Member States in Europe, foundations can be set up and funded by the government. These so-called government-sponsored foundations are excluded from the study.

Institutional private charity donors, such as charity lotteries, are included in the study. Charity lotteries receive income from a structural single source of revenue (proceeds from the sale of lotteries) and could also be compared to a foundation in their independent way of making grants and allocations. This is in line with the current developments within the European Foundation Center to introduce the term ‘institutional philanthropy’.

We focus on foundations as a business entity. Some foundations use sub-foundations in order to be able to monitor and evaluate projects on a more local scope. A foundation is considered to be a single business entity when they file tax forms as such, maintain financials as a single entity and have a global office or board that represents the sub-foundations and dictates their general principles.

1. ***Procedure of comprising the lists***

The City A.M. Giving index is comprised mainly out of desk research. All data gathered, whether this is from charitable foundations making the top 20 or not, is saved in a comprehensive Excel Document. At a bare minimum, we record the name of the foundation, the target year, the amount given, the currency in which this amount is reported, their country of residence, the year the organization was founded and the web links from which the respective information was retrieved.

For comprising the current and future giving indexes, we constructed a structural approach to finding and indexing eligible foundations in the Excel spreadsheet with candidates.

* *Previous City A.M. Giving Index*

The first step in finding eligible foundations is to re-investigate official annual (tax) reports from the previous City A.M. giving index. The number of foundations investigated in the Excel spreadsheet far exceeds 20, since previous searches have rendered many foundations that make large philanthropic contributions but don’t make it to the list. It is worthwhile to re-investigate these, increasingly so as they approach #20 on the ranking.

* *Other lists*

A second step is to utilize search engines such as Google and Bing to find lists of charitable foundations that may include foundations that we missed in previous indexes. As a rule, we do not copy figures reported from these found sources, but only use these lists to find eligible foundations we missed before, even when information comes from reliable external sources such as the American Foundation Center, and the European Foundation Center. We also took advantage of our ‘Giving in the Netherlands’ research to foundations in the Netherlands.

* *Local Experts*

Past experience has taught us that European, American and Oceanic foundations are easily found using search strings on Google and Yahoo, bringing forward a multitude of fruitful lists with eligible foundations from these regions. This stands in sheer contrasts with the difficulties encountered when finding large foundations in Asia (including the middle-east), where language poses a barrier that has been proven to be difficult to tackle. In previous City A.M. Giving indexes, we have attempted to tackle this problem by mobilizing local experts in South America, the Middle-East and Southeast Asia (Japan, Korea, China and Singapore in particular) to provide us with eligible foundations or reliable sources of information on local foundations. Local experts from different Asian countries were contacted for help. However, comprising a list for Asian foundations is much harder because of the lack of mandatory public reporting legislation. This posed a real issue: With help of the local experts and the Chinese and Japanese Foundation centers, we were able to identify a decent number of large grant making foundations. However, these foundations often lack an annual report in English, even if there were to be one made publically accessible at all.

* *Contact top foundations not providing lifetime giving figures*

Lifetime grant expenditure data appears to be something not all foundations find necessary to track or report. Without doubt, there are foundations that are currently making the World’s top 20 or European top 20 and should be in the top 20 lifetime donors as well. For future years, it would be informative to quickly identify which foundations do not report these financials and contact them in order to retrieve the necessary information and make the lifetime top 20 list more complete and correct. The same goes for foundations failing to provide up to date tax- or annual reports. Many of these foundations have been e-mailed but failed to provide an (timely) adequate response. If these foundations can be identified and notified timely in advance, they might be able to provide the required information and help make the world charity index even more complete.

* *Study on Philanthropy and Official Development Assistance. Research commissioned by L’Agence Francaise de Developpement.*

The ‘Study on Philanthropy and Official Development Assistance’ covers the planned data analysis of the 50 largest Foundations supporting Development Aid worldwide as commissioned by AFD and conducted by the Center for Philanthropic Studies (CPS) at VU Amsterdam. From this point forward, for each foundation their website, financial statements, annual reports and funded projects over the last 3 years have been be analyzed. Relevant information is used to compare data of the Charity Index.

* + *EUFORI Study*

In July 2012, the Center for Philanthropic Studies at VU University Amsterdam ([www.giving.nl](http://www.giving.nl)) was commissioned by the European Commission, DG Research and Innovation, to coordinate a EU-Tender study on the contributions of foundations to research and innovation in the EU 27 (plus Norway and Switzerland). The European Foundations for Research and Innovation (EUFORI) Study is the first study to quantify and assess foundations’ financial support and policies for research and innovation in Europe. The research was conducted between 2012 and 2015, and more than 12 000 foundations have been approached for the EUFORI Study. In total 1591 foundations participated in the EUFORI study. Relevant information is used to compare data of the Charity Index.

1. ***Financial statements***

In order to qualify for the City A.M. giving index, financial information on grant making of foundations (or other private institutional donors) has to be reported in the financial statements of an official annual report (in English). Failing to provide official financials in either an annual- or tax report will exclude foundations from the world charity index lists.

* *Income statement*

As the ranking is about the foundations activities and performance over a particular year, financials are extracted from the income statement of an annual report and include the grant commitments made in the respective year. In the accounting policies of several annual reports, grant commitments are described in terms of: “grants are charged to income statement when the unconditional promise to give is approved. Conditional promises to give are recognized as grant expense in the period in which the recipient meets the terms of the condition”.

* *Reporting period*

The reported financials cover the years 2017, 2016, 2015, 2014 and 2013. Some foundations, however, have a different reporting period than the calendar year. This is somewhat unfortunate, but at the same time unavoidable because it is related to an important principle of our ranking: ‘it is based on the financial statements provided in the annual reports of foundations’. Therefore we follow these foundations’ own reporting period over the time in a consistent way.

* *Grantmaking*

In this study we only focus on the grant making activities of foundations. We carefully check whether the figures included pure-grant making to third parties only (to funded projects and/or grantees). We strip them from staff -overhead- or other governance costs in the rare occasion foundations include these type of costs to their total grant making expenditure. In case foundations are involved in grantmaking and operating activities (operating their own charitable programmes), we only include the expenses of grants to third parties but exclude the working expenditure (wages, rents, taxes, general costs etc.) on their programs' budgets. Direct charitable expenses are excluded as well as these are often somewhat ambiguous costs.

* *Corrections in 2016 data*

It is crucial for the reliability and credibility of the ranking that its methodology is sound and consistent with previous years. This year’s ranking follows the principles we have used in the past. However, in order to be consistent we have made some refinements and corrections in the data of the previous year (2016). Main corrections were made for “la Caixa” Foundation, Robert Bosch Foundation and Bertelsmann Stiftung, by excluding their operating expenses for charitable programs they run by themselves. Corrections were made as well for the Wellcome Trust, Ford Foundation and the William and Flora Hewlett Foundation, by extracting the financials from the Income Statement instead of the Cash Flow Statement.

* *Currency conversion rates*

The reported amount contributed by foundations is based on the previous year (2017) and converted to USD ($). The conversion rate used to do so was based on the average conversion rate of 2017 as calculated by <http://www.oanda.com/currency/average> and displayed in table 1.1.

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | **2013** | **2014** | **2015** | **2016** | **2017** |
| **EUR** | 1.32797 | 1.36329 | 1.11078 | 1.10675 | 1.129890 |
| **GBP** | 1.56431 | 1.64761 | 1.52916 | 1.35585 | 1.288505 |
| **HKD** | 0.12892 | 0.12895 | 0.12899 | 0.12882 | 0.128321 |
| **DKK** |  |  |  |  | 0.151877 |
| **SEK** |  |  |  |  | 0.117177 |

*Table 1.1 USD ($) average currency conversion rates used for the years 2013 (extracted 11-11-14), 2014 (extracted 03-11-15), 2015 (extracted 4-11-2016), 2016 (extracted 5-10-2017) and 2017 (extracted 6-11-2018)*

We also provided rankings based on Euro (€), for which the following conversion rates were used.

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | **2013** | **2014** | **2015** | **2016** | **2017** |
| **USD** | 0.75316 | 0.75354 | 0.90121 | 0.90372 | 0,886668 |
| **GBP** | 1.17772 | 1.24040 | 1.37766 | 1.22448 | 1,141195 |
| **HKD** | 0.09702 | 0.09709 | 0.11626 | 0.11643 | 0,113784 |
| **DKK** |  |  |  |  | 0,134420 |
| **SEK** |  |  |  |  | 0,103733 |

*Table 1.2 Euro (€) currency conversion rates used for the years 2013 (extracted 11-11-14) , 2014 (extracted 03-11-15), 2015 (extracted 4-11-2016), 2016 (extracted 5-10-2017) and 2017 (extracted 6-11-2018)*

Previous rankings (2013-2016) were based on GBP, for which the following conversion rates were used.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **2013** | **2014** | **2015** | **2016** |
| **EUR** | 0.84893 | 0.80624 | 0.72671 | 0.81864 |
| **USD** | 0.63953 | 0.60720 | 0.65442 | 0.74017 |
| **HKD** | 0.08245 | 0.07830 | 0.08442 | 0.09535 |

*Table 1.3 GBP* (£) *currency conversion rates used for the years 2013 (extracted 11-11-14), 2014 (extracted 01-06-15), 2015 (extracted 4-11-2016) and 2016 (extracted 5-10-2017)*

* *Cumulative amounts donated between 2013-2017*

In order to create a new ranking (top 5) with world’s most generous philanthropic foundations around the globe in the past 5 years, we converted the amounts in local currency of each year to USD and used the average conversion rate of the respective year.

1. ***The lists for 2017***

*Top 20 Foundations worldwide 2017*

|  |  |  |  |
| --- | --- | --- | --- |
| **Foundation Name**  | **#** | **$ donated in 2017** | **% change\*** |
| Bill and Melinda Gates Foundation (USA) | 1 | 5218 | *7%* |
| Wellcome Trust (UK) | 2 | 1201 | *30%* |
| Hong Kong Jockey Club (China) | 3 | 976 | *95%* |
| Novamedia/Postcode Lotteries (Netherlands) | 4 | 809 | *8%* |
| Ford Foundation (USA) | 5 | 652 | *24%* |
| The Walton Family Foundation (USA) | 6 | 536 | *18%* |
| Lilly Endowment (USA) | 7 | 508 | *41%* |
| John D. and Catherine T. MacArthur Foundation (USA) | 8 | 471 | *87%* |
| William and Flora Hewlett Foundation (USA) | 9 | 408 | *-2%* |
| The Robert Wood Johnson Foundation(USA) | 10 | 365 | *-1%* |
| W.K. Kellogg Foundation (USA) | 11 | 357 | *-7%* |
| Church Commissioners (UK) | 12 | 291 | *-2%* |
| 'la Caixa' Foundation (Spain) | 13 | 287 | *11%* |
| Gordon and Betty Moore Foundation (USA) | 14 | 285 | *0%* |
| Andrew W. Mellon Foundation (USA) | 15 | 282 | *-5%* |
| The Simons Foundation (USA) | 16 | 273 | *18%* |
| David and Lucile Packard Foundation (USA) | 17 | 248 | *-30%* |
| Margaret A. Cargill Foundation (USA) | 18 | 236 | *-11%* |
| Helmsley Trust (USA) | 19 | 231 | *-8%* |
| OAK Foundation (Switserland) | 20 | 222 | *2%* |

\* Increase or decrease in grants funded compared to 2016, in original currency

*Top 20 Foundations Europe 2017*

|  |  |  |  |
| --- | --- | --- | --- |
| **Foundation Name**  | **#** | **$ donated in 2017** | **% change\*** |
| Wellcome Trust (UK) | 1 | 1201 | *30%* |
| Novamedia/Postcode Lotteries (Netherlands) | 2 | 809 | *8%* |
| Church Commissioners (UK) | 3 | 291 | *-2%* |
| 'la Caixa' Foundation (Spain) | 4 | 287 | *11%* |
| OAK Foundation (Switserland) | 5 | 222 | *2%* |
| Children's Investment Fund Foundation (UK) | 6 | 219 | *5%* |
| Compagnia di San Paolo (Italy) | 7 | 200 | *7%* |
| Volkswagen Foundation (Germany) | 8 | 175 | *53%* |
| IKEA Foundation (Netherlands) | 9 | 163 | *2%* |
| Villum Fonden (Denmark) | 10 | 132 | *22%* |
| The Leverhulme Trust (UK) | 11 | 99 | *-2%* |
| Deutsche Fernsehlotterie (Germany) | 12 | 82 | *-19%* |
| Garfield Weston Foundation (UK) | 13 | 82 | *7%* |
| The Lundbeck Foundation (Denmark) | 14 | 75 | *5%* |
| Robert Bosch Foundation (Germany) | 15 | 71 | *4%* |
| Deutsche Bundesstiftung Umwelt (Germany) | 16 | 58 | *1%* |
| Stichting Benevolentia (Netherlands) | 17 | 56 | *2%* |
| Esmée Fairbairn Foundation (UK) | 18 | 52 | *-4%* |
| Riksbankens Jubileumsfond (Sweden) | 19 | 50 | *-2%* |
| Henry Smith Charity (UK) | 20 | 40 | *10%* |

\* Increase or decrease in grants funded compared to 2016, in original currency

*Top 5 C*umulative amounts donated in the past 5 years

|  |  |  |
| --- | --- | --- |
| **Foundation Name**  | **#** | **Cumulative amount 2013-2017 in USD (x million)** |
| Bill and Melinda Gates Foundation | 1 | 22968 |
| Wellcome Trust | 2 | 4842 |
| Novamedia | 3 | 3732 |
| Ford Foundation | 4 | 2810 |
| Hong Kong Jockey Club | 5 | 2694 |

1. A foundation is defined as a non-governmental entity that is established as a nonprofit corporation with a principal purpose of making grants to unrelated organizations, institutions or individuals for scientific, educational, cultural, religious or other charitable purposes that have been defined earlier in this document. A foundation derives its funds mainly from a family endowment, an individual, corporation(s) or organization(s) and does not solicit direct funds from the public. Just like a charity, a foundation is a Non-Governmental Organization (NGO). Foundations however, rarely manage or set up their own projects like charities do, do not accept direct (tax exempt) donations (with the exception of community foundations) from the public and are not required to represent the public interest trough a diversified board of directors. Foundations usually contribute to the public good by making grants to projects or grantees administered by another entity. Foundation Center (2008) *Foundation Fundamentals, 8th edition.* New York. [↑](#footnote-ref-1)
2. European Foundation Centre 2007. *Foundations’ legal and fiscal environments. Mapping the European Union of 27.* Brussels: European Foundation Centre. [↑](#footnote-ref-2)