

“Philanthropy Made Easy.” A Platform to Help Small Donors Engage in Smarter Giving

Philip Rojc | Jan 24 2019



MĒHANIQ/SHUTTERSTOCK

It's no secret that charitable giving by ordinary Americans has been declining lately, with troubling implications for nonprofits that have become increasingly reliant on an ever-wealthier set of donors. The economy's recent strength [may have muffled the 2017 tax law's predicted negative effect](#) on charitable giving, but it's uncertain how long that luck will hold. Meanwhile, as we've discussed many times, increases in total giving are largely the work of America's wealthiest, who could still stand to give a lot more than they do.

In this climate, how can comfortably employed young people develop the giving habits that'll sustain flagging middle class philanthropy over the long term? If social impact is on millennials' minds, why isn't that translating into more actual giving?

Crowdfunding is clearly one upside in that story. But the most successful crowdfunding campaigns tend to follow major news events—like natural disasters, mass shootings or political crises. This strategy brings fewer dividends to nonprofits seeking support for services that demand sustained attention. More broadly, while making digital donations is easier than ever, progress on the *how* of giving doesn't address the persistent challenge facing donors about *where* to direct their gifts. Most ordinary Americans simply lack the time and resources to vet throngs of worthy nonprofits clamoring for donations. And in some ways, all the new digital noise around giving has made it harder for donors to set priorities.

Savvy or deep-pocketed donors often know how to solve this problem by turning to their local community foundations, or to funding intermediaries like Proteus, New Profit and the Robin Hood Foundation. These entities serve as middlemen between donors and nonprofits. They create and curate portfolios of aligned nonprofits serving particular populations, causes, or places that let donors give with greater confidence, and save them from facing down the “choice overload” that 1.5 million American nonprofits (and counting) will bring about.

Still, as Nicholas Salter [wrote in IP](#) last month, “most donors aren't getting the help they need to be more intentional and strategic in their giving decisions... too often, donors of more modest means are left to figure things out for themselves.”

Salter argued that one solution to this problem is to make a portfolio approach to giving much more widely available to donors. You shouldn't have to be a sophisticated, wealthy giver to find a curated fund that reflects your interests and allows you to give with greater confidence.

Salter cited several examples of newer intermediaries that are filling this need, including Amplifunds, an early-stage social enterprise that is working with program officers to post a number of issues-based portfolios on its [site](#).

Another start-up organization experimenting with a portfolio approach is [ALMA](#), the brainchild of two former Airbnb employees. Founded last year, ALMA lets donors give to curated funds that typically comprise around

five charities working on particular issues. Users can also find volunteer opportunities—channeling a common desire not only to give money to a nonprofit or cause, but also time.

Co-founder Dan Hill told me that the idea for ALMA sprung from discussions with peers following the 2017 California wildfires. “People wanted to give back, or knew people directly impacted, but nobody knew a good way to give back in the moment.” In the same vein, people wanted to support the #MeToo movement, for instance, or tackle San Francisco’s homelessness crisis. Those conversations prompted Hill and his fellow co-founder Michelle Rittenhouse to set about finding “a better way for people, young people in particular, to connect with organizations.”

“Most people’s problem isn’t ‘how do I give money,’ but ‘who do I give it to?’” Hill said. “On crowdfunding platforms, there’s very little curation, and that encourages more reactive giving.” But when people want to get more proactive, it can be hard to know where to begin.

Hill and Rittenhouse envision ALMA as a platform for small-scale philanthropy, which they distinguish from charity by stressing its focus on addressing root problems with strategies for long-term impact. As they set up ALMA’s first fund, [Seeking Shelter](#), the pair consulted with the San Francisco mayor’s office, academia and think tanks to “first, understand the homelessness issue and which strategies people think are effective, and then get recommendations” for effective nonprofits.

The ALMA team, which includes four staff right now, vets nonprofits using [a set of evaluation questions](#) based around three main queries: Why does this organization exist? How does it translate mission into output? And what measurable output has the organization achieved? As befits a Bay Area B-corp with seed funding from VCs, ALMA’s approach has clear roots in tech entrepreneurship. “Parallel with our experience working for Airbnb,” Hill said, “we have to be able to balance ability to scale with the ability to keep quality high.”

That’s pretty easy to do right now, while ALMA’s total funding is still quite modest and concentrated—mostly donations from Bay Area donors working in tech. It’ll be interesting to see whether Hill and Rittenhouse, who recently relocated ALMA’s base of operations from San Francisco to Washington D.C., will be able to support a more national array of funds on the platform. As of right now, a fund supporting the victims of the devastating Camp and Woolsey wildfires in California has attracted the most support by far.

One recent addition to ALMA, Hill said, are funds “from the community,” in which ALMA works with “people deep inside certain causes, whose judgment is better than ours,” to assemble and vet a list of organizations to support. In concert with funds set up directly by the ALMA team, those portfolios offer the platform a chance to embrace expertise from nonprofit or community leaders working in the field.

In the end, whether intermediary platforms like ALMA succeed has a lot to do with how they engage with donors, giving them reasons to fund portfolios rather than donate to nonprofits directly—or withhold funding entirely. According to Hill, ALMA’s aim is to simplify the process on the front end by discovering and vetting nonprofits, improving the online donation experience itself, and then providing a “rewarding” post-donation experience by telling donors exactly where their money went and what it accomplished.

While ALMA is still early in its development, it’s an intriguing attempt to push aside some of the barriers keeping small donors out of the game—digitally savvy young people in particular.

###