

The Nonprofit Research Collaborative

Summer/Early Fall 2011

September 2011



With special thanks to the representatives of 813 charitable responding charities who took the survey in July or August 2011, and in gratitude for the time and careful work of the many individuals who worked on this project.

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Readers may wish to see earlier reports from the Nonprofit Research Collaborative.

The March 2011 report about giving in all of 2010 is available on the Association of Fundraising Professionals' site, www.afpnet.org/nrc.

The Fall 2010 report covering giving in the first nine months of 2010 is available on GuideStar's site at <http://www2.guidestar.org/rxa/news/news-releases/2010/charities-seeing-slight-recovery-in-giving.aspx>.

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Introduction

While charitable giving forms about 20 percent of all nonprofit organizations' funding in any one year,¹ it is as much as 90 percent a year in many charities that do not have other forms of revenue, such as government grants, membership fees, or investment proceeds. As these and other revenue sources stay level or decline, charitable contributions become even more important for overall nonprofit organization funding.

Charitable giving comes primarily from four sources, according to *Giving USA*. Over the past 50 years, giving by living individuals constitutes approximately 75 percent of all charitable giving in the United States. Currently, foundations provide about 14 percent of the charitable giving total, estates provide about 6 percent, and corporations and corporate foundations give about 5 percent of the total.

Fundraising data are typically collected at the organization level and seldom aggregated across different types and sizes of charitable organizations. This *Nonprofit Research Collaborative Summer/Early Fall 2011* report is one step in the direction to collect data about current charitable organizational practices around fundraising. The survey asked about the directions of change in giving in the first half of 2011, fundraising methods used, where organizations are investing more in fundraising, and when (or if) organizations track fundraising costs, including direct expenses and staff time. A special section of the survey asked about campaigns—including special projects, capital, endowment, or comprehensive campaigns.

This report provides a six-month glimpse into giving in the first half of 2011 with analysis of survey results from 813 responding charities. For most questions, we look at responses for all responding charities, then provide more detailed examinations by size of charitable organization, by region of the U.S., and by type of service provided (called type of recipient or subsector).

The final section of this report presents some survey respondents' ideas for what works and why in their organizations. Highlighted text throughout the report quotes survey respondents about specific fundraising methods that they say hold the most opportunity for their organizations for 2011 and beyond.

Planning for fundraising includes deciding where to invest resources in order to achieve the organization's goals. The results here are based ONLY on the charities responding to this survey, which are not a randomly selected, nationally representative sample. They might, however, provide some useful benchmark information.

Note that these results do not mean investment in any one method is the "best choice" for every organization. A determination of the "best choice" for any organization will rely on the organization's mission, constituency, case for support, staff and volunteer capacity, and other factors.

¹ NCCS Quick Facts about Nonprofits, "22% came from contributions, gifts and government grants." Accessed September 19, 2011 at <http://nccs.urban.org/statistics/quickfacts.cfm>

Key Findings

- Changes in charitable gifts received in the first half of 2011 were similar to all of 2010: 44 percent of responding charities reported increases in funds raised; 25 percent said giving was the same as in the same period the prior year; and 30 percent saw a decline.
- These results differ from periods of very successful fundraising, such as in 2007, when 65 percent of organizations in a similar survey fielded by the Association of Fundraising Professionals reported growth in charitable receipts and fewer than a quarter saw declines.
- The direction of change in charitable gifts received in the first half of 2011 compared with the first half of 2010:
 - Was more likely to be an increase for larger responding charities, those with budgets of \$3 million or more, with 57 percent saying they have received more in contributions, compared with 44 percent among all responding charities.
 - Varied little by region of charity location.
 - Varied somewhat by subsector. Most subsectors followed the general trend of 4 in 10 responding charities seeing an increase. The greatest differences are among responding human services organizations, where 50 percent reported an increase in contributions, and in responding international organizations, where only 20 percent saw an increase.
- Most responding charities use a wide range of fundraising methods.
 - Ninety percent of responding charities seek to raise funds from corporations and foundations.
 - Just over 80 percent use the methods of asking board members, seeking major gifts, special events, and direct mail.
 - Just over 60 percent use Internet fundraising and email.
 - About 45 percent use social media and planned giving.
- Almost all methods of fundraising saw increased results at about 30 to 36 percent of responding charities.
 - One exception is special events, where 46 percent of responding charities reported an increase.
 - Another is planned gifts, where only 25 percent saw an increase in planned gift commitments in the first half of 2011 compared with the first half of 2010.

- Investment in fundraising yields greater revenue by nearly all methods studied.
 - Two-thirds (66%) of responding charities that invested in events saw an increase in event revenue in the first six months of 2011.
 - Six in ten responding charities that increased their investment in email and use of the Internet saw increased giving through the method in early 2011. However, just 30 percent or so of responding charities have increased investment in those two methods in 2011.
 - Just over half (54%) of responding charities investing in direct mail or in major gifts reported increased revenue from the method in the first half of 2011.
- Responding charities often track fundraising revenue and expenses by method of fundraising but few track staff time by fundraising method. Responding charities in the \$1 million to \$3 million expenditure range are the only group reporting an increase in effort among professional fundraising staff (51%).
- About 1 in 10 responding charities (12%) was in an active campaign as of July 2011, and another 34 percent were planning campaigns. The question asked about any type of campaign, including special project campaigns, capital campaigns, endowment, or comprehensive campaigns.
 - Average campaign length is 2.7 years.
 - Average campaign goal is \$6.6 million, excluding two outliers.
- In open-ended responses, people completing the survey overwhelmingly listed fundraising from individuals as the best opportunity for growth in contributions.
 - Methods mentioned included everything from events to major gifts. Some people wrote something simple like “asking individuals” and others submitted detailed replies about the potential giving capacity of a community.
 - Frequent methods for increasing contributions mentioned were major gifts (20%), events (18%), and online/social media use (14%).

Comparison to The Blackbaud Index of Charitable Giving

The Blackbaud Index of Charitable Giving shows growth of 5.7 percent in dollars received in the first six months for more than 1,300 organizations tracked that collectively raise more than \$2 billion of the estimated \$291 billion giving total.

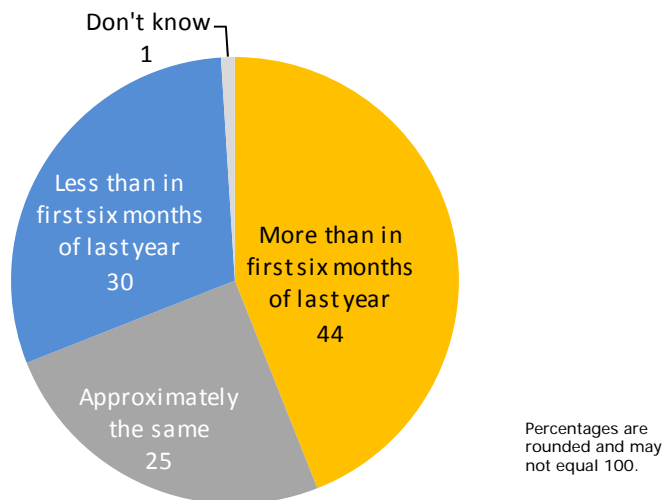
The *NRC Early Summer/Fall 2011* study reached 813 charitable respondents from organizations that had collectively had more than \$3.9 billion in expenditures in 2009 (based on IRS Forms 990). Respondents raised nearly \$1 billion in 2010. More than 75 percent of responding charities in this study are organizations with total expenditures of less than \$1 million. Organizations in this size category make up more than 80 percent of the number of charities in the nonprofit sector.

44 percent of responding charities saw increases in gifts received

When asked about contributions received in the first six months of 2011, more than 4 in 10 respondents said funds received increased compared with the first six months of 2010. A quarter reported that their contributions remained at about the same level over the two periods, and 30 percent said giving was down in the beginning of 2011 compared with the beginning of 2010. One percent did not know.

Figure 1: How have your organization's gross dollars raised from all philanthropic sources changed when comparing January to June in 2011 with January to June in 2010?

Figure shows percentage providing each response.



Results similar to study done for giving in all of 2010

The overall result is similar to the results in a survey conducted about all charitable contributions received in 2010 compared with all contributions for 2009. In that report, comparing 2010 contributions with 2009:

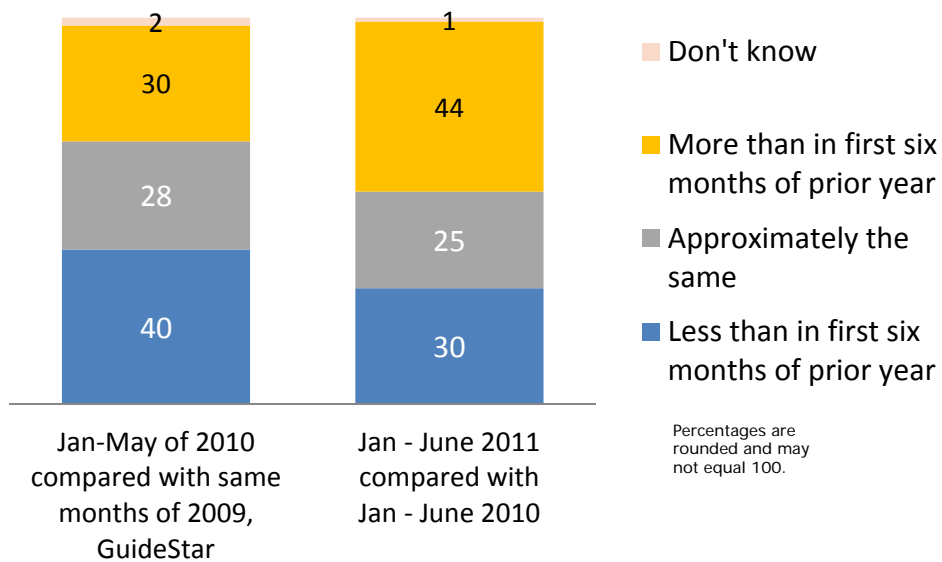
- 43 percent saw growth in the amount received in contributions in 2010;
- 24 percent reported that contributions in 2010 were approximately the same as for 2009; and
- 33 percent said contributions declined in 2010 compared with 2009.

More responding charities with increased contributions than in a similar study for early 2010

When looking at the early months of a year, a greater percentage of respondents saw growth in early 2011 than occurred a year ago. For early 2010, GuideStar USA, Inc. found that 40 percent of responding charities had declines in contributions received; 28 percent said contributions remained the same; and 30 percent reported increased contributions (2% did not know). While the result for 2011 is encouraging, it is still far from the results from years before the recession, when two-thirds of responding charities reported increased contributions.

Figure 2: Change in charitable contributions received in first six months, 2010 survey and 2011 survey

Figure shows percentage providing each response.



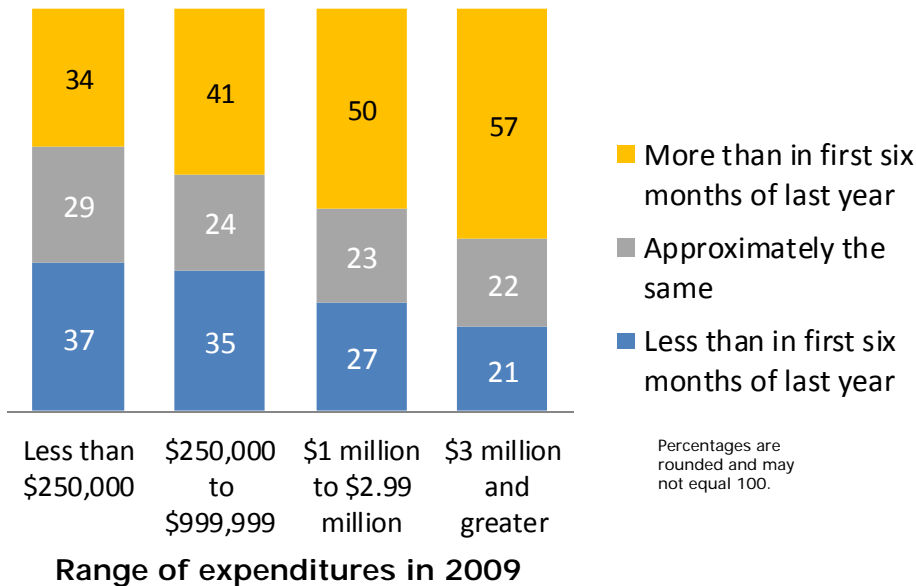
By contrast with recent years, the results for early 2011 are markedly lower than a similar study conducted in 2007. At that time, two-thirds of charities reported increased contributions received compared with the prior year.

Large responding charities most likely to see increases in early 2011

The most marked variation in changes in receipts occurred across size categories, where “size” is based on the expenditures reported by charities submitting an IRS Forms 990, 990-EZ, or 990-N (ePostcard) for 2009. As Figure 3 shows, larger responding charities were the most likely to report an increase in charitable receipts, with 57 percent seeing growth in the first half of 2011 compared to the first half of 2010. This is consistent with the two earlier waves of the Nonprofit Research Collaborative. In both of those, as size increased, the share of responding charities with increased contributions also rose.

Figure 3: How have your organization's gross dollars raised from all philanthropic sources changed when comparing January to June in 2011 with January to June in 2010? Analysis by organizational size*

Figure shows percentage providing each response.



*Size defined by 2009 expenditures reported on IRS Form 990, 990-EZ, or 990-N.

“While the survey numbers may seem okay at first, the reality is that giving levels were much higher in 2007 before the recession. With many economists predicting a flat economy for several more years, charities face a very challenging environment in the near future, with fewer funds available while the demand for services and programs remains quite high. This is the new reality charities will have to address.”

Andrew Watt, FInstF
 President and CEO
 Association of Fundraising Professionals (AFP)

Few differences in contributions by region

By region, the 2011 changes were close to the national results. In the West, a somewhat larger percentage of responding charities saw decreases in contributions received (34%) than occurred among responding charities in other regions. The percentage of respondents in the West with contributions remaining about the same (22%) was lower than other regions saw.

Most subsectors follow general trend of 4 in 10 seeing growth

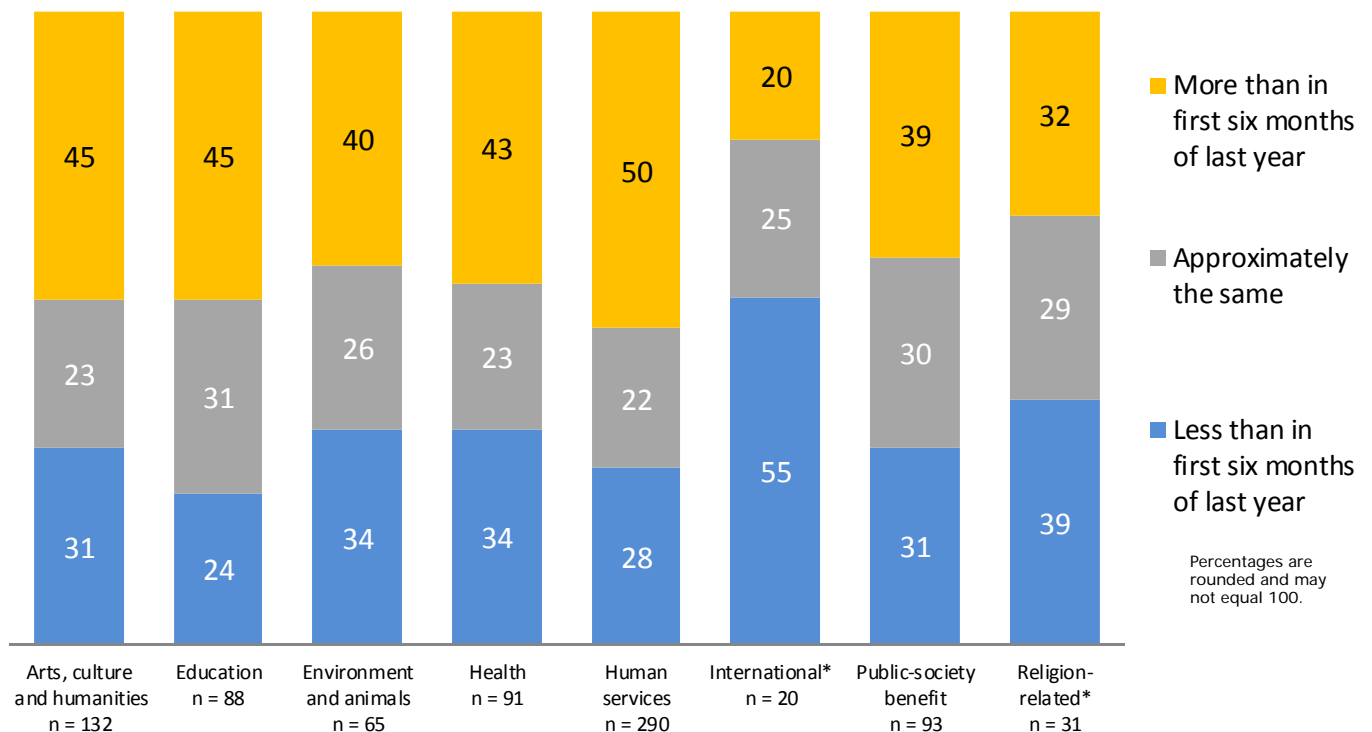
For all subsectors except human services and international, results in this wave of the NRC research are very close to results for all subsectors: roughly 44 percent seeing growth in charitable receipts; roughly one-quarter to one-third seeing charitable receipts remain the same; and roughly one-quarter to one-third seeing a decline.

One of the noticeable things about this wave of the NRC study is the comparatively high percentage (50%) of human services charities reporting growth in charitable receipts in early 2011. For 2010, only 38 percent of human services charities saw growth. This wave does not have responses from the same organizations, and the nature of a convenience sample makes it impossible to use statistical tests to compare results or determine the cause of the difference.

Responding charities in the international subsector were highly likely to report a decrease in contributions received in early 2011, compared with early 2010. Many of these organizations collected aid after the January 2010 earthquake in Haiti.

Figure 4 : How have your organization's gross dollars raised from all philanthropic sources changed when comparing January to June in 2011 with January to June in 2010? Analysis by major category of the NTEE (Subsector)

Figure shows percentage providing each response.



*Number of respondents is low. Results are not generalizable.

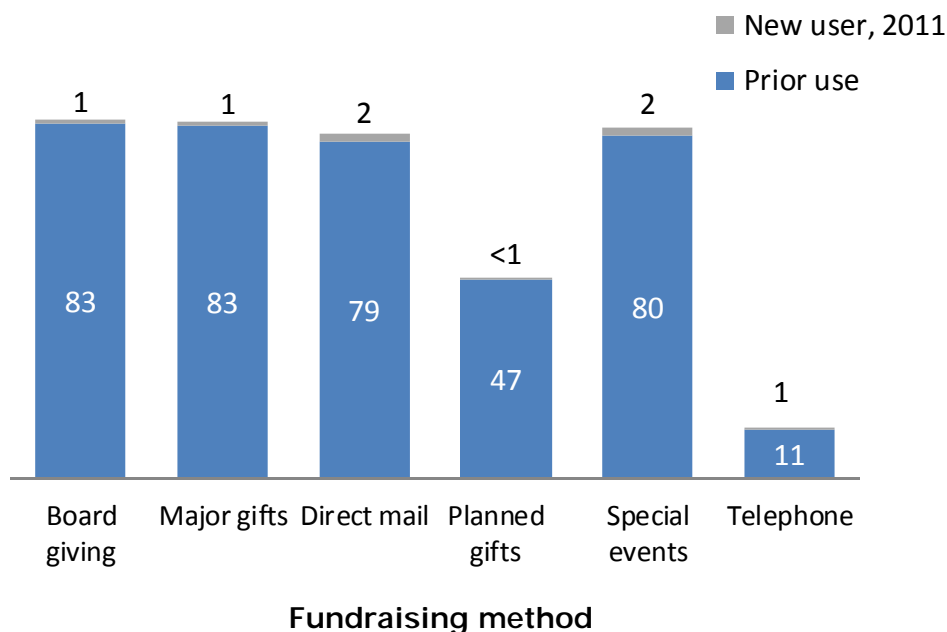
Uses of different fundraising methods

Most organizations responding to this survey use traditional methods to reach individuals, and a majority also use at least two more recently developed approaches: email requests for contributions and Internet giving. A large percentage of responding charities raise funds from corporations or foundations, and at least one-third raise funds from congregations.

Most responding charities focused on fundraising from individual donors

Traditional methods to raise funds from individuals are used in almost all responding charities, except planned giving and telephone. For board gifts and major gifts, 84 percent of responding charities use each. Eighty-one percent use direct mail, and 82 percent use special events. Very small percentages of responding charities—between 1 and 2 percent—have added these methods to their fundraising programs in the course of 2011.

Figure 5: Percentage of all responding charities that used method prior to 2011 or started using method in 2011, traditional giving by individual donors



On why events are the best opportunity for raising more funds

"Given the economic state most households are in, offering an opportunity for a family or couple to get out, have a good time and know that the money they are spending is giving back seems to be what is working best at this time, and if that's where the opportunity currently is, that is where the focus should be."

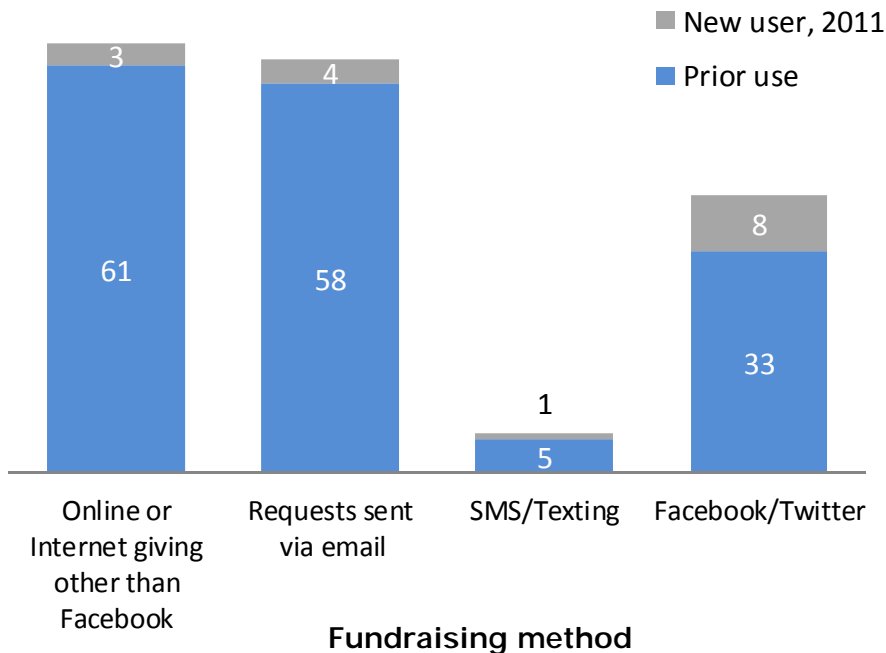
Anonymous survey respondent, summer 2011

Technology-facilitated giving growing

Not surprisingly, given the growth of the use of technology in many other domains (purchases, banking, news delivery, and more), nonprofits are most likely to add fundraising methods related to electronic communications and electronic forms of gift-giving. Eight percent of responding charities said they have added social networking such as Facebook or Twitter (posts with links to give) as a fundraising method in 2011.

The next highest growth areas are email requests and use of the Internet for fundraising (which was asked separately from social media). Note, however, even with growth, about 45 percent of responding charities are using social media such as Facebook and Twitter. This is about the same level of use as planned giving.

Figure 6: Percentage of all responding charities that used method prior to 2011 or started using method in 2011, Internet or technology-facilitated giving



The probability of using social media is not markedly different by size, region, or subsector, with one exception by subsector.

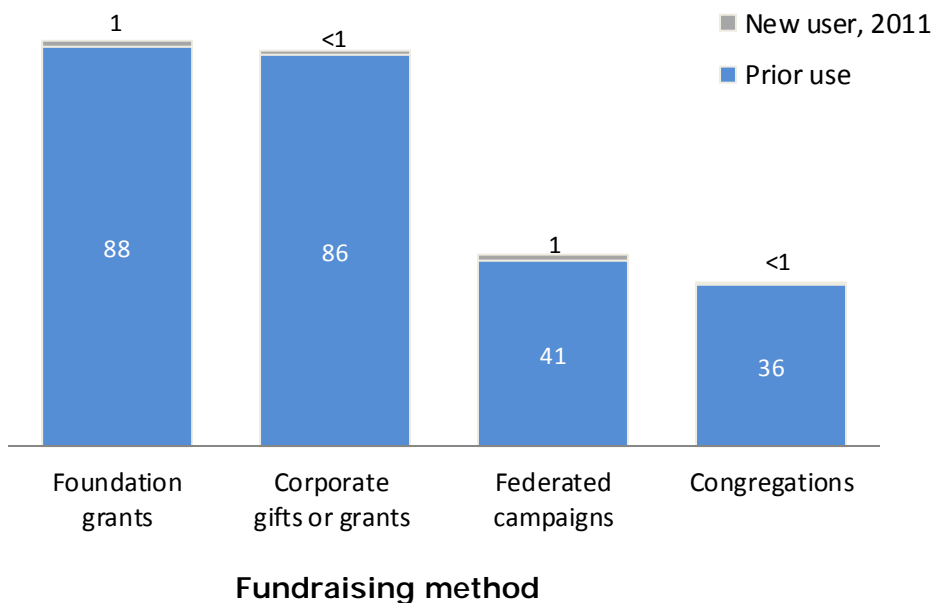
- Between 38 and 46 percent of responding charities reported using social media by size group. The lowest percentage (38%) occurred among responding charities with expenditures of less than \$250,000, and the highest percentage (46%) occurred among responding charities with \$1 million to \$3 million in expenditures.
- By Census region, use of social media ranged from 38 percent of responding charities in the South to 44 percent of responding charities in the West.
- By subsector, environmental responding charities were more likely to use social media than other types of responding charities were. The percentages of those

using social media by subsector ranged from 32 percent for Religion to 41 percent for Health. Among environment responding charities in the study, 60 percent reported using social media such as Facebook or Twitter for fundraising.

Active fundraising from foundations and corporations widespread

Most responding charities have active fundraising initiatives with foundations (89%) and corporations (86%). Much lower percentages of responding charities seek funds from federated campaigns such as United Way and Jewish federations (42%) or congregations (36%).

Figure 7: Percentage of responding charities using fundraising method before 2011 and beginning in 2011, reaching institutional or organizational donors



On why corporate or foundation funding is the best opportunity for raising more funds

"We have not pursued most local foundations for funding in the past, even though we are a 120-year-old organization. We have begun meeting with foundation leaders and submitting grant [applications]. We are also engaging our board members to help open doors for us at corporate foundations."

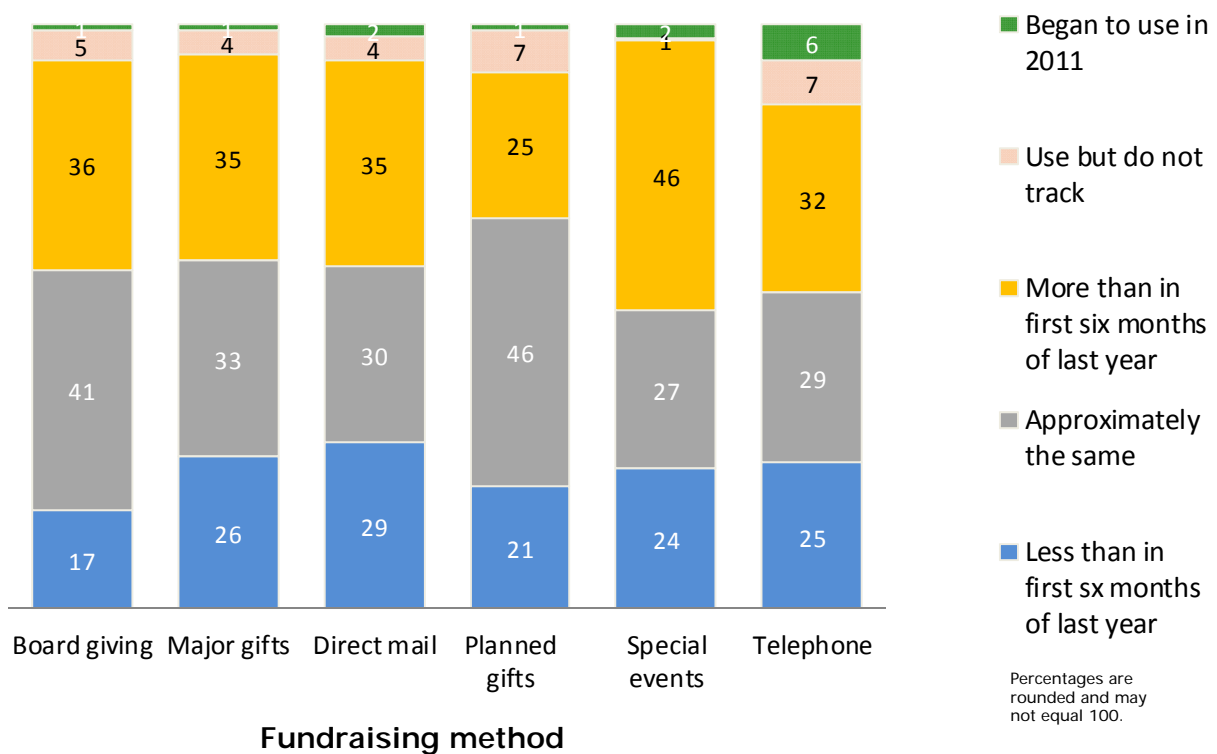
Anonymous survey respondent, summer 2011

Changes in contributions received, tracked by method

When responding charities used a particular method of fundraising, what change did they find in contributions received? Based on this study, the area with the highest probability of increase among those using the method is special events.

Among the traditional methods of reaching individual donors, between 29 percent and 36 percent of responding charities using some of these methods saw gift receipts rise in early 2011 compared with the first six months of 2010. Exceptions are special events, where nearly half saw an increase, and planned gifts, where just one-quarter did.

Figure 8: Changes in the amount received by method of fundraising (only responding charities using that method), traditional methods of reaching individual donors



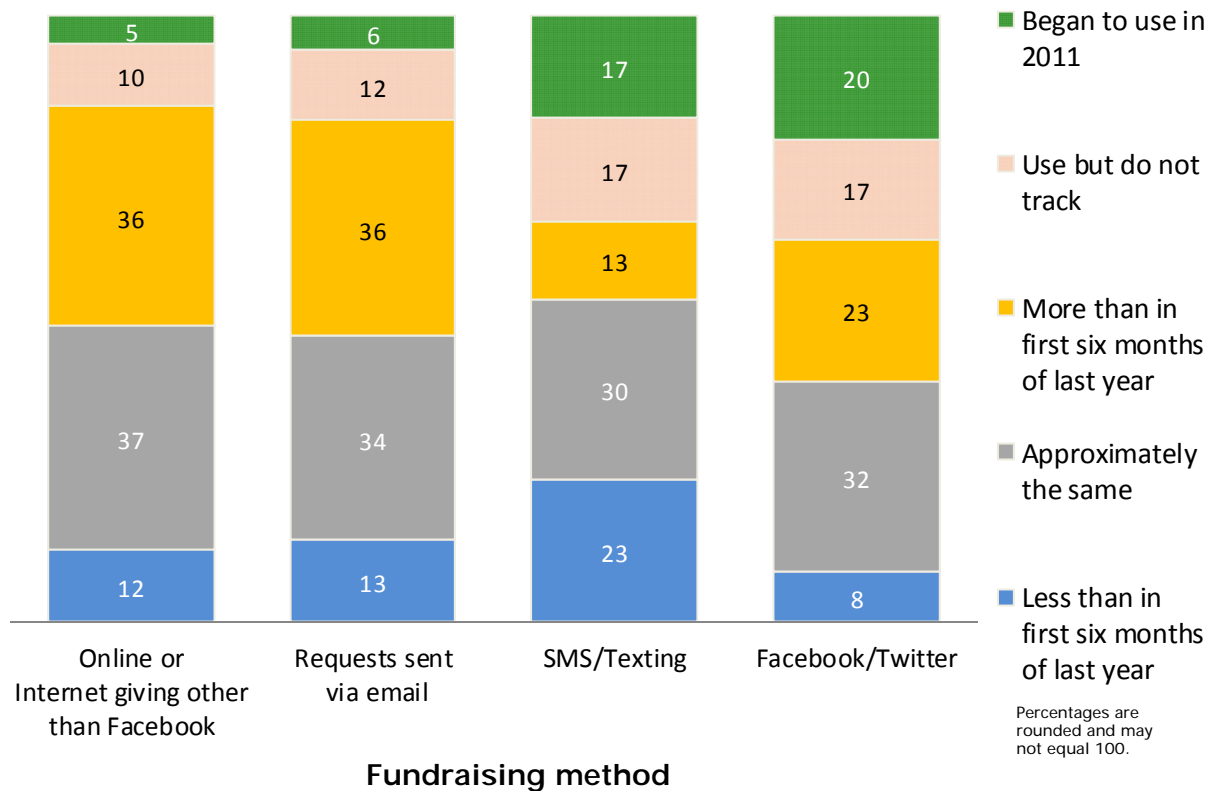
On why major gifts are the best opportunity to raising more funds, when staff is small

"I used to have four people working for me and all have been laid-off. This means that our board has had to take on greater responsibility in fundraising. We have limited resources for fundraising so asking for major gifts is the most time-efficient way to do fundraising."

Anonymous survey respondent, summer 2011

The technology-facilitated fundraising tools of Internet communications and asking for contributions through email had 36 percent of their users report growth in giving from that method in early 2011. SMS/Texting, perhaps because of the boost in that method just after the Haitian earthquake in early 2010, was less likely this year to see an increase compared to the first six months of last year. About one in five responding charities using social media for fundraising just began their efforts since January 1, 2011, so comparison with the prior year is not possible.

Figure 9: Changes in the amount received by method of fundraising (only responding charities using that method), technology-facilitated giving



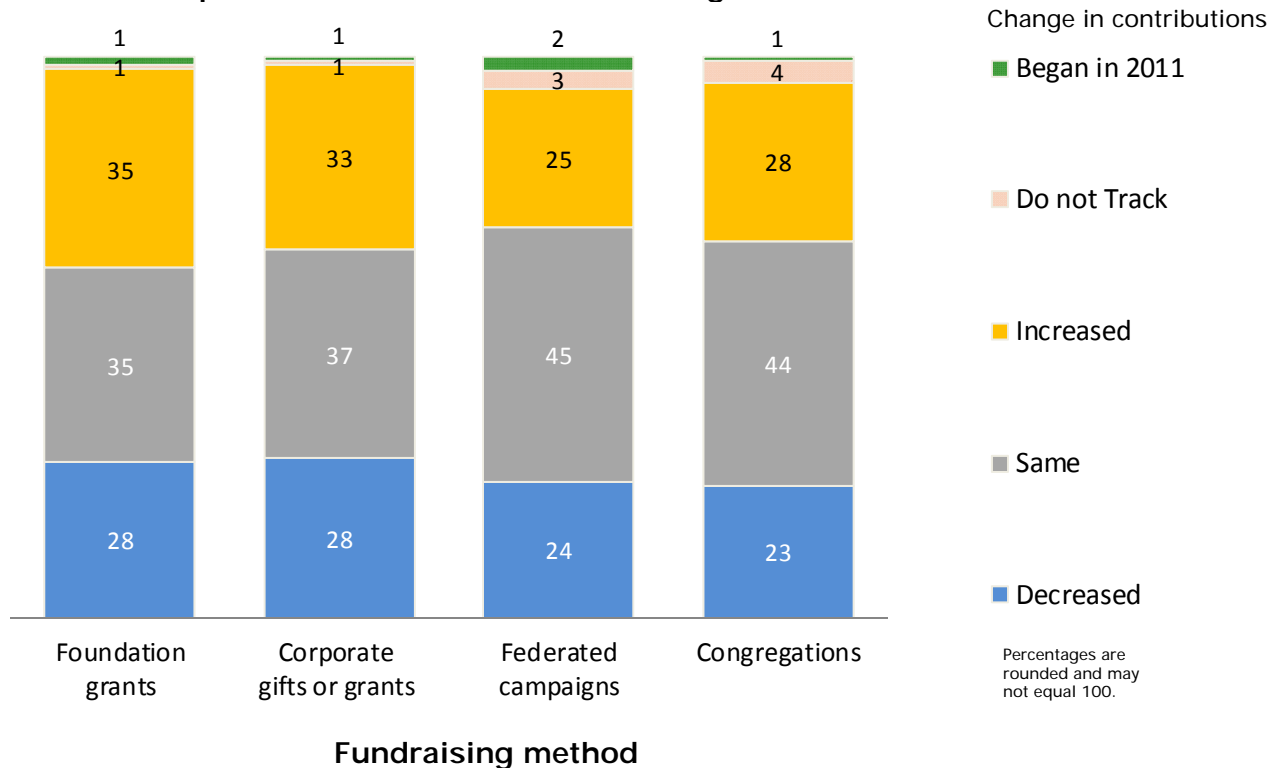
On why email is the best opportunity for raising more funds

“We have found that if people are able to take action immediately and easily, more will make an online donation. Electronic appeals, website, etc. allows us to push our mission, needs and opportunities for increased engagement by donors.”

Anonymous survey respondent, Summer 2011

Those reaching foundations or corporations (either corporate giving office or corporate foundation) are roughly evenly divided into seeing an increase, results about the same as in early 2010, and seeing a decrease. Responding charities raising funds from federated campaigns and congregations were somewhat less likely to report growth and more likely to report level giving compared with early 2010. All of these fundraising methods have long lead times, with a period of cultivation before application, so they might not be expected to generate increased funds in six months.

Figure 10: Changes in the amount received by method of fundraising based on the responding charities using that method, first six months of 2011 compared with the same period in 2010, institutional or organizations donors



On why corporate or foundation funding is the best opportunity for raising more funds

“Collaborative funds from groups of private foundations. We’re seeing that more foundations are interested in jointly funding a project rather than being the sole funder.”

Anonymous survey respondent, summer 2011

Changes in amounts received by method, taking into account differences in the sizes of organizations

Some fundraising methods were equally likely to see growth in revenue received in early 2011 across all size groups. These include:

- **Board giving:** 35 to 39 percent of responding charities that use this method in all size categories saw an increase in gifts received from January to June 2011 compared to the same period the prior year. Thirty-eight to 44 percent saw board giving remain constant and 13 to 21 percent saw a decline.
- **Federated campaigns:** Responding charities that raised funds through federated campaigns generated increased revenue in roughly the same percentage of organizations in all size groups. This ranged from 22 percent of the responding charities with expenditures from \$1 million to \$3 million, to 29 percent of the smallest responding charities. The percentage of responding charities seeing revenue remain about the same and the percentage seeing a decline were also very consistent across size categories: 41 to 46 percent saw revenue remain about the same; 22 to 28 percent saw revenue decline.

Other methods were clearly yielding an increase in funds associated with the organization's size—that is, a higher percentage of responding charities saw giving grow through this method as the size of the organization increased.

- **Major gifts:** Contributions from this method increased at 26 percent of small responding charities using this method and at 47 percent of large responding charities. The two size categories in the middle saw increases from major gifts at 32 and 38 percent of responding charities.
- **Planned giving:** Commitments (new planned gift agreements or information received about bequests) increased at 16 percent of small responding charities using this method and at 32 percent of large responding charities that use it. In the two middle size categories, 24 percent and 29 percent of responding charities using the method reported increased contributions.
- **Regular mail:** This method generated increased revenue at 29 percent of small responding charities using it and at 43 percent of large responding charities. In the two middle size groups for responding charities, 34 percent and 37 percent saw increases from this method.
- **Email:** This method generated increased revenue at 27 percent of small responding charities using this method and at 42 percent of large responding charities. In the two middle size groups, 33 and 42 percent of responding charities reported increased revenue from email requests. Note that in all sizes of responding charities, requests sent by email were LESS likely to generate lower revenue than were requests sent by regular mail.

- **Special events:** This method raised more revenue than last year at this time at 38 percent of small responding charities using this method and at 53 percent of large responding charities using the method. The middle two categories experienced increases at 43 percent and 53 percent of the responding charities that used the method.

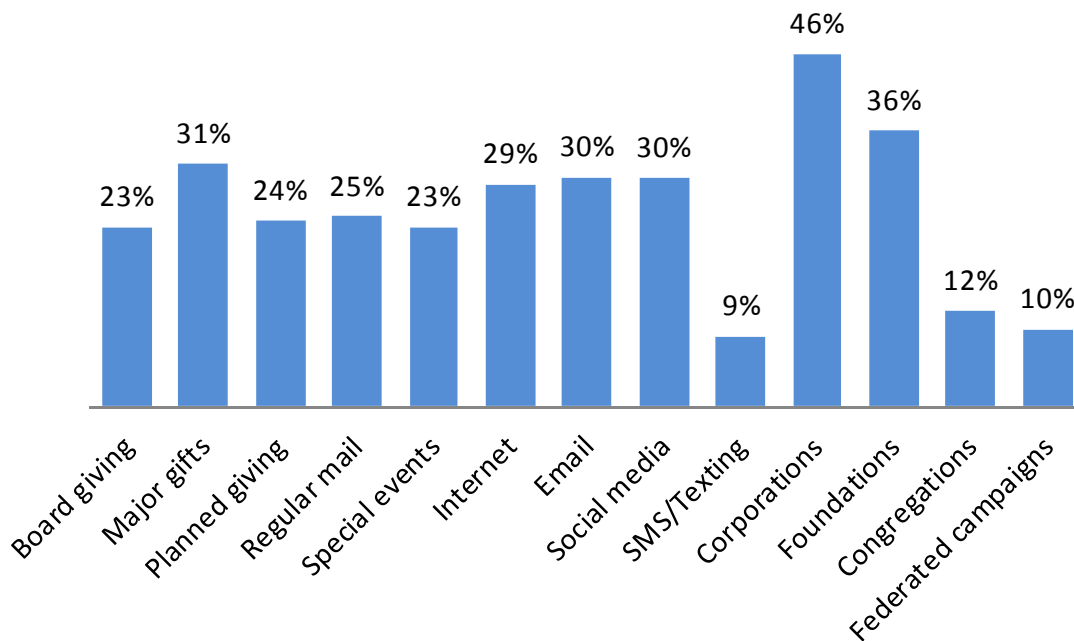
For three fundraising methods, changes in revenue were neither consistent across all size groups nor steadily rising with size.

- **Social media:** Responding charities using this method showed the most variable range of responses. When expenditures were less than \$3 million, responding charities using this method raised more funds in 21 to 22 percent of responding organizations (three size groups). When expenditures were more than \$3 million, social media-using organizations raised more funds in 31 percent of responding charities. The percentage of responding charities reporting declining revenue ranged from 14 percent in the smallest organizations to 3 percent in organizations with the highest budgets (\$3 million and up).
- **Internet:** Responding charities that use the Internet for fundraising showed two distinct effects based on size. For responding charities with budgets of less than \$1 million, 28 percent to 35 percent saw an increase, and 14 percent to 19 percent saw revenue from the method decline. In responding charities using this method and that had expenses of \$1 million or more, 42 percent saw revenue from this method grow, and a very low share, 8 percent or less, saw it fall.
- **Congregations:** Among responding charities raising funds from congregations, the smallest responding charities were the most likely to see an increase, with 36 percent reporting increased revenue in January to June 2011 compared with the first half of 2010. Just 18 percent of responding charities with \$1 million to \$2.99 million in expenditures saw gifts from this source increase, and 27 percent of the largest responding charities reported growth in 2011 from this funding source.

Investment by method associated with change in amount raised

In this section, a change in investment could indicate an increase in staff time from existing personnel, adding personnel, or adding other types of costs. Increased investment most frequently occurred for fundraising from corporations (46%) and foundations (36%). Increased investment was least frequent for federated campaigns (10%) and SMS/Texting (9%).

Figure 11: Percentage of responding charities that said they were increasing their investment in a fundraising method

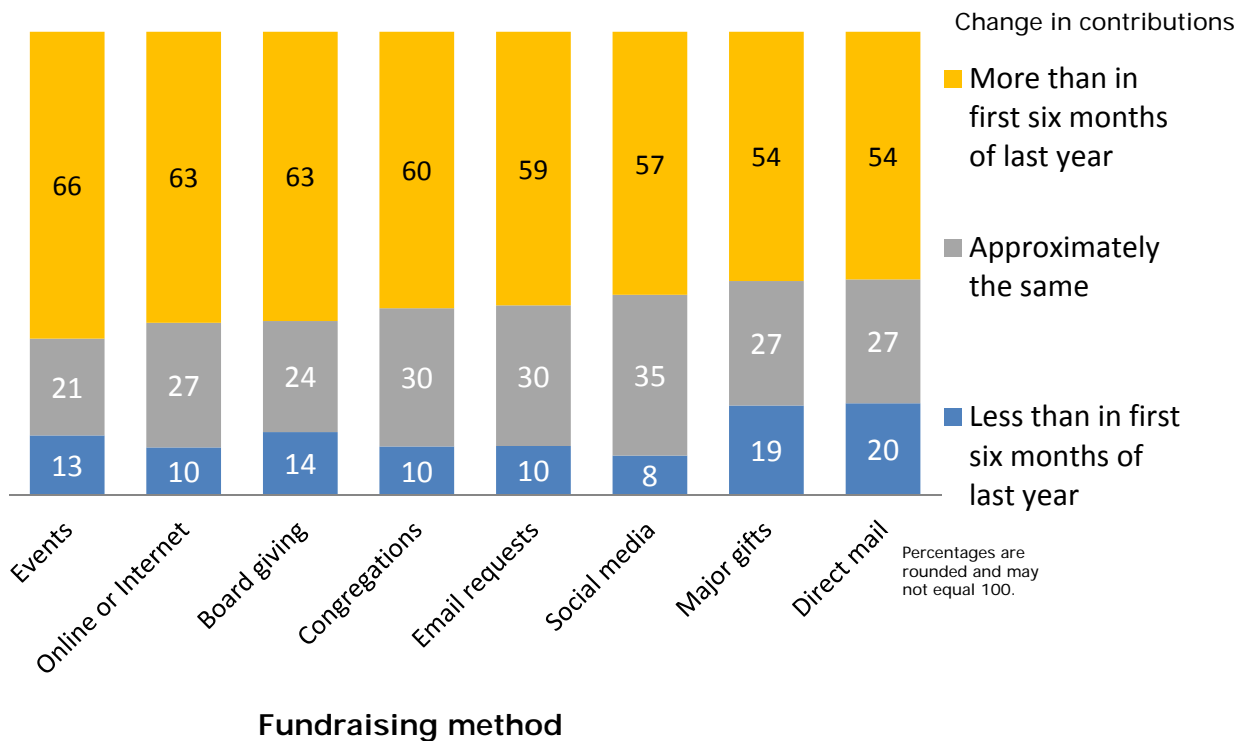


Investment associated with increased revenue for most fundraising methods

When fundraising resources (time or money) for a given fundraising method increased, responding charities reported increased revenue. This was true for a majority of methods.

Methods with increased revenue following increased investment included a wide range of fundraising strategies, from events, where two-thirds of responding charities that increased resources for events saw an increase in revenue from events, to direct mail, where 54 percent increasing their investment saw an increased return in the first half of 2011 compared with the same months in 2010.

Figure 12: For responding charities increasing resources used for a method, percentage of responding charities reporting change in contributions received. Methods where more than 50 percent saw an increase



On why major gifts are the best opportunity for raising more funds, when staff are available

“We have a mature donor base of more than 30,000 donors--the vast majority acquired through direct mail. By strategically using a Major Gift Officer to personally reach out to these donors (in conjunction with prospect research) we can enhance the level these donors give to our organization.”

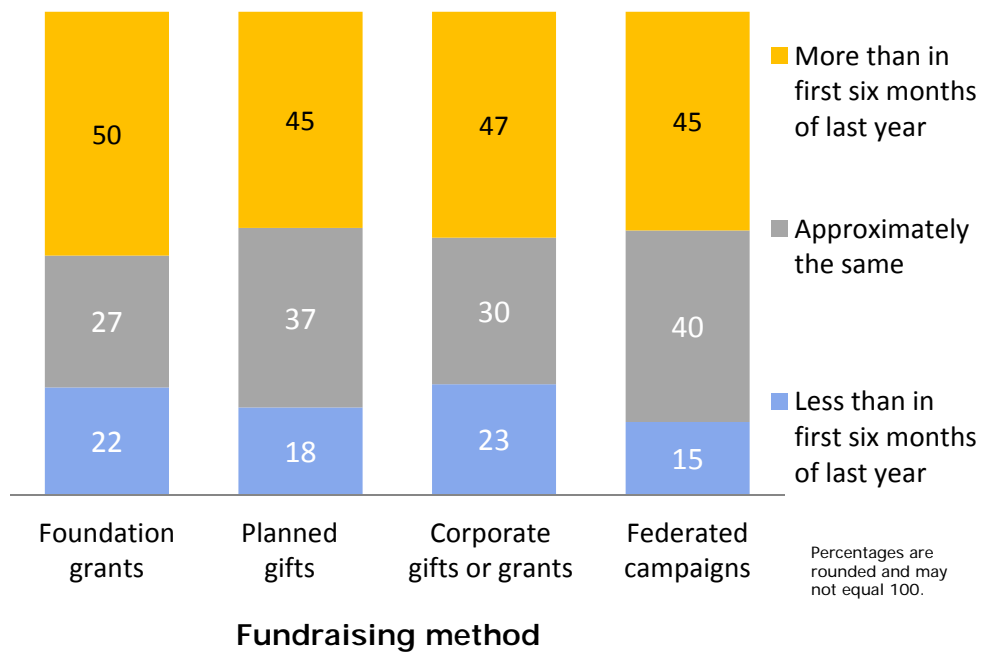
Anonymous survey respondent, summer 2011

Some giving methods have long lead times; results not clear after six months

Methods where half or fewer saw an increase in revenue raised after increasing investment include foundations, planned gifts, corporations, and federated campaigns. All of these methods require relatively long lead times before commitments are received, so that increased effort beginning this year will result in contributions next year or in 2014.

The question for planned gifts asked about new gift commitments, not actual transfers received from estates. Too few responding charities reported using or changing investment in SMS/Texting to analyze.

Figure 13: For responding charities increasing resources used for a method, percentage of responding charities reporting change in contributions received. Methods where 50 percent or less saw an increase

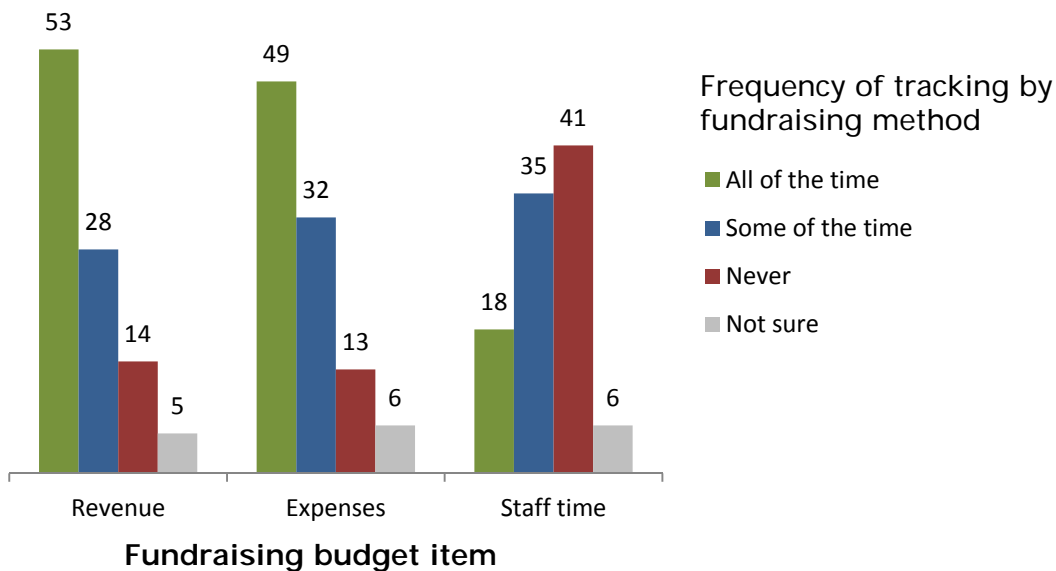


About half of responding charities track staff time by fundraising method, 80 percent track expenses and revenue

Eight in ten responding charities track expenses by method of fundraising at least some of the time, and 81 percent also track revenue raised by method at least some of the time.

Tracking staff time for each fundraising method is somewhat less frequent, with just 53 percent of responding charities tracking that at least some of the time. A surprising 41 percent of responding charities never track staff time by method.

Figure 14: Percentage of responding charities responding by the frequency with which they track fundraising activities by METHOD used



The probability of tracking staff time by method increases with organization size:

- 45 percent of responding charities with budgets of \$250,000 or less tracked staff time by at least some fundraising methods, compared with
- 56 percent of the responding charities with expenditures of \$3 million or more.

Changes in fundraising effort (staffing, volunteers, resources)

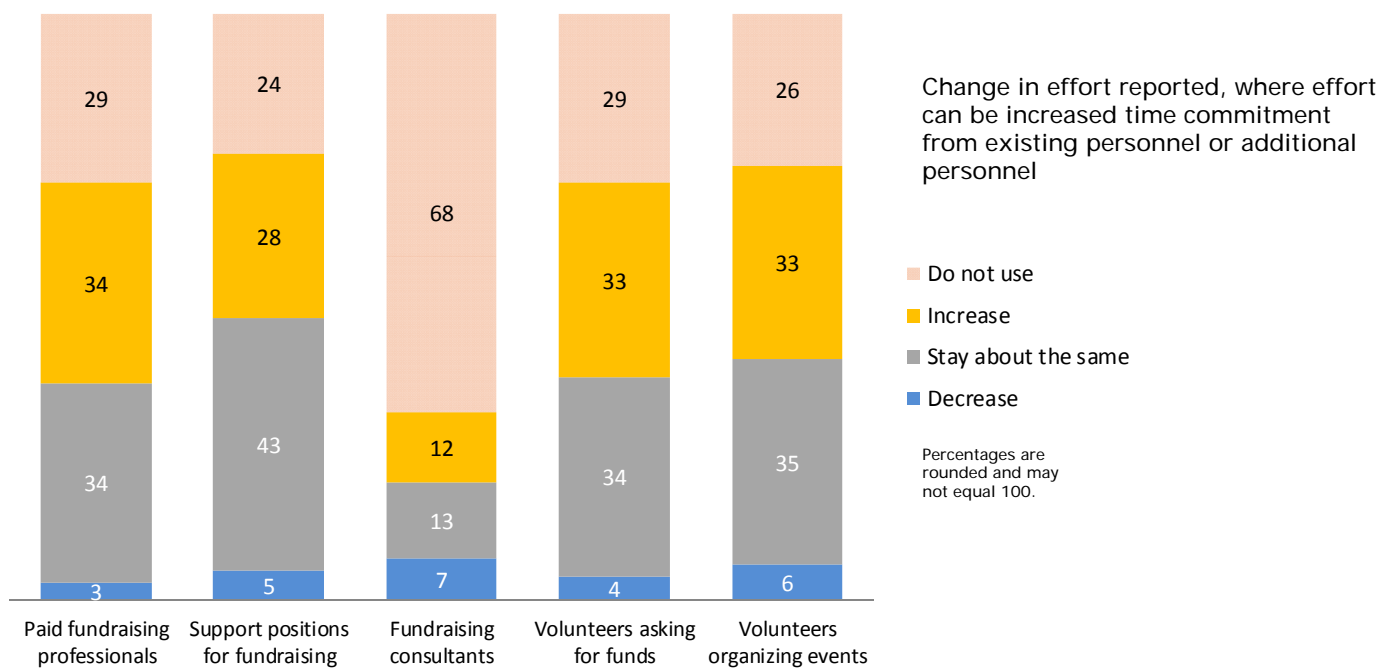
The Nonprofit Research Collaborative report in March 2011 found a not-unexpected relationship between increasing the investment in fundraising and resulting increases in contributions.

This wave explored this theme a bit further by digging more deeply into the types of changes in effort. Specifically, the question asked whether organizations were changing the level of effort in five types of fundraising personnel: fundraising professionals with responsibility for asking for contributions; fundraising support personnel, who enter data, conduct research, or perform other functions; consultants; volunteers who ask for funds; and volunteers who organize events.

Except for consultants, for each type of personnel, between 24 and 29 percent of respondents did not have someone performing those types of tasks. A very large share, 68 percent, do not have arrangements with consultants.

Figure 15: Change in effort by fundraising personnel level

Figure shows percentage of respondents for each option.



Role in fundraising

Roughly one-third of responding charities are increasing effort—and roughly one-third are holding it steady—in each of three areas: fundraising professionals, volunteers asking for funds, and volunteers organizing events. In the support work for fundraising, 43 percent of responding charities are holding their level of effort steady.

Mid- sized responding charities most likely to increase effort of paid staff

There were some differences in changes in effort by organizational expenditure range. Among the smallest responding charities (less than \$250,000 in expenditures), about 56 percent do not pay for fundraising professionals and 46 percent do not pay people to do the work of fundraising administrative support.

Responding charities with \$250,000 to \$1 million in expenditures were the most likely, at 39 percent, to increase the level of effort of volunteers organizing fundraising events.

Responding charities in the range of \$1 million to \$3 million in expenditures were the most likely group in this study to be increasing effort among paid fundraising personnel and support staff, with:

- 51 percent reporting an increase in effort among fundraising professional staff, and
- 36 percent reporting increases in effort at the support and administrative level, the highest percentage reporting increases among the four size categories. Note, however, that even with a higher rate of growth, another 48 percent said they are maintaining their level of effort.

In responding charities with expenditures of \$3 million or more, 54 percent reported that they were maintaining their level of effort in paid fundraising personnel and 49 percent said they were maintaining the same level of fundraising support personnel.

Small differences by region

Respondents from the Northeast were the most likely to report increasing their effort among paid fundraising professionals (39% compared with 33% or less in other regions) and the most likely to be decreasing their effort among consultants (11% compared with 5% or less in the other regions).

Respondents from the Midwest were the least likely to report using consultants (only 24% compared with 28% to 38% in the other regions). The Midwest was also the region where the highest percentage of respondents said they are increasing effort among volunteers organizing fundraising events (37% compared with 27% to 34% in other regions).

Responding charities in the South were the least likely in this study to use paid fundraising staff and paid fundraising support personnel: 35 percent said they have no paid fundraising staff (compared with 23% to 32% in other regions) and 28 percent said they have no paid fundraising support personnel (compared with 20% to 25% in other regions).

In the West, the largest share of respondents maintained their level of effort among paid fundraising personnel (41% compared with 34% or less in other regions). Perhaps to augment the flat staffing levels, responding charities in this region were also the

most likely to be maintaining effort with consultants (17% compared with 13% or less in other regions)

Increasing work with volunteers in some subsectors and paid fundraisers in others

There are just a few differences in the changes in effort across the major categories of the NTEE (subsectors).

Religion and Public-societal benefit responding charities are stepping up efforts to engage volunteers in requesting contributions. Among both types of responding charities, 41 percent indicated increasing their effort in that type of fundraising, compared with 25 to 35 percent of responding charities in other subsectors.

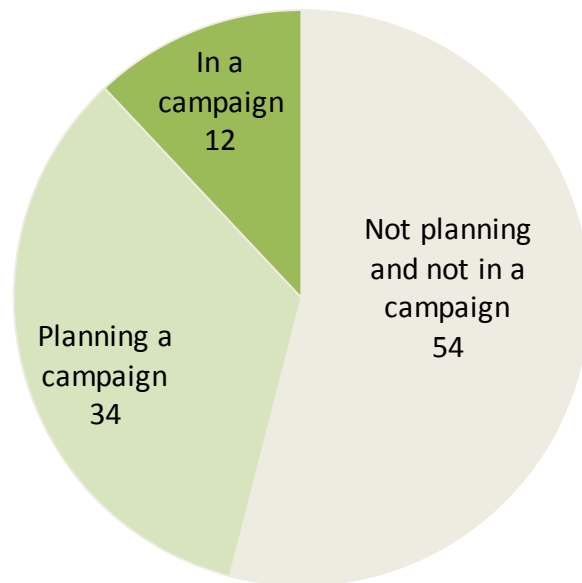
A higher share of both Human services and International responding charities said that they are increasing the level of effort among fundraising personnel (38% of each compared to 24 to 34% in the other in other subsectors). Note that the finding for religion-related organization is based on 30 responding charities.

Responding charities in the International subsector were most likely (42%) to increase effort from consultants, but that is based on fewer than 20 responses and is not likely to be replicated if the study could be done again.

Campaigns – special, capital, endowment or comprehensive

Whether or not results for any one year exceed the prior year can depend on whether the organization is in a formal fundraising campaign, whether for a special purpose, for capital or endowment funds, or a comprehensive campaign. Twelve percent of responding charities reported being in an active campaign at the time of the survey (July 2011).

Figure 16: Percentage of responding charities by campaign status (those answering question, including those who never had a campaign before)



Among all responding charities, the average time since the last campaign was 7.7 years. This average does not include the 47 percent of responding charities who said that their organization has never had a campaign, or the 11 percent who did not know when their organization last held a campaign.

Campaigns associated with increased funds raised to date in 2011

For the 12 percent of responding charities in a campaign, overall fundraising results as of mid-2011 differed from the general trend, with

- 62 percent seeing growth in contributions in the first half of 2011 compared with the same months in 2010—more than the 44 percent of all responding charities reporting increases;
- 18 percent seeing contributions remain at the same level as in 2010—less than the 25 percent reporting stable contributions among all responding charities; and

- 19 percent seeing contributions drop compared with January to June 2010—far less than the 30 percent of all responding charities seeing contributions decline.

This general trend toward more funds raised in 2011 was true across all sizes of responding charities in a campaign except the smallest responding charities. In that group, where expenditures were less than \$250,000 in 2009, only 38 percent of those in a campaign raised more in the first half of 2011 compared with the first six months of 2010. That is not materially different from the 36 percent that raised more and that were not in a campaign.

Table 1: Percentage of responding charities reporting change in amount raised, by campaign status and by organizational size

Expenditures in 2009 Campaign status (n = # of responses)	Less than in same period in prior year	Approximately the same	More than in same period, prior year
< \$250,000			
In campaign (n = 21)	38	24	38
Not in campaign (n = 231)	37	28	35
\$250,000-\$999,999			
In campaign (n = 18)	17	11	72
Not in campaign (n = 171)	36	25	39
\$1 million-\$2.9 million			
In campaign (n = 14)	14	14	71
Not in campaign (n = 152)	26	25	49
\$3 million or more			
In campaign (n = 40)	13	20	68
Not in campaign (n = 134)	23	24	53

“By setting discrete fundraising goals for specific activities, nonprofits often find they can break through the uncertainty about the economy and help donors connect their gifts to community needs.”

Nancy Raybin
Giving USA Foundation

Campaign length averages just under 3 years

Those with campaigns in process or in planning, where length is known, averaged a campaign length of 2.94 years. This includes some campaigns for special purposes that were less than a full year. At least two responding charities to the open-ended question said that their donors like special purpose campaigns with discrete goals for identified projects.

The average campaign goal is \$15 million when all records are included; it is \$6.6 million when two very large campaigns over \$500 million are excluded, one of which is for 10 years. The average length when those outliers are excluded is 2.74 years.

By subsector, there are too few responding charities that could provide information about the length or goal of their campaigns for analysis. By size the results show a relationship: larger responding charities have larger campaigns, but length does not increase until you reach organizations with \$3 million or more in expenditures in 2009.

Table 2: Campaigns in process (active or planning) by size of organization

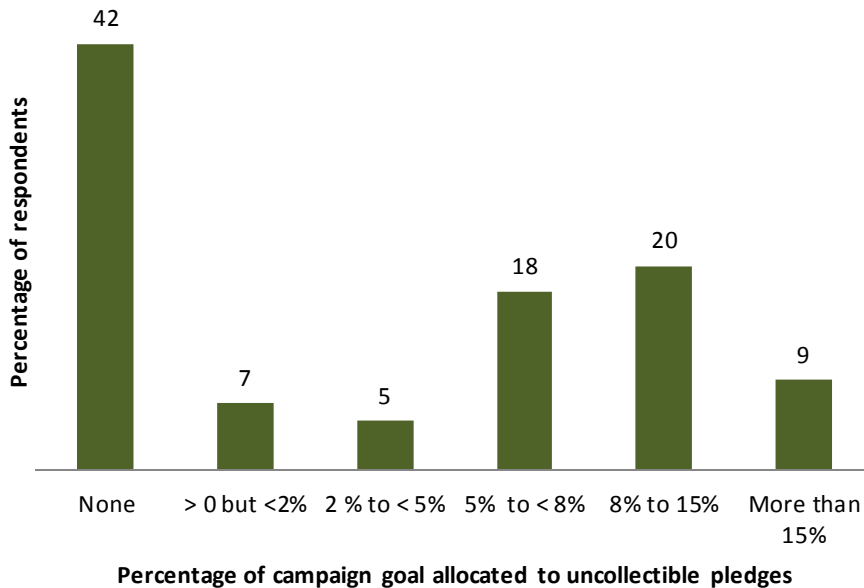
Organization size*	<\$250,000	\$250,000 to \$999,000	\$1 million to \$2.99 million	\$3 million or more
Percentage in a campaign	8%	10%	8%	23%
Percentage planning a campaign	34%	37%	34%	30%
Campaign goal (millions) where known	\$0.85	\$1.3	\$3.2	\$16.6
N for campaign goals	39	27	31	45
Campaign length (years) where known	2.5	2.4	2.75	3.36
N for campaign length	40	39	38	48

* Size is based on expenditures in 2009 per IRS Form 990 or 990-EZ, or assumed to be under \$250,000 if organization files an IRS Form 990-N

More than 4 in 10 make no allowance for uncollectible campaign pledges

When asked what allowance has been made for uncollectible campaign pledges, 42 percent said zero or no allowance, particularly among the small responding charities. All responding charities answering the question averaged an allowance of 5.4 percent of the campaign goal for uncollectible pledges, with a wide range from 0 to 50 percent. The median (mid-point) was 2 percent. Excluding those who said zero, the median percentage allowed for uncollectible pledges rose to 7.1 percent and the average rose to 9.4 percent.

Figure 17: Percentage of responding charities by amount planned for uncollectible campaign pledges

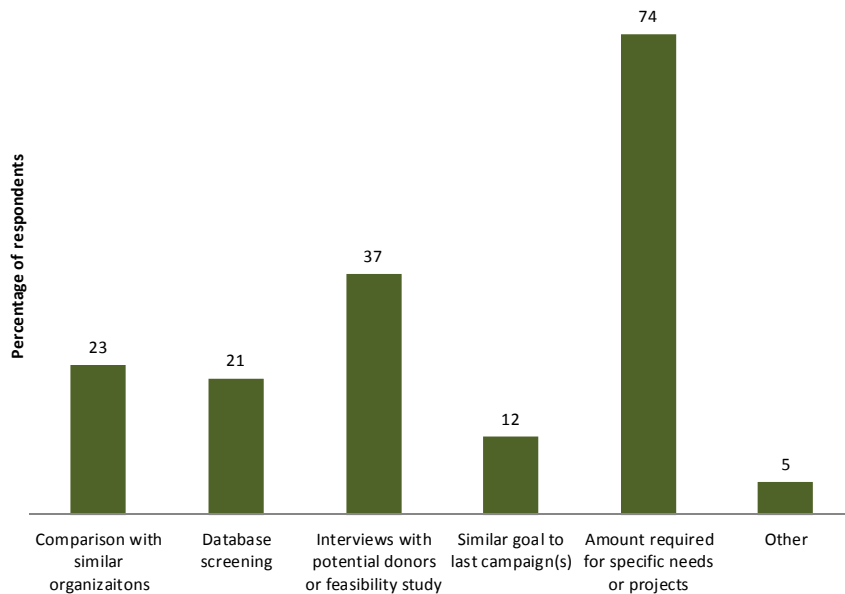


Organizational needs dominate in selection of campaign goal

In determining a campaign goal, nearly three-quarters of responding charities indicated that at least one factor was the organization's financial need, whether for a specific project or to meet a debt or start a new building. Nearly four in ten (37%) interviewed prospective donors or followed advice from a feasibility study (usually conducted by a consultant, who interviews prospective donors). About one in five compared their goal to that of similar organizations or used a screening procedure to assess the probable giving capacity of constituents whose names were in the organization's records.

Figure 18: Methods used to set campaign goal

Responding charities could select all that apply



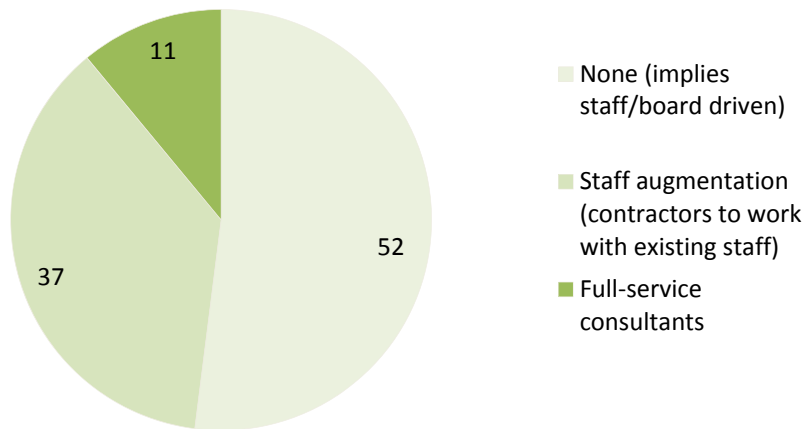
Among answers provided for Other were: "Founder set the goal"; "Strategic planning process"; "Board capacity" and "Success in the quiet phase."

Most campaign goals set by staff or board

The majority of campaigns reported by responding charities (52%) did not engage a consultant or supplementary staff to help assess the size of the campaign goal. This was most likely the case in the smallest responding charities, where 59 percent of those with campaigns did not engage a consultant or augment staff to assess the size of the campaign goal, compared with 39 percent of the largest responding charities.

Figure 19: Type of counsel used to assess the size of the campaign goal

Figure shows percentage responding to each type.



Not surprisingly, the most likely responding charities to use a full-service consultant to assess the size of the campaign were those with the largest budget (over \$3 million), where nearly one in five (18%) retained a full-service fundraising consultant. Even some small responding charities, though, retained a full-service consultant for their campaigns.

Table 3: What type of counsel are you using/did you use to assess the size of the campaign? Percentage of responding charities

Organization size*	<\$250,000	\$250,000 to \$999,999	\$1 million to \$2.99 million	\$3 million or more
Full-service consultant	6%	7%	10%	18%
Staff augmentation	25%	32%	49%	31%
None	59%	49%	40%	39%

* Size is based on expenditures in 2009 per IRS Form 990, 990-EZ, or assumed to be under \$250,000 if organization files an IRS Form 990-N

Respondents' views of where organizations have growth opportunities

When asked an open-ended question about fundraising methods with the largest opportunity for helping to increase contributions:

- 67 percent said some method that reaches a large number of donors, often with relatively small gifts: individual giving or annual fund giving; online contributions; special events; direct mail campaigns; and the like.
- 45 percent said a method associated with donors who typically make a comparatively large contribution, whether board members, capital campaign donors, those making planned gifts, people responding to face-to-face requests, or people making major gifts.
- 28 percent said working with institutional donors such as a corporation or foundation.
- 2 percent focused on retail sales, rather than philanthropic support, and 5 percent either did not know or mentioned something that appeared only once. The other things mentioned include the organization's eligibility for state tax credits, receiving vehicle donations, seeking gifts of appreciated stock, creating a donor-advised fund program, and other ideas.

The total is 148 percent because 726 respondents offered 1,035 separate methods in their typed responses. Quotations highlighted in blue throughout this report are samples of responses received.

On why individual giving is the best opportunity for raising more funds

"Focusing on relationships - meeting with people and talking to them. We are also doing lots more peer-to-peer fundraising and have launched a monthly giving program."

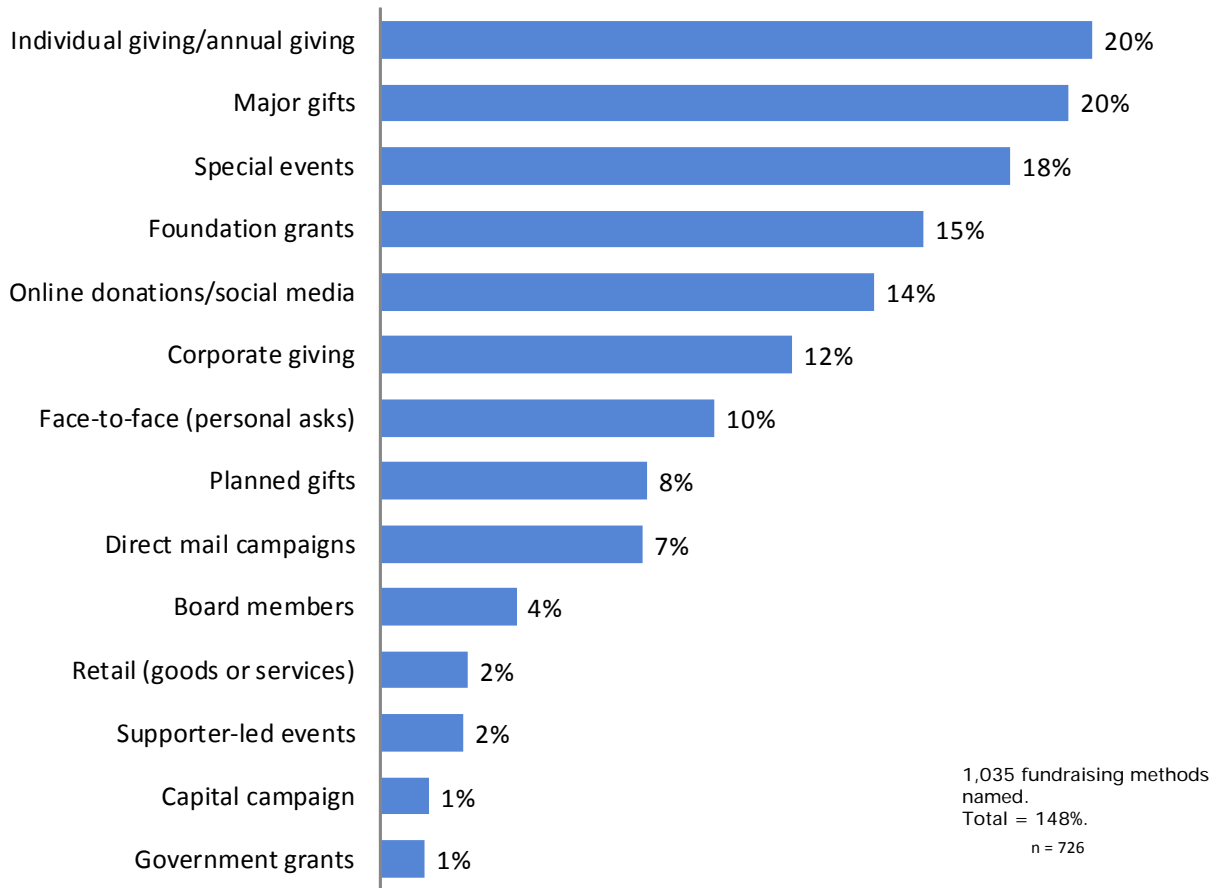
Anonymous respondent to survey, summer 2011

"We have recently committed more resources to communications and awareness, which has reminded our individual donors about the work we do, and introduced us to new donors.

Anonymous respondent to survey, summer 2011

Figure 20: Percentage of responding charities mentioning a fundraising method as the best opportunity for raising more funds in 2011

Responding charities could list any methods in this open-ended question



Face-to-face (personal asks) cover any statement about making requests in person.
Supporter-led events refers to fundraising activities organized by a third party, such as a sorority, a congregation, a team of co-workers, etc.

Conclusion

Among responding charities, there is little change in the percentage seeing increased charitable contributions when looking at results for the first half of 2011 and results for all of 2010.

The results for early 2011, with 44 percent of responding charities reporting an increase in contributions received, compare unfavorably with a similar study from 2007, when 65 percent of responding charities reported growth.

These results, and the long period of no to slow growth in funds raised, suggest that fundraising in “the new normal” is challenging organizations throughout the country and of all sizes and types.

Charities in the *Nonprofit Research Collaborative Summer/Early Fall 2011* study are using a wide range of fundraising methods and seeing increases from some, but only special events approaches a 50 percent rate of increased funds raised (at 46%) among those using it. For all other methods, more responding charities report level or declining gift amounts received rather than growth.

Some 60 percent of responding charities are moving toward more technology-assisted giving through the Internet, email, and social media. When investment in these methods increases, responding charities using the method are highly likely (60% or more) to report increased revenue from the method, compared with 2010. Special events and board giving, which are used by around 80 percent of responding charities, are also likely to see increased revenue when there is an increase in resources.

Among the fundraising methods least likely to generate increased revenue in the first six months of 2011 are those that take a long lead-time, such as proposals to foundations or corporations, or cultivation of donors considering a planned gift.

Also in the group with a lower probability of generating additional revenue after additional investment are major gifts and direct mail. Just over 50 percent of responding charities using one of these methods reported increased revenue from it even after increasing investment. Further, these two methods had some of the highest rates of lower revenue after increased investment, at nearly one in five responding charities.

These results, based on 813 survey respondents from a convenience sample, are potential benchmarks to help organizations consider various possibilities as they plan their fundraising. The analysis by organization size, region of the country, and subsector may help illuminate some of the factors that can be associated with successful fundraising.

One clear result is that responding charities with larger budgets (funding from all sources) are more likely to see increases in charitable funds raised than are smaller responding charities. Nonetheless, organizations with less than \$1 million in expenditures dominate the nonprofit charitable sector, accounting for more than 80 percent of organizations.

Methodology

The survey invitation was sent by email and through social media postings in July 2011. The online-only survey response remained open through August 1, 2011.

Email invitations were sent to three distinct groups:

- Prior participants in NRC surveys (called here panelists)
- A random sample of members of the Association of Fundraising Professionals
- A random sample of emails available to GuideStar.

In addition, members of the collaborative sent messages through their own email systems, in newsletters, and via social media outlets to recruit additional survey participants.

We cannot calculate a total response rate given this convenience sampling approach, but we can calculate response rates for the panelists and the two random samples.

These groups are not analyzed separately here but the response rates are:

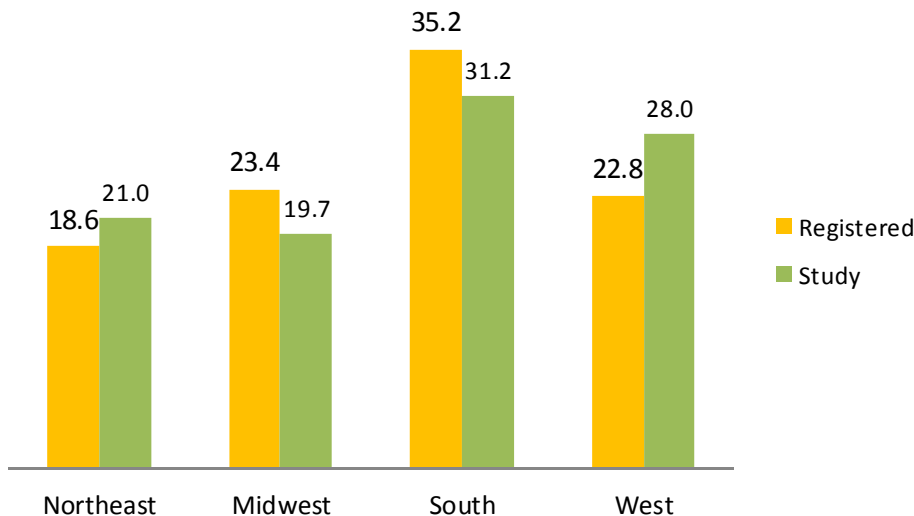
- Panel: 25%
- AFP: 2%
- GuideStar: 4%

The *NRC Summer/Early Fall 2011* survey received a total of 813 complete, non-duplicated responses representing organizations with more than \$3.9 billion in expenditures in 2009 (based on IRS Form 990s).

In this file of responding charities, regions defined by the Census Bureau are roughly equally represented based on the number of registered charities within each.

Figure 21: Percentage of responding charities by Census region compared with registered charities IRS and Business Master File, July 2011

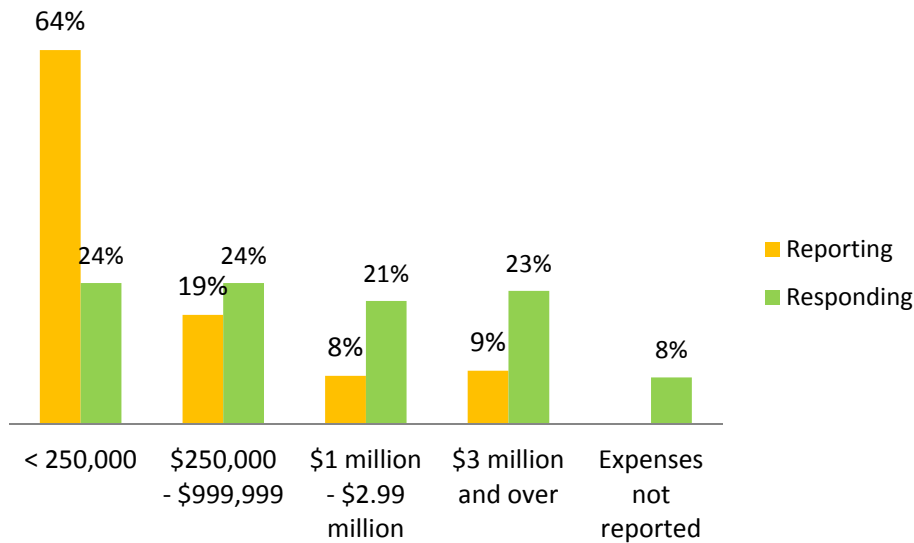
(The sum is 100 by region – that is, add North, South, Midwest, and West for any of the categories of charity to get 100. All yellow bars together = 100, for example.)



*Reporting = filing an IRS Form 990 or Form 990EZ or 990-N ePostcard

This study used reported expenditure amounts on IRS Forms 990 to categorize charities by size, after matching responding charities by Employer Identification Number (EIN) to the record maintained by the National Center for Charitable Statistics that draws from IRS Forms. Thus only reporting charities, which provide expenditure information to the IRS, could be coded for size. Eight percent of respondents did not have expenditure amounts on file with the IRS. They probably—but not with certainty—fit in the category of organizations with less than \$250,000 in total expenditures in 2009.

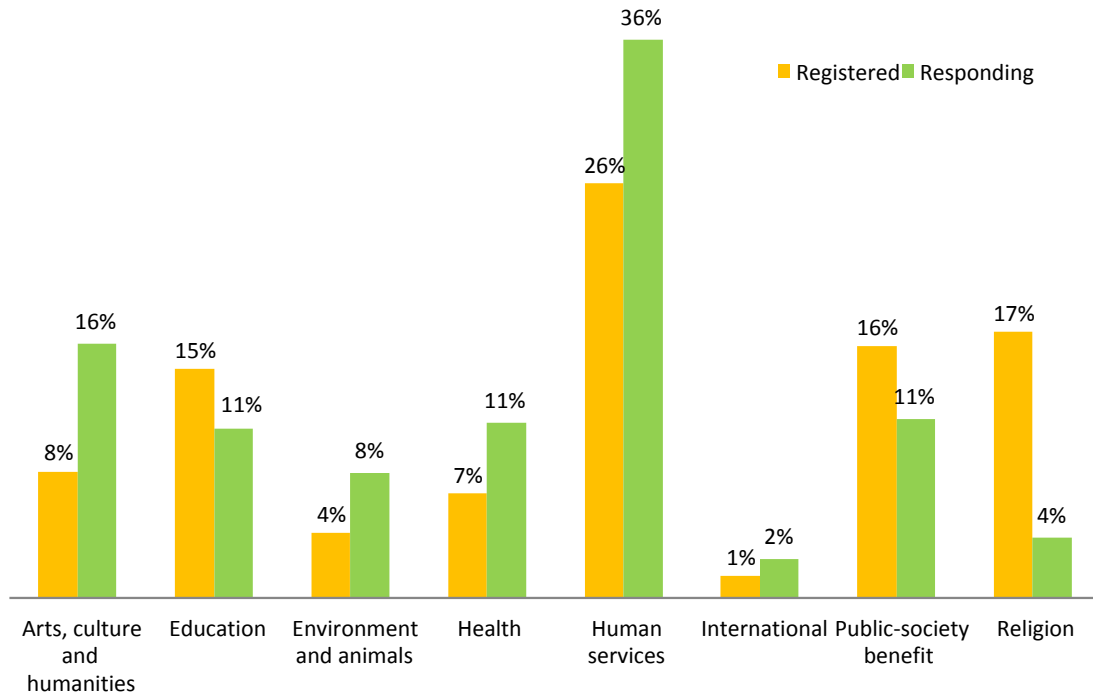
Figure 22: Responding charities by 2009 expenditure total, compared with reporting charities filing IRS forms*



*Reporting = filing an IRS Form 990 or Form 990EZ or 990-N ePostcard

Responding charities more or less mirrored the distribution of registered charities overall by expenditure amount, with the exception of an under-representation of organizations with budgets below \$250,000.

Figure 23: Responding charities by subsector compared with charities registered with the IRS



About the Nonprofit Research Collaborative

Seven organizations have formed the NRC. Each of these entities has, at a minimum, a decade of direct experience collecting information from nonprofits concerning charitable receipts, fundraising practices, and/or grantmaking activities.

The collaborating partners to date are:

- Association of Fundraising Professionals, which surveyed members for an annual state of fundraising study from 2002 through 2010;
- Blackbaud, Inc., which publishes The Blackbaud Index and prepares a report about the State of the Nonprofit Industry;
- The Center on Philanthropy at Indiana University, which conducts a wide range of research studies on philanthropy and giving;
- The Foundation Center, which provides services to nonprofit organizations and documents trends in foundation giving worldwide;
- Giving USA Foundation, which has published the Giving USA Annual Report on Philanthropy for over 50 years;
- GuideStar USA, Inc., which has issued annual reports about the impact of the economy on the nonprofit sector since 2002; and
- The National Center for Charitable Statistics at the Urban Institute, which tracks the finances and activities of nonprofit organizations and prepares the Nonprofit Almanac and other publications and resources.

The collaborative effort reduces the burden on charities, which receive fewer requests for survey participation. Survey respondents will form a panel over time, allowing for trend comparisons among the same organizations. This approach provides more useful benchmarking information than repeated cross-sectional studies.

The Nonprofit Research Collaborative (NRC) conducts these surveys three times a year.