

Nonprofit Fundraising Study

*Covering Charitable Receipts at Nonprofit Organizations in
the United States and Canada in 2013*

March 2014



Acknowledgements

The Nonprofit Research Collaborative (NRC) thanks all respondents who took the survey February 2014. Your willingness to share information about your organization makes it possible for this report to appear.

Most importantly, we thank every individual who made this report possible, from concept and survey design through data analysis and proofreading. The partner organizations have a true collaborative that makes the NRC and each of these reports a reality.

© 2014 Nonprofit Research Collaborative

For permission to cite or reproduce, please contact Melissa Brown at Melissa@NPREsearch.org.

This report and links to earlier reports can be found at www.NPREsearch.org

NRC members (in alphabetical order)



Project management by



Melissa S. Brown
& Associates, LLC

Contents

INTRODUCTION 1

Summary of findings..... 2

SECTION I: 2013 results..... 3

Nearly two-thirds of responding charities report growth in charitable receipts 3

 Organizations attribute success to donor relationships and to their mission or programming 4

 Larger and mid-size organizations saw increased charitable receipts more often than smaller organizations did..... 5

 Fewer of the smallest organizations see a drop in giving than did a year ago..... 5

Predicted change in charitable receipts compared with actual results..... 7

Two-thirds of charitable organizations met the fundraising goal for 2013 8

 Smaller organizations remain less likely than larger ones to meet goals 9

SECTION II: Types of fundraising methods used..... 10

 Direction of change in charitable receipts in 2013 by methods used 11

SECTION III: Trends since 2004..... 13

Trends in changes in charitable receipts by method, 2004-2013 14

SECTION IV: Share of charitable receipts from types of donors 20

SECTION V: Outlook for 2014..... 22

CONCLUSION 24

METHODOLOGY 25

 Statistical significance 28

About the Nonprofit Research Collaborative 29

List of figures

Figure 1: Percentage of responding organizations reporting change in charitable receipts, 2013 compared with 2012.....	3
Figure 2: What most positively affected your organization’s fundraising in 2013	4
Figure 3: Percentage of responding organizations reporting change in charitable receipts by size, 2013 compared with 2012	6
Figure 4: Percentage of responding organizations reporting change in charitable receipts by NTEE code, 2013 compared with 2012	6
Figure 5: Predicted results for 2013 compared with actual results.....	7
Figure 6: Did your organization meet its Fiscal Year 2013 fundraising goal?.....	8
Figure 7: Trend in meeting fundraising goal, 2010-2013	8
Figure 8: Percentage of responding organizations meeting fundraising goal, 2013, by organizational size	9
Figure 9: Percentage of responding organizations that use each of 15 fundraising methods	10
Figure 10: Percentage of organizations reporting change in charitable receipts, 2013 compared with 2012, by fundraising method—most commonly used methods, with frequent increases	11
Figure 11: Percentage of organizations reporting change in charitable receipts, 2013 compared with 2012, by fundraising method—most commonly used methods, although with less frequent increases.....	11
Figure 12: Percentage of organizations reporting change in charitable receipts in 2013, compared with 2012, by fundraising method—Less frequently used methods	12
Figure 13: Percentage of responding organizations reporting change in charitable receipts by year, 2004 - 2013	13
Figure 14: Percentage of responding organizations reporting change in contributions received by direct mail, 2004-2013	14
Figure 15: Percentage of responding organizations reporting change in contributions received online, 2004-2013.....	14
Figure 16: Percentage of responding organizations reporting change in contributions received from major gifts, 2004-2013	15
Figure 17: Percentage of responding organizations reporting change in contributions received through special events, 2004-2013	15
Figure 18: Percentage of responding organizations reporting change in contributions received through planned gifts, 2004-2013	16
Figure 19: Percentage of responding organizations reporting change in contributions received through board giving, 2010-2013.....	16

Figure 20: Percentage of responding organizations reporting change in contributions received through foundation grantmaking, 2010-2013	17
Figure 21: Percentage of responding organizations reporting change in contributions received through corporate giving and corporate foundation grantmaking, 2010-2013.....	17
Figure 22: Percentage of responding organizations reporting change in contributions received via appeal by telephone, 2010-2013	18
Figure 23: Percentage of responding organizations reporting change in contributions received through federated campaigns, 2011-2013	18
Figure 24: Percentage of responding organizations reporting change in contributions received from congregations, 2011-2013	19
Figure 25: Percentage of responding organizations by percentage of total charitable receipts from each donor type.....	20
Figure 26: Percentage of responding organizations by percentage of total charitable receipts from each donor type, charities with total expenditures less than \$250,000	21
Figure 27: Percentage of responding organizations by percentage of total charitable receipts from each donor type, charities with total expenditures of \$10 million or more	21
Figure 28: Anticipated direction of change in charitable receipts, 2014 compared with 2013.....	22
Figure 29: Coded responses about challenges for 2014 fundraising	23
Figure 30: Percentage of responding charities by Census region compared with registered charities IRS and Business Master File, July 2012.....	26
Figure 31: Responding charities by 2012 expenditure total, compared with reporting charities filing IRS forms.....	27
Figure 32: Responding charities by subsector compared with charities registered with the IRS	28

INTRODUCTION

In 2013, the economy continued to grow as signaled by the return of big gifts from the nation's wealthiest philanthropists.¹ The outlook for nonprofit organizations to hire more staff is positive. Philanthropic growth seems to be trending in the right direction. This study reveals to what extent charitable organizations in the United States and Canada began to see changes in charitable receipts in 2013.

This work is important because, as other studies show, nonprofit charitable organizations continue to face rising demands for services and lower revenues from government grants and fees paid, user fees, and other resources.² Using effective fundraising to generate sustained philanthropic giving can be part of the solution to the growing pressures many nonprofit organization managers perceive.

More than 500 organizations answered NRC survey questions in early 2014 about charitable receipts from January through December 2013. Responding charitable groups included large and small organizations (by budget size) and organizations from every sub-sector, from Arts, Culture & Humanities to Religion. The survey reached organizations in the United States and Canada.

Questions ranged from changes in charitable receipt amounts in 2013 compared with 2012 to expectations for 2014. Sections of this report share findings from the major sections of the survey. Additional reports will be released later in 2014.

The Nonprofit Fundraising Survey (NFS) shows what share of organizations experienced increases in funds raised, decreases, or no change. Unlike other studies that project a total amount of increase in dollars across all organizations, the NFS explores factors that can be managed to help an organization be more likely to see growth in funds raised in coming years.

The first section of this report shares results about charitable receipts in 2013 and compares those findings with results from similar surveys from 2004 through 2012. This first section also compares what charities expected would happen in 2013 with what actually did. One of the unique features of the Nonprofit Research Collaborative is the trend data we have going back to 2002, which covers findings about charitable receipts received from roughly a dozen different fundraising methods. This report includes trends from 2004 through 2013. The survey also asked about expectations for charitable receipts in 2014 and gave respondents a chance to comment on specific challenges or trends they expect to play an important role in fundraising this year.

¹ The Chronicle of Philanthropy. December 31, 2013.

² Nonprofit Finance Fund. 2013. State of the Nonprofit Sector Survey.

<http://nonprofitfinancefund.org/announcements/2013/state-of-the-nonprofit-sector-survey>

Summary of findings

Sixty-two percent (62%) of respondents—the largest share since 2007—saw fundraising receipts rise in 2013. This is an increase from 58 percent in 2012, 53 percent in 2011 and 43 percent in 2010.

Further, 67 percent met their fundraising goal in 2013, which is an increase from 63 percent in 2012. While the trend is upward, the difference between 2013 and 2012 is not statistically significant. However, the result for 2013 is statistically significantly higher than the 59 percent that met their fundraising goal in 2011 and the 52 percent that did in 2010.

The share seeing an increase in funds in the United States was more than ten percentage points higher in the United States than in Canada, 68 percent versus 57 percent, respectively, whereas the increases were nearly identical in 2012.

The four regions of the United States saw relatively similar increases in funds raised, with the South reporting an increase at 68 percent of responding organizations, higher than the Northeast (64 percent), and the Midwest and West (both at 63 percent).

With the exception of two subsectors, Arts and Religion, all types of charities saw an increase of at least 60 percent. However, it should be noted that several subsectors had too few respondents to draw firm conclusions (see Figure 4).

Other fundraising methods tracked since 2004 saw receipts increase. Figures 14 to 24 show year-to-year comparisons by method. Of note:

- Major gifts increased at 62 percent of responding organizations in 2013, compared with 49 percent in 2012, and 42 percent in 2011. Major gifts showed the largest year-on-year jump in this year's survey.
- Online gifts—both through emailed requests and other online funds raised—rose at 62 percent of responding charities in 2013, compared with 57 percent in 2012, and 37 percent in 2011.
- Special events proceeds also increased at 62 percent of responding organizations in 2013, compared with 53 percent in 2012, and 45 percent in 2011.

Board member giving rose at 47 percent of organizations responding to the survey in 2013, compared with 39 percent in 2012, and 42 percent in 2011. Two methods showed low frequencies of increase: federated campaigns (21%) and gifts from congregations (25%). Most organizations using those methods saw funds received remain the same as in 2012.

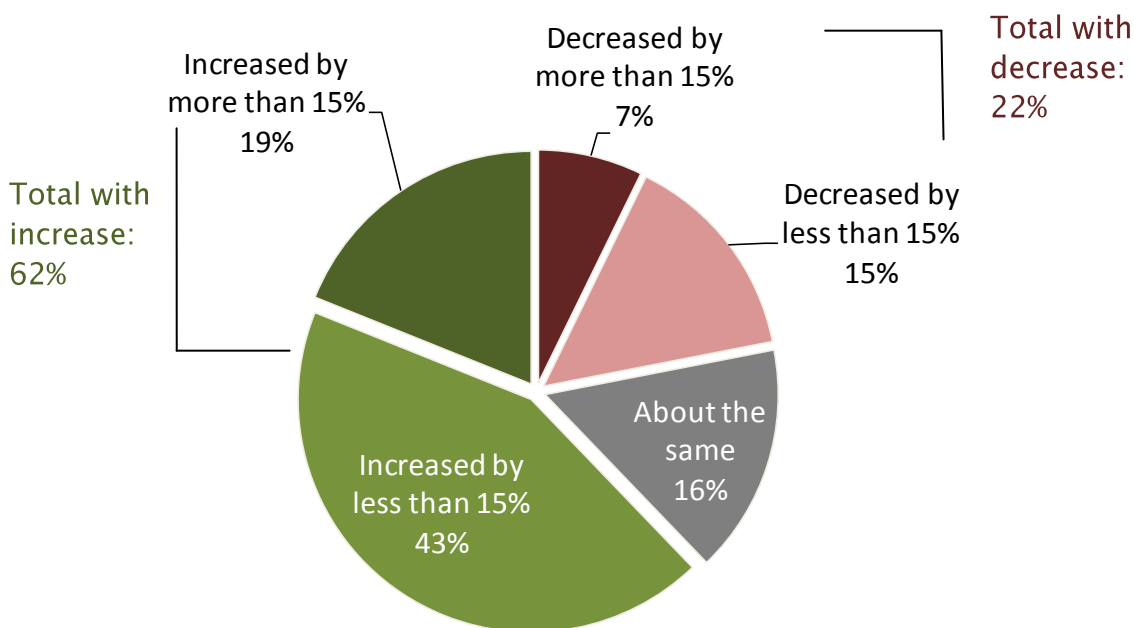
SECTION I: 2013 results

This section presents overall results, including a summary of answers about factors that helped the organization during the year. The section then details sub-sets where there are statistically significant differences in the results. These include results by organizational size (based on total expenditures) and between regions, especially in Canada compared with the United States.

Nearly two-thirds of responding charities report growth in charitable receipts

For the fiscal year ending in 2013, 62 percent of responding charitable organizations reported an increase in charitable receipts compared with 2012. This is the highest percentage seeing an increase since 2007. It is just barely below the result for a similar survey about giving in 2006, when 63 percent of responding charities reported growth in charitable receipts.

Figure 1: Percentage of responding organizations reporting change in charitable receipts, 2013 compared with 2012



Smaller organizations were less likely to see growth than larger organizations (see Figure 3: Percentage of responding organizations reporting change in charitable receipts by size, 2013 compared with 2012 on page 6).

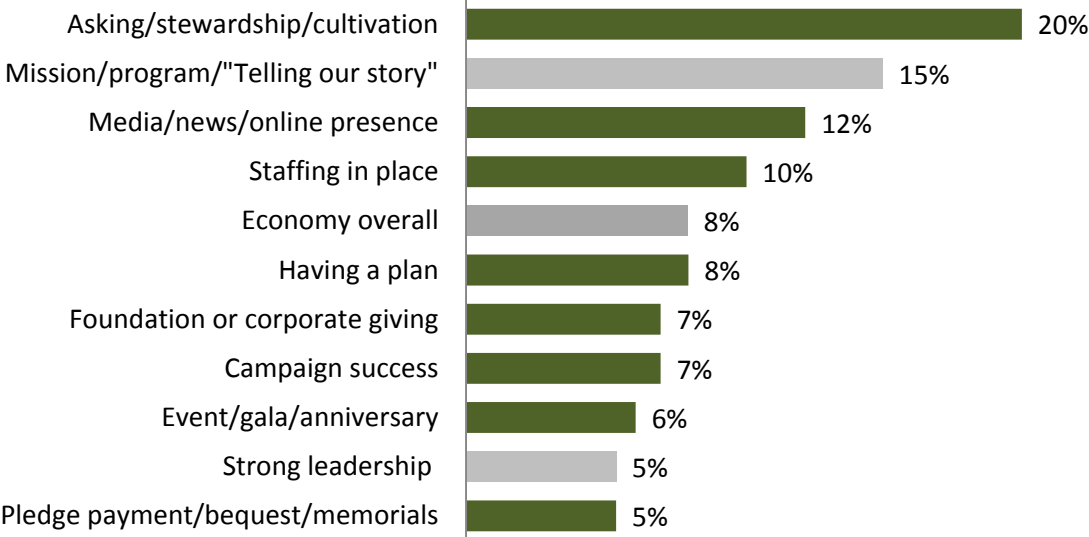
Organizations attribute success to donor relationships and to their mission or programming

When asked what single issue most positively affected fundraising, respondents indicated a wide range of elements both internal—such as having the right staff in place—and external—such as the economy overall. Results from 2013 show:

- About 73 percent entered a comment related to fundraising practices at their organization, including having systems for cultivating potential donors, asking for gifts, and keeping donors informed (20 percent).
- Nearly one-third (28 percent) named something either outside of the organization, such as an overall improved economy (8 percent) or something that applied organization-wide, such as having a strong mission or excellent programming (14 percent). See Figure 2.

Figure 2: What most positively affected your organization’s fundraising in 2013
Overall responses, not specific to fundraising method or vehicle

Analysts coded written responses. People could offer more than one idea. The lighter shade (gray) relates to comments about the entire organization. Dark green bars indicate comments that relate primarily to development or advancement work.



Question: What single issue most positively affected your organization's fundraising in 2013?

"We raised more because of increase in capacity. After building a case - using metrics to demonstrate that the introduction of a new staff position focused on major gifts would help the bottom line and have a great ROI - we have had success. And, as a result over the last two years the proportion of major gifts from our overall revenue has increased from 13 percent to 54 percent."

Small Canadian health organization

"We're relatively new and focused on building awareness for the mission which led to demand or interest from corporate funding partners."

Small Southern education organization

"Our ability to more effectively tell the story about our mission, our history, and our vision, with practical, results-driven data."

Medium-size Midwestern environment/animal organization

Larger and mid-size organizations saw increased charitable receipts more often than smaller organizations did

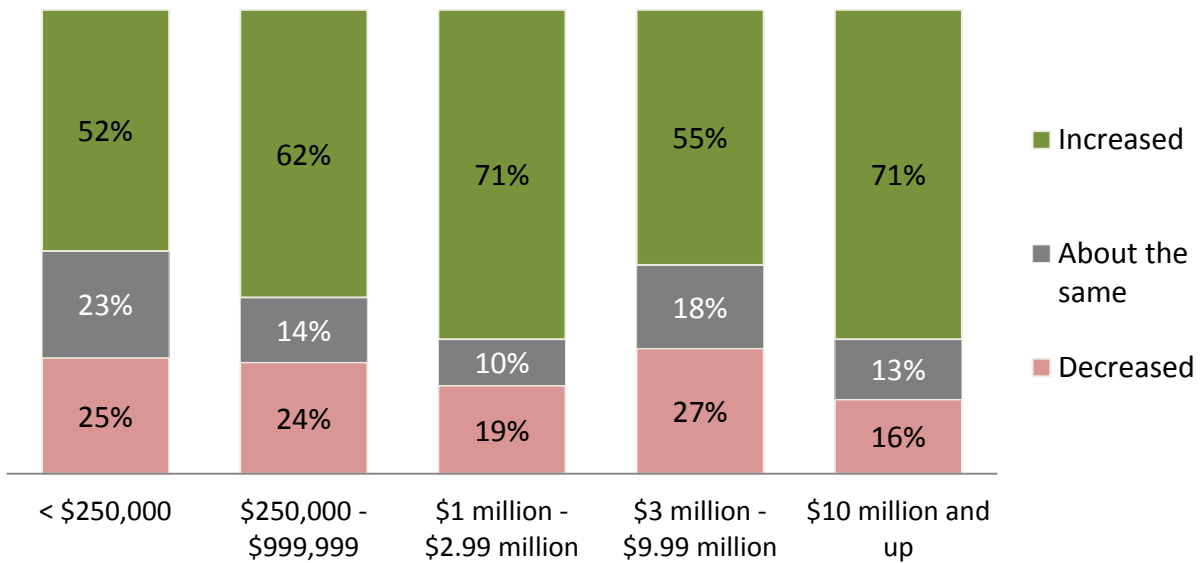
As has been the case in prior waves of the Nonprofit Fundraising Survey, larger organizations (based on 2012 reported expenditures) were more likely to see growth in charitable receipts than were smaller organizations. Figure 3 shows that 52 percent of the smaller participating organizations (expenditures under \$250,000) reported growth in charitable receipts for 2013 compared with 71 percent of the largest organizations, (\$10 million or more in expenditures). Nearly three-quarters (72%) of mid-size organizations (\$1 million to \$2.99 million in expenditures), also saw increased charitable receipts in 2013 compared with 2012.

Fewer of the smallest organizations saw a drop in giving than did a year ago

After declines in receipts since the recession, seeing giving stabilize is an improvement. Even if the smallest charities did not see growth as often as large ones did, the share seeing drops in charitable receipts was smaller than it has been in recent years.

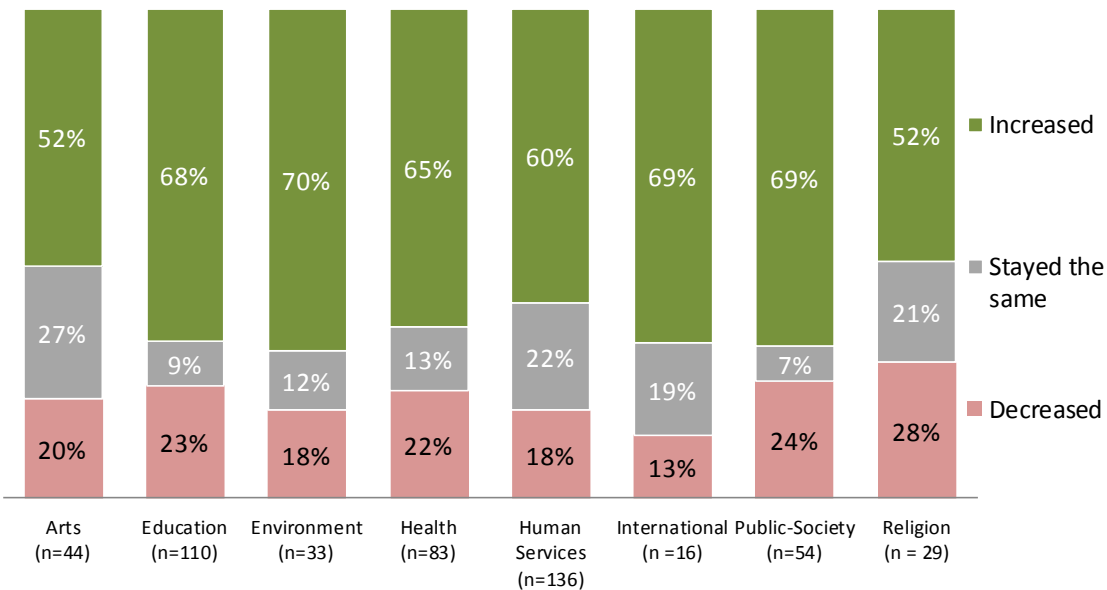
For example, a quarter (25%) of participating smaller organizations (expenditures less than \$250,000) saw decreased charitable receipts in 2013 compared to 2012, a lower share than in the prior year's study, covering the change from 2011 to 2012, when 37 percent saw decreased charitable.

Figure 3: Percentage of responding organizations reporting change in charitable receipts by size, 2013 compared with 2012



Size is based on revenue in 2012 per the IRS Form 990 if available. Where the 990 is not available, size is based on survey respondent answer to a question about 2013 operating budget.

Figure 4: Percentage of responding organizations reporting change in charitable receipts by NTEE code, 2013 compared with 2012



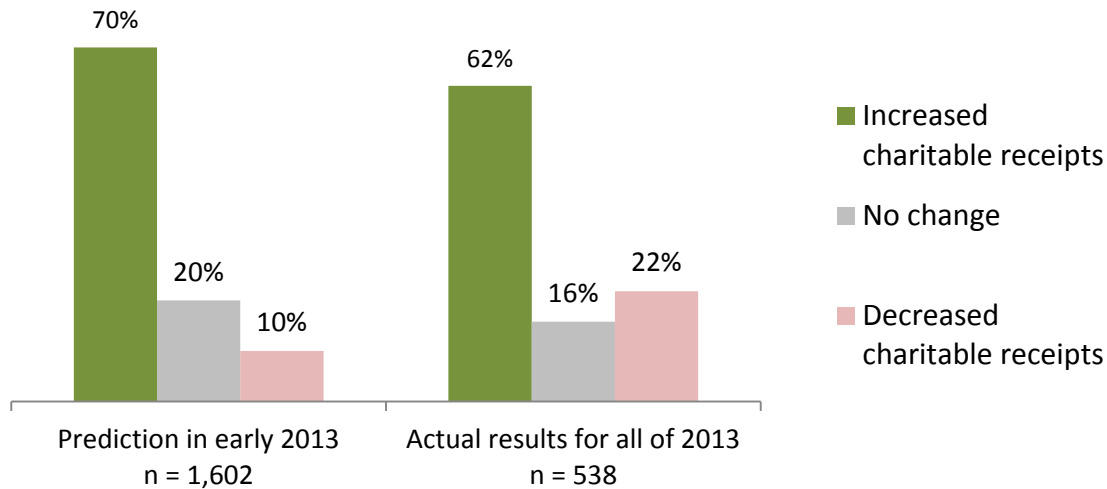
Arts organizations and Religion organizations reported lower percentages seeing increases, compared with all others. Differences from 52 percent to 70 percent and from 52 percent to 69 percent are statistically significant. There are too few international respondents to use in statistical analysis.

Predicted change in charitable receipts compared with actual results

A year ago—in early 2013—70 percent of responding charities projected growth in funds raised in 2013. This is 8 percentage points above the 62 percent who actually saw growth in charitable receipts by the end of 2013.

Figure 5: Predicted results for 2013 compared with actual results

Note: The survey fielded in February 2014 coincided with the series of storms that incapacitated people throughout the United States and some in Canada.



Actual fundraising results in comparison to predicted results for 2013 widened back to 8 percentage points. A year ago, for giving in all of 2012, that gap was only 5 percent. For both 2010 and 2011, there was at least a 10-percentage point gap between the share of organizations that predicted they would see growth in fundraising receipts and the final results by the end of the year.

Two-thirds of charitable organizations met the fundraising goal for 2013

In 2013, 67 percent of responding organizations said they met their fundraising goal, surpassing the percentages for the prior NRC surveys, for 2010 through 2012.

Figure 6: Did your organization meet its Fiscal Year 2013 fundraising goal?

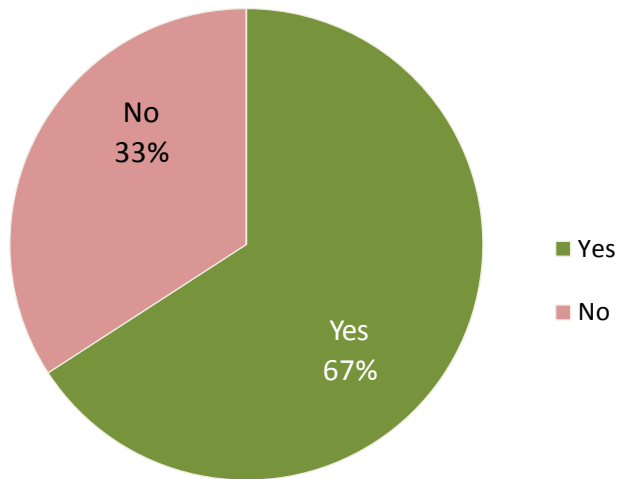
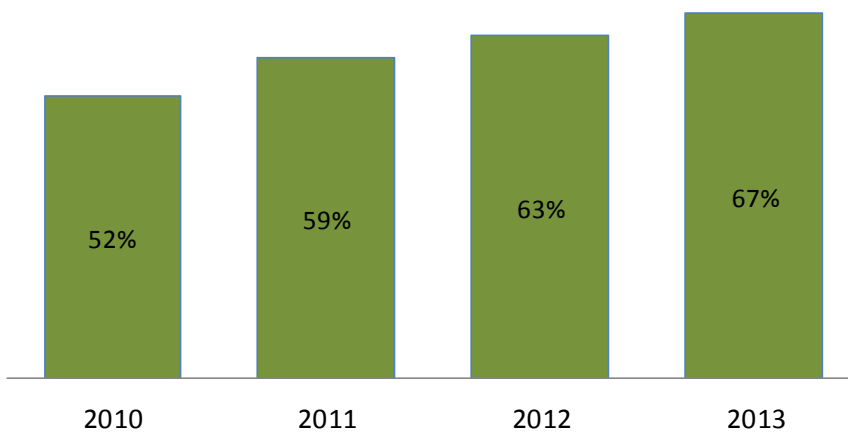


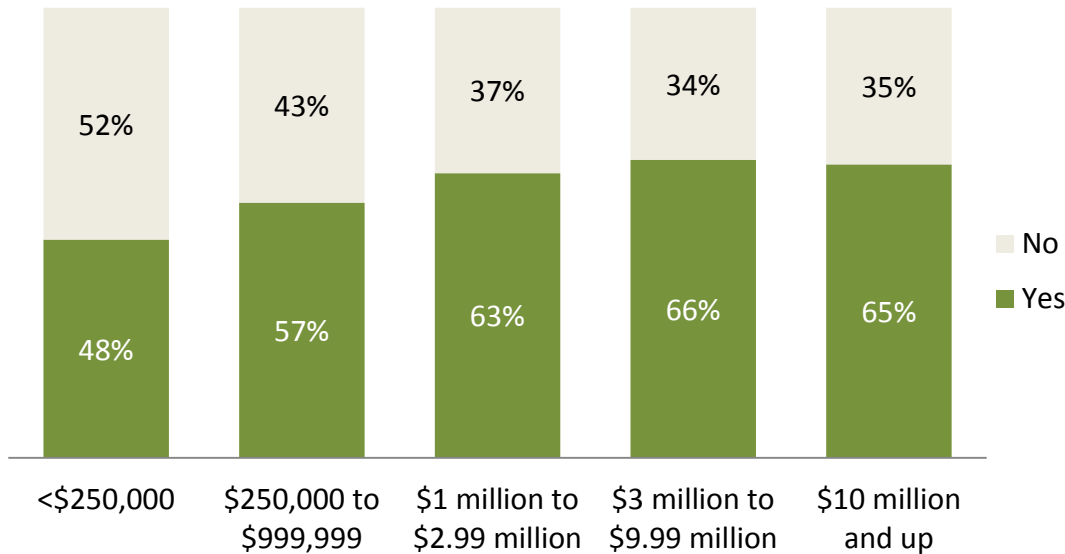
Figure 7: Trend in meeting fundraising goal, 2010–2013



Smaller organizations remain less likely than larger ones to meet goals

Despite the overall positive results, smaller organizations, especially those with less than \$1 million in expenditures, were less likely to meet their goals than were larger organizations. This is consistent with findings from earlier waves of the Nonprofit Fundraising Survey.

Figure 8: Percentage of responding organizations meeting fundraising goal, 2013, by organizational size



Size is based on expenditures in 2012 per the IRS Form 990 if available. Where the 990 is not available, size is based on survey respondent answer to a question about 2013 operating budget. The difference is statistically significant for the two smallest organizational sizes compared with the three larger.

Prior NRC reports suggest that smaller organizations invest less in fundraising, might have staff members with less fundraising experience, or recruit board members who feel uncomfortable with fundraising. A special report about how board members can assist with fundraising, based on NRC response, appeared in September 2012. That report is available at www.NPResearch.org.

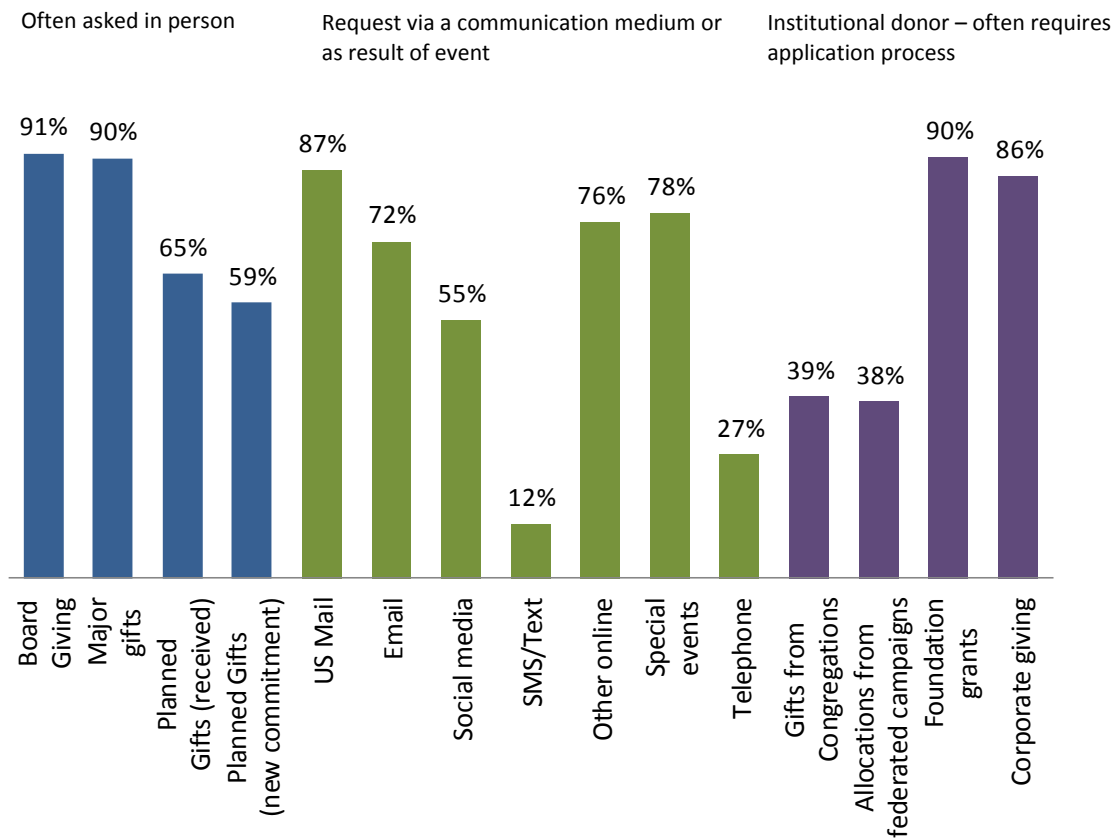
The Winter 2012 NRC report includes additional information about successful communications and stewardship tactics that could also help organizations retain loyal donors and possibly raise more funds.

SECTION II: Types of fundraising methods used

All of the organizations in this survey use board giving, major gifts, planned giving, and direct response via the mail to raise funds. A majority also use foundation (90 percent) and corporate (86 percent) proposals in their fundraising.

Some less-often used methods include telephone, gifts from congregations and distributions from federated campaigns. Surprisingly, only 12 percent of participating organizations use SMS/Text as a fundraising method.

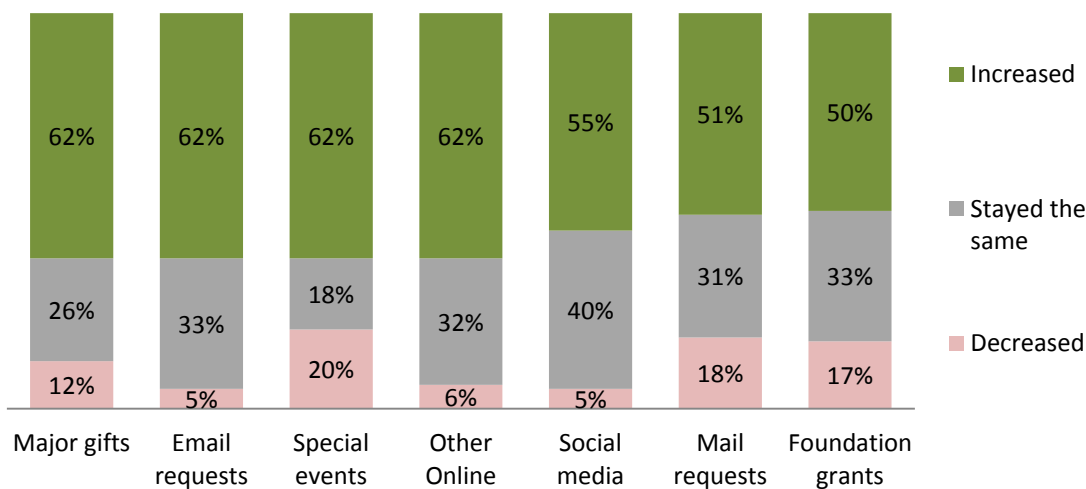
Figure 9: Percentage of responding organizations that use each of 15 fundraising methods



Direction of change in charitable receipts in 2013 by methods used

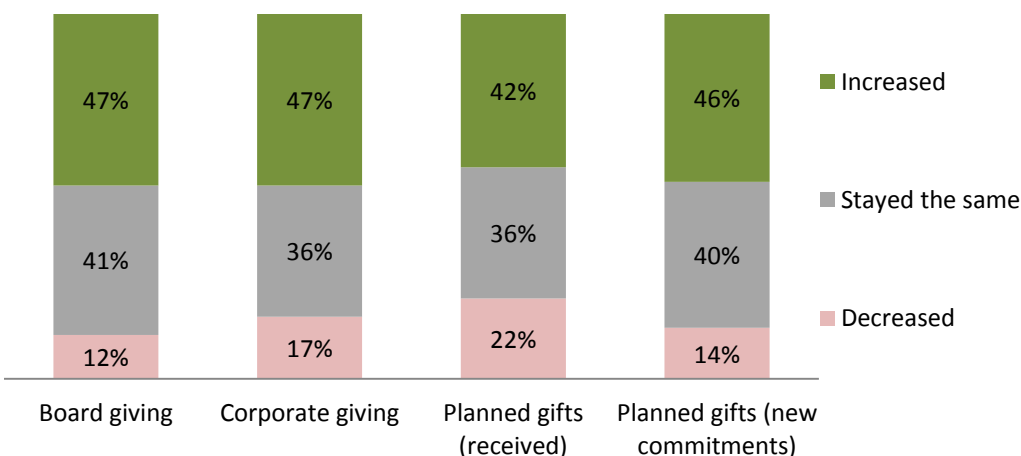
The largest percentage of organizations reported growth in major gifts, email requests, special events and “other online,” all of which saw increased amounts received at 62 percent of responding organizations. Social media, requests sent by US Mail, and foundation grants generated increased funds at more than half of the responding charities that use the method (Figure 10). “Other online” could include “Give Now” buttons on websites or online giving by people who find the organization on their own.

Figure 10: Percentage of organizations reporting change in charitable receipts, 2013 compared with 2012, by fundraising method—most commonly used methods, with frequent increases



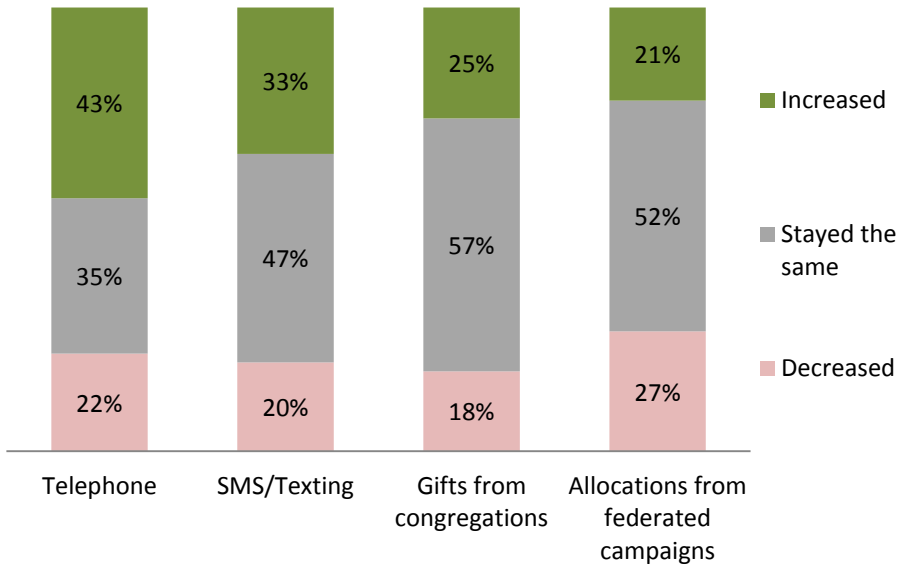
Some frequently used methods generated increased funds at less than half of the organizations that use them. These include board giving, corporate giving, and both received planned gifts and new commitments for future planned gifts (Figure 11).

Figure 11: Percentage of organizations reporting change in charitable receipts, 2013 compared with 2012, by fundraising method—most commonly used methods, although with less frequent increases



The fundraising methods with the smallest percentages of reported growth are also less frequently used. These include allocations from federated campaigns (only 21% of organizations receiving such funds saw an increase from this source) and gifts from congregations (25% saw an increase). See Figure 12.

Figure 12: Percentage of organizations reporting change in charitable receipts in 2013, compared with 2012, by fundraising method—Less frequently used methods

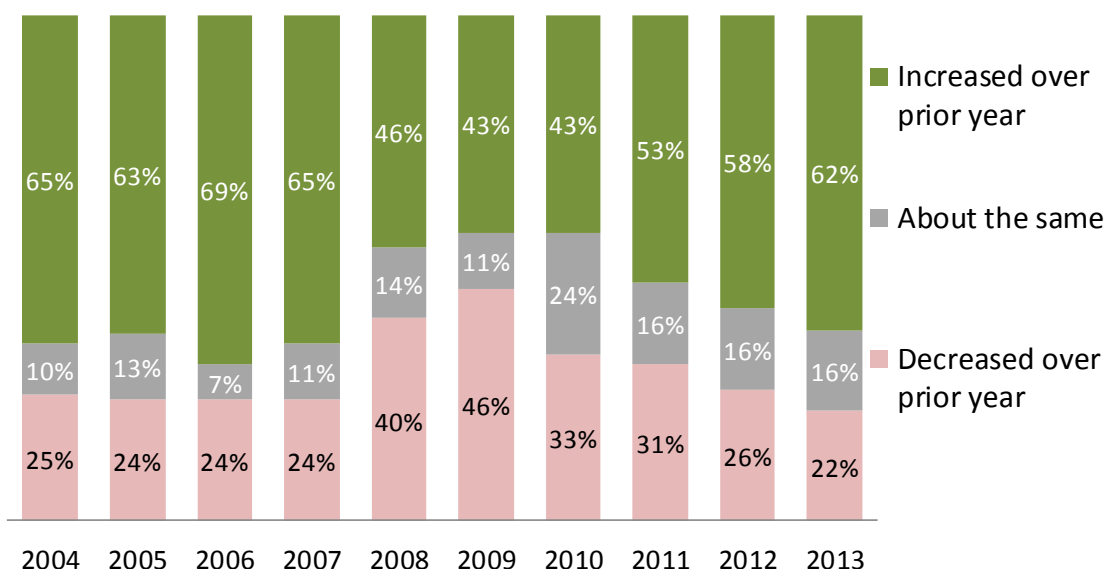


SECTION III: Trends since 2004

The Association of Fundraising Professionals (AFP) began conducting surveys in 2002 to track the impact of economic changes on charitable receipts. The Nonprofit Research Collaborative started asking questions similar to AFP's in 2010.

First we review this year's results overall, then we look more closely at trends by the fundraising methods used. Figure 13 shows the trends since 2004, when 65 percent of the members surveyed by the Association of Fundraising saw the receipts from fundraising activities increase. In the best year on record, 2006, nearly 7 in 10 (69%) saw funds raised increase.

Figure 13: Percentage of responding organizations reporting change in charitable receipts by year, 2004 – 2013



Data: 2004-2009: Association of Fundraising Professionals; 2010 – 2013: Nonprofit Research Collaborative. Different recruitment methods for respondents beginning in 2010 mean direct comparison of those years with earlier years will not be meaningful.

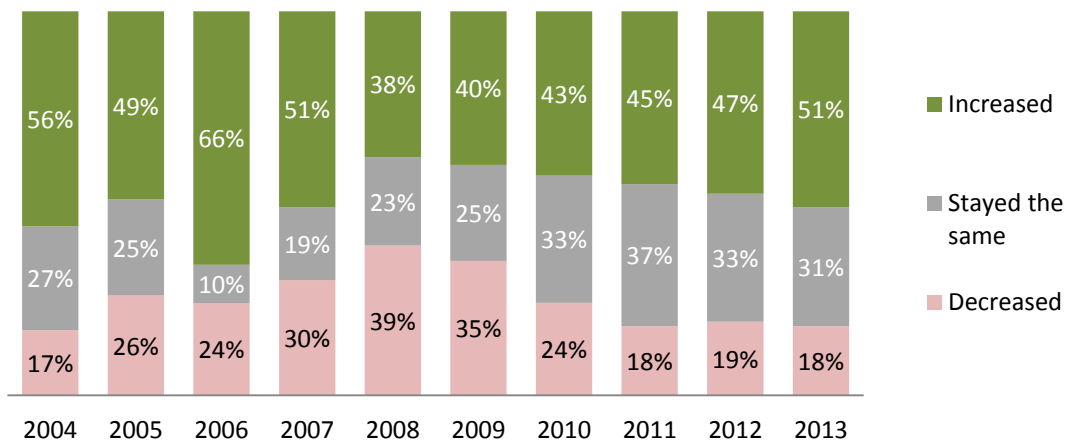
By the time the recession that began in late 2007 was in full force (2008 through 2009), fewer than half of the organizations reported increases in charitable receipts. The effects of the recession likely affected 2010, as well. Results for 2013 are the best since 2007, when 65 percent saw funds raised increase. While the trend is encouraging, at these sample sizes, there is no statistically significant difference between 65 percent and 62 percent.

Trends in changes in charitable receipts by method, 2004-2013

The Association of Fundraising Professionals (AFP) began surveys about charitable receipts in late 2001, following the tragedies of that September. Here we show available years of NRC data in comparison to the trend lines established by AFP, by method used to raise funds.

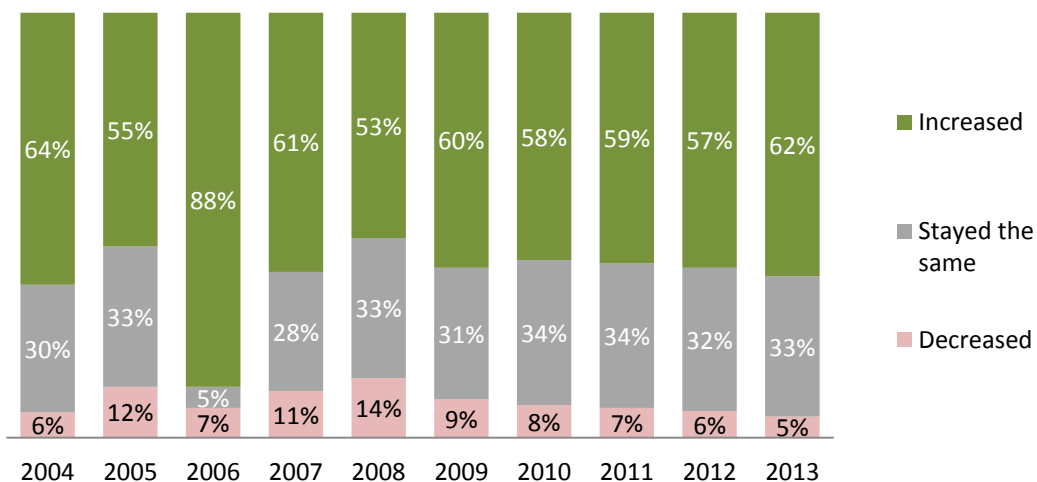
For almost all of the methods tracked, 2013 consistently saw the highest percentages of organizations reporting growth since 2010. The exceptions are allocations from federated campaigns, which have not changed significantly since 2011 and gifts from congregations, which are little changed since they began to be tracked in 2011.

Figure 14: Percentage of responding organizations reporting change in contributions received by direct mail, 2004-2013



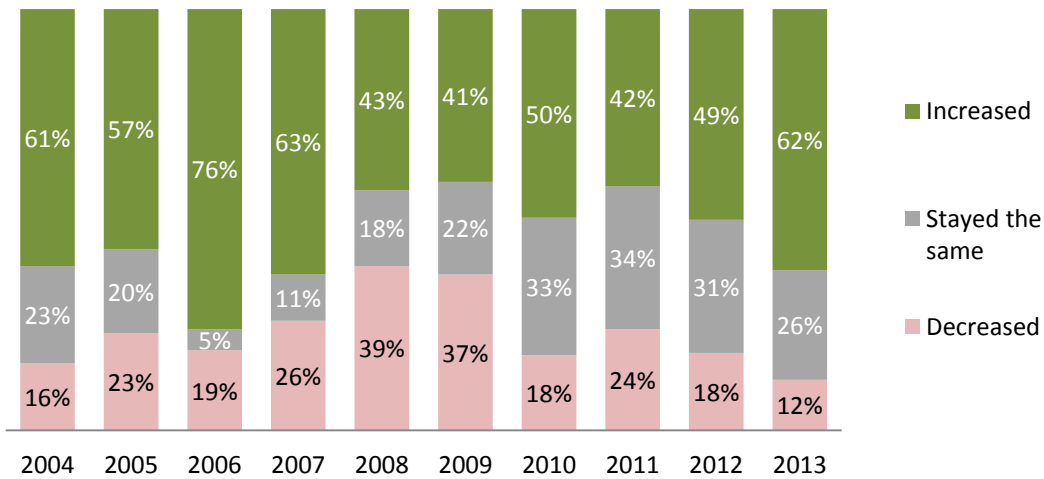
Data: 2004-2009: AFP Member Survey; 2010 onward: Nonprofit Research Collaborative

Figure 15: Percentage of responding organizations reporting change in contributions received online, 2004-2013



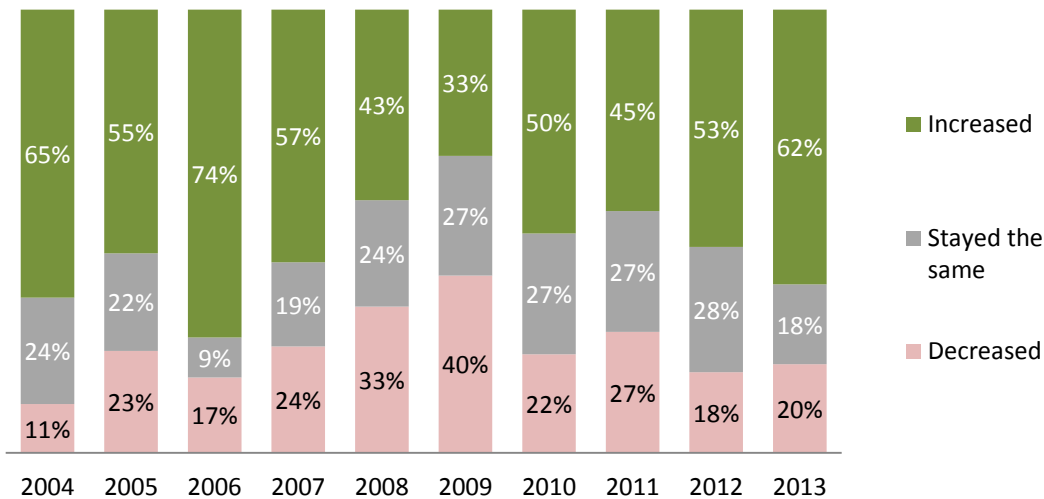
Data: 2004-2009: AFP Member Survey; 2010 onward: Nonprofit Research Collaborative

Figure 16: Percentage of responding organizations reporting change in contributions received from major gifts, 2004–2013



Data: 2004-2009: AFP Member Survey; 2010 onward: Nonprofit Research Collaborative

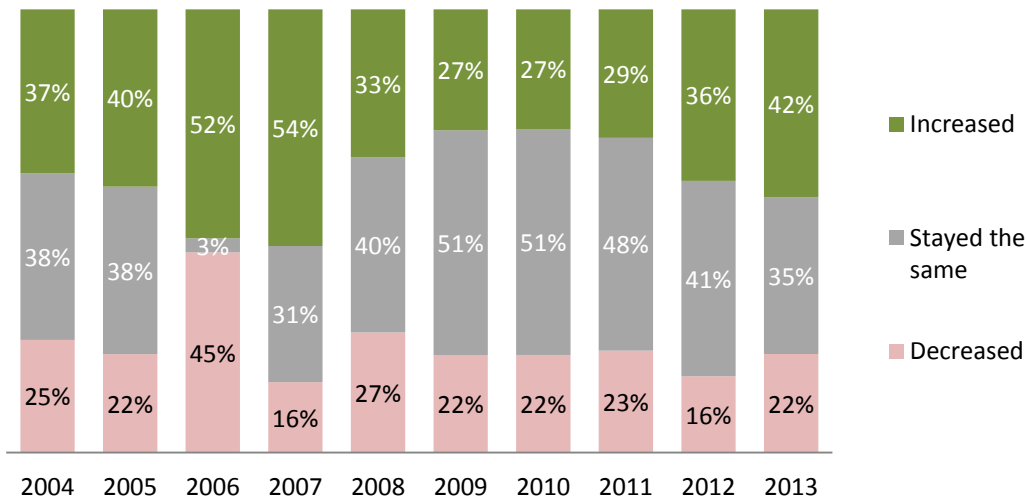
Figure 17: Percentage of responding organizations reporting change in contributions received through special events, 2004–2013



Data: 2004-2009: AFP Member Survey; 2010 onward: Nonprofit Research Collaborative

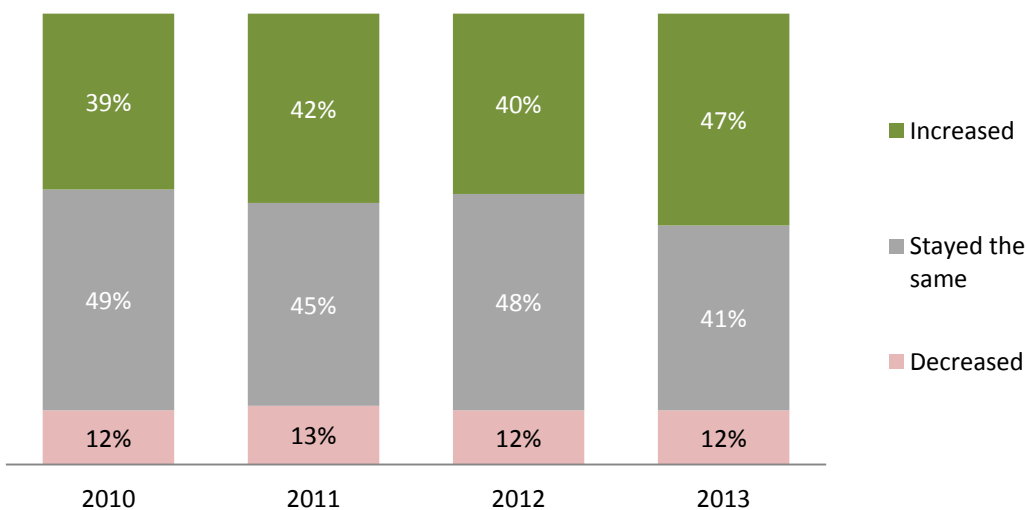
Receipts from planned gifts are less tied to overall economic change than are receipts from other types of giving. Not as many organizations report increases in planned gifts received in good years, and in most years, a fairly large percentage of responding organizations report that planned gift receipts stayed the same as the prior year.

Figure 18: Percentage of responding organizations reporting change in contributions received through planned gifts, 2004–2013



Data: 2002-2009: AFP Member Survey; 2010-2012: Nonprofit Research Collaborative
 Percentages based on organizations that used the method in 2012 and in 2013.

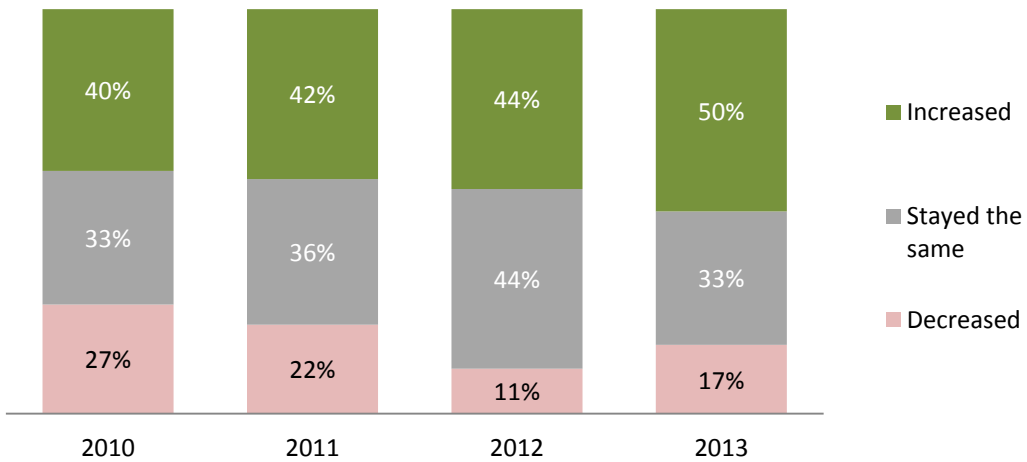
Figure 19: Percentage of responding organizations reporting change in contributions received through board giving, 2010–2013



All data: NRC annual surveys. Percentages based on organizations that used the method in 2012 and in 2013.

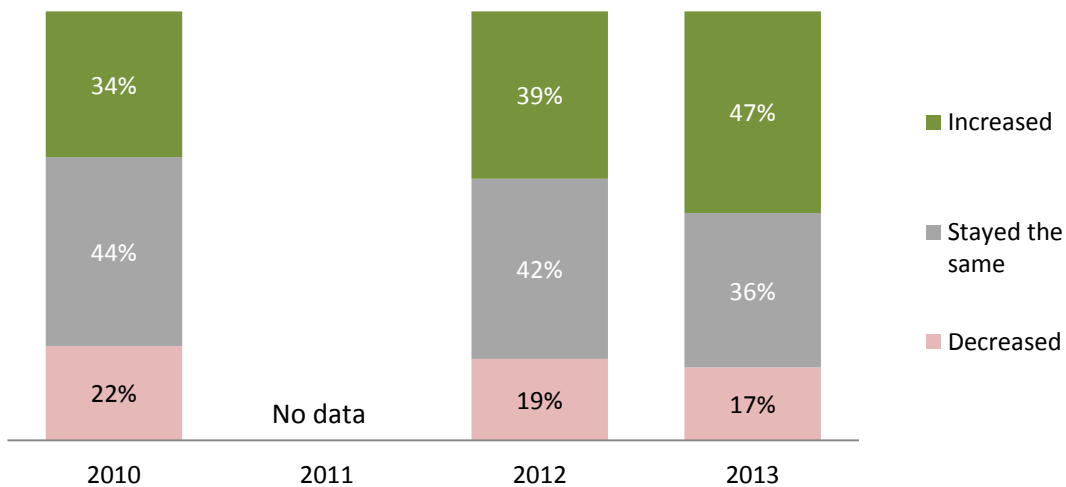
When the NRC began in late 2009, the members added fundraising methods to the set used previously by the Association of Fundraising Professionals. Additional methods have been added as online and social media fundraising has increased. The following graphs show methods tracked since 2010 or 2011.

Figure 20: Percentage of responding organizations reporting change in contributions received through foundation grantmaking, 2010–2013



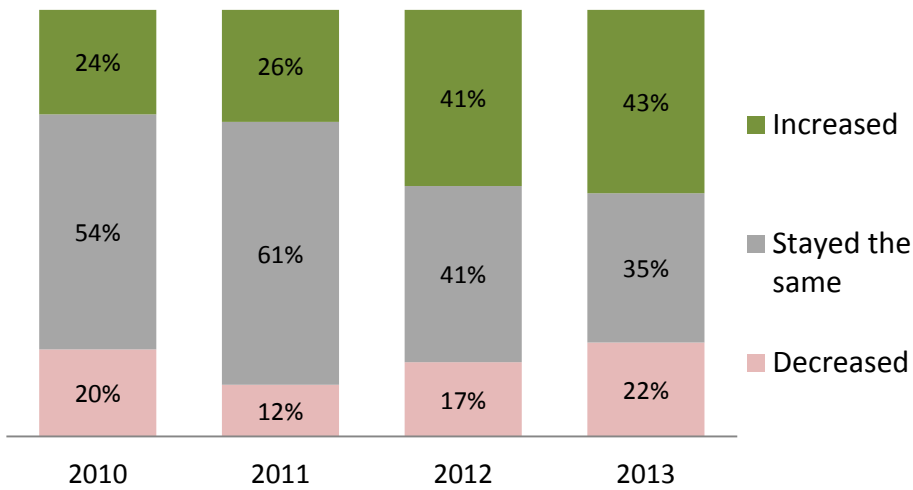
All data: NRC annual surveys. Percentages based on organizations that used the method in 2012 and in 2013.

Figure 21: Percentage of responding organizations reporting change in contributions received through corporate giving and corporate foundation grantmaking, 2010–2013



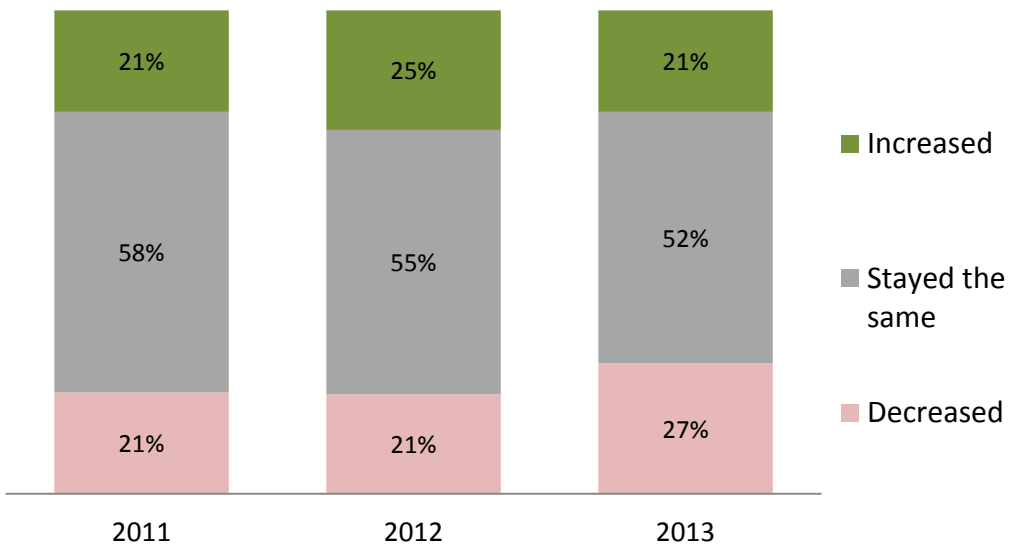
All data: NRC annual surveys. Percentages based on organizations that used the method in 2012 and in 2013.

Figure 22: Percentage of responding organizations reporting change in contributions received via appeal by telephone, 2010–2013



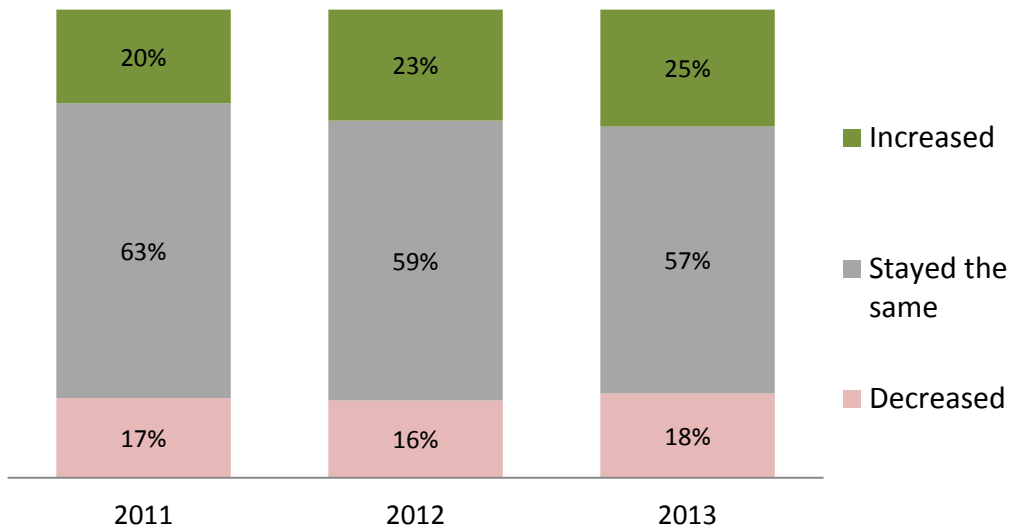
All data: NRC annual surveys. Percentages based on organizations that used the method in 2012 and in 2013.

Figure 23: Percentage of responding organizations reporting change in contributions received through federated campaigns, 2011–2013



All data: NRC annual surveys. Percentages based on organizations that used the method in 2012 and in 2013.

Figure 24: Percentage of responding organizations reporting change in contributions received from congregations, 2011-2013



All data: NRC annual surveys. Percentages based on organizations that used the method in 2012 and in 2013.

Results over time by method can assist an organization in determining whether or not it is likely to benefit from implementing a new approach (assuming continued economic growth), based on experience at other organizations.

For example, an organization faced with a choice between becoming a United Way agency and sending fundraising appeals could compare the trends in “receiving funds from federated campaigns” and “direct mail” or “online appeals” to help inform the decision. The process should, of course, also consider the organization’s mission, capacity, and the community from which funds are raised.

SECTION IV: Share of charitable receipts from types of donors

Giving USA has reported since it began in 1956 that approximately three-quarters of charitable dollars contributed in the United States are from living individuals. Yet, experience in nonprofit organizations suggests that this is not true across the board, in all types of charitable groups or in all sizes.

The Nonprofit Research Collaborative asked this year for the share of funds received from each of the four primary donor types: living individuals, bequests, foundations, and corporations. This question was last asked about giving in 2010. A report to be issued later in 2014 will contain additional analysis and comparison with the patterns three years ago.

Fifty-three percent (53%) of organizations received between one-half and all of their philanthropic funds from individuals, as shown in Figure 25 at the upper right, thick oval. Sixty percent or more received less than one-quarter of all philanthropic funds from foundations, from bequests or from corporations (lower left, thin ovals).

Figure 25: Percentage of responding organizations by percentage of total charitable receipts from each donor type

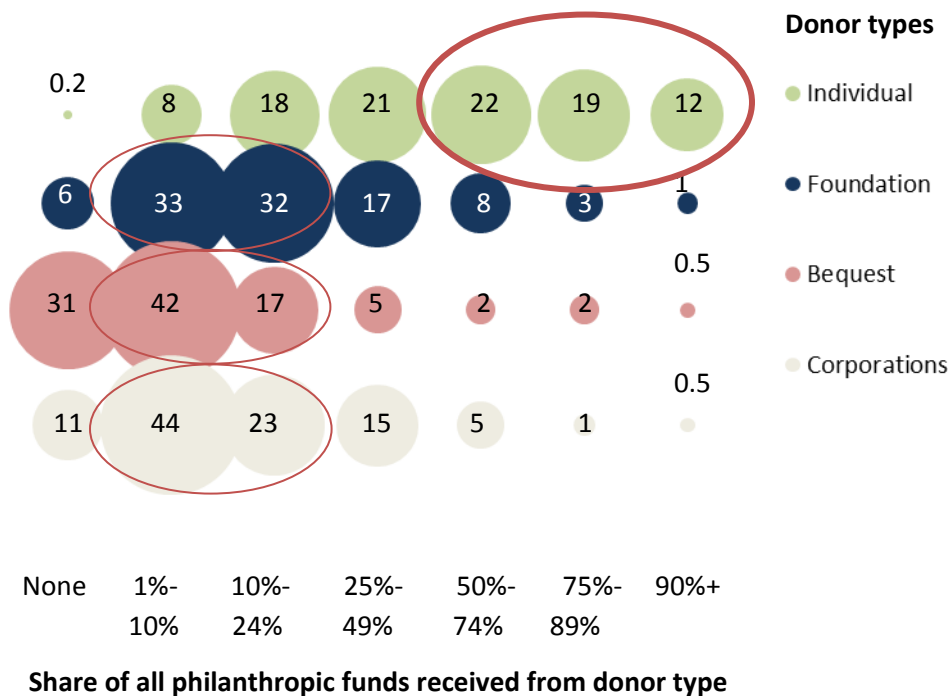


Figure 25 shows the share of all funding that the organization receives from each of the four donor types. Organizations could report anything from none at all to between 90% and 100%. The size of the circles in the figure represents the percentage of responding organizations for each row that received that proportion of their total funding from the source indicated in the row. So 0.2 percent of responding

organizations said they received no funding at all from individuals and 12 percent indicated they received 90 to 100 percent of their funding from individuals.

An overview of the smallest and largest responding organizations shows there are measurable differences. In this study, smaller organizations typically received a larger share of their total from institutional donors such as corporations and foundations, and larger organizations attracted a greater share of funds from living individuals.

Figure 26: Percentage of responding organizations by percentage of total charitable receipts from each donor type, charities with total expenditures less than \$250,000

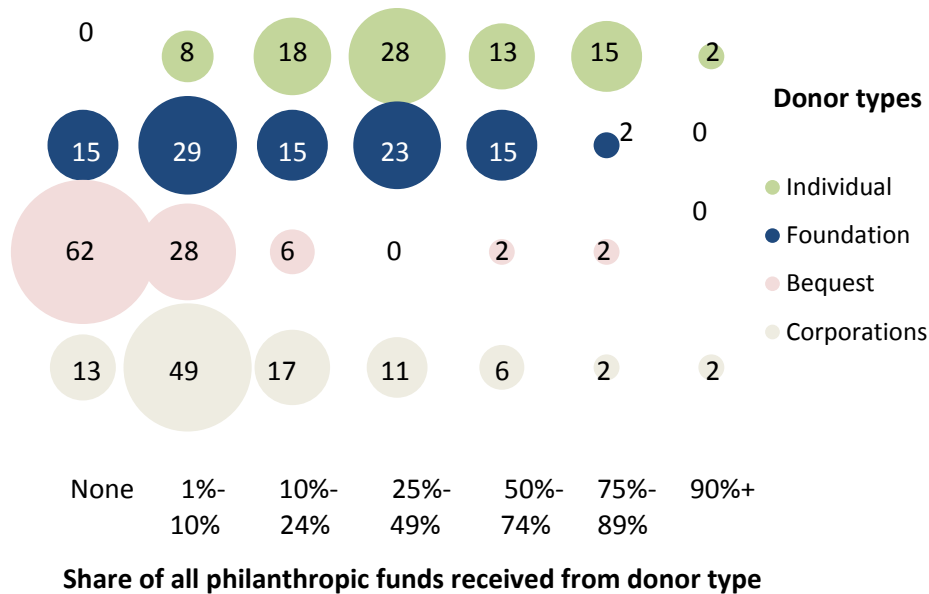
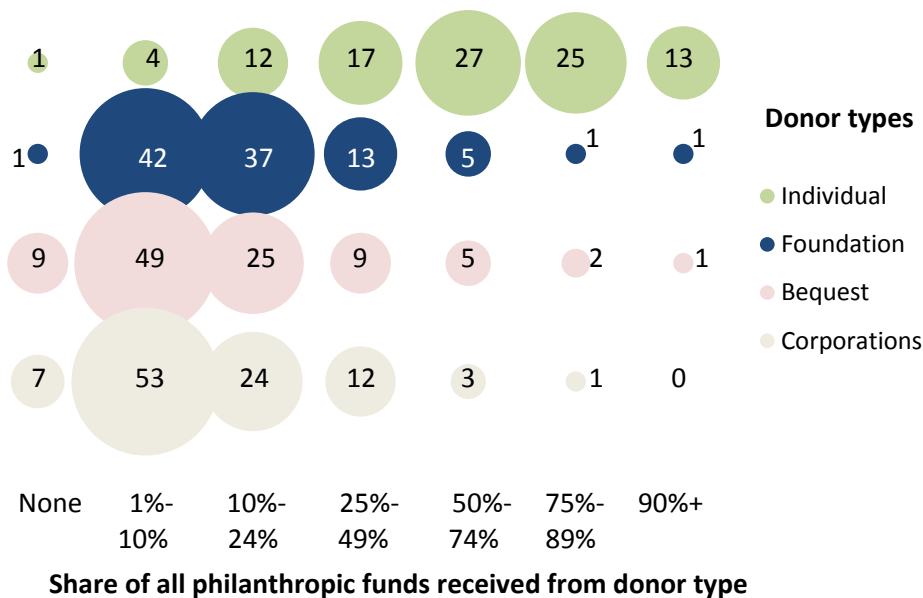


Figure 27: Percentage of responding organizations by percentage of total charitable receipts from each donor type, charities with total expenditures of \$10 million or more



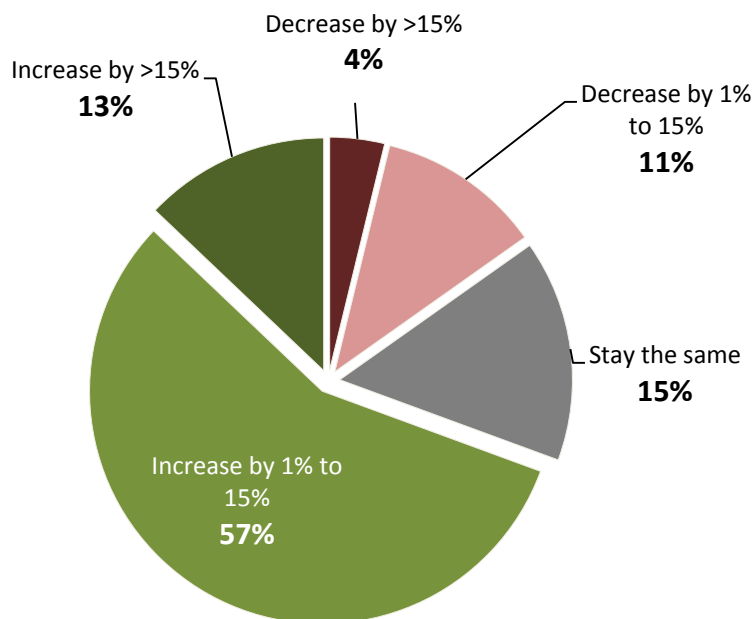
SECTION V: Outlook for 2014

A large majority of respondents anticipate improved fundraising results in 2014, compared with 2013. Seventy (70) percent expect an increase, with most (57 percent) expecting growth in funds raised to be between 1 percent and 15 percent. As shown earlier, predicted results for 2013 came somewhat close to the actual reported percentages change in this study. The NRC reports from prior years show about a 10 point gap between predictions made in February and actual results logged by the end of a fiscal year.

“If the economy stays healthy, I predict continued strong financial gains for our organization. We have a compelling case, an engaged community, and a solid organization. Only a decline in personal wealth or the perception of a decline in personal wealth can derail our efforts.”

Medium-size Western education organization

Figure 28: Anticipated direction of change in charitable receipts, 2014 compared with 2013



Fundraisers remain concerned about having adequate fundraising staff support, the organizations' ability to recruit new individual donors, and the overall economy.

Figure 29: Coded responses about challenges for 2014 fundraising



Light bars (gray) relate to something that affects the entire organization or that is outside of the organization. Dark green bars related to something specific to development or advancement work.

Question: What challenges do you see for 2014?

“The biggest foreseeable challenge will be internal capacity to dedicate the time necessary to build the relationships and secure the gifts necessary to accomplish all we aim to accomplish in the coming year.”

Medium-Large Midwestern public society benefit organization

“Challenge: Bringing new donors on board for future relationship building. Direct mail and other long term tools have decreased in their effectiveness the last couple of years.”

Large Southern human services organization

“[The] entire organization must commit to fundraising for it to succeed. Commitment is based on action, not on words of support.”

Large Canadian education organization

CONCLUSION

Philanthropic fundraising grew again in 2013 after showing signs of improvement in 2012, after being relatively unchanged in 2011 and 2010. While this is an encouraging sign, nonprofit charitable organizations continue to face an uncertain fundraising climate as reports continue about middle-class income stagnation in the United States³ and some economic predictions suggest a tough year in 2014.⁴

Even faced with economic worries, donors give when they believe their gifts make a difference and are wise investments for the community.

Nonprofit organizations that set fundraising goals and that seek a mix of donor types and fundraising methods are more likely to see gifts increase. Prior reports suggest that having full-time, paid staff members is important (April 2012, pages 10-11) as is board engagement in fundraising (September 2012). Communications and stewardship (reporting on the use of gifts) are also important (Winter 2013).

With fundraising training programs widely available and a growing body of evidence about what is working, staff and volunteers at charitable organizations can plan and implement successful fundraising initiatives.

³ For one discussion, see the Economic Policy Institute summary at <http://www.epi.org/publication/a-decade-of-flat-wages-the-key-barrier-to-shared-prosperity-and-a-rising-middle-class/>

⁴ A particularly dire prediction is posted at MarketWatch, <http://www.marketwatch.com/story/new-doomsday-poll-98-risk-of-2014-stock-crash-2013-06-29>

METHODOLOGY

The survey invitation was sent by email and through social media postings beginning on February 5, 2014. The online-only survey response remained open through February 28, 2014. The timing of this survey coincided with severe winter weather that affected a significant portion of the United States and Canada. The NRC suspects that repeated office closures depressed the response rate in a material way.

Invitations were sent by email and using social media to several distinct groups:

- Prior participants in NRC surveys
- Individuals who have signed up to receive communications from NRC (sign up is at www.npresearch.org)
- A random sample of 2,500 members of the Association of Fundraising Professionals (AFP) located in the United States
- All members of AFP in Canada
- More than 13,490 organizations on the mailing list of Campbell Rinker
- Individuals on the email lists maintained by Partnership for Philanthropic Planning and by CFRE International
- An email list maintained by the National Center for Charitable Statistics
- Client organizations of consulting firms that are members of Giving USA
- A contact list for Melissa S. Brown & Associates

Email reminders were sent at least once, and sometimes twice or three times, to people on the email lists. In addition, members of the NRC used notices in newsletters and via social media outlets to recruit additional survey participants. By source of list, response numbers are as shown.

List source	Number Received	Percentage of responses received	Sample size*	Approximate response rate
AFP (USA) sample	57	11%	2,500	2%
AFP Canada	42	8%		
Campbell Rinker	1	< 1%	13,500	0%
CFRE	93	17%	~10,000	~1%
Giving USA	5	1%		
MSB LLC	36	7%		
NCCS	101	19%		
NRC email list	26	5%	164	16%
NRC prior respondents	32	6%		
PPP	125	23%		
Other	22	4%		
Total	538	100%		

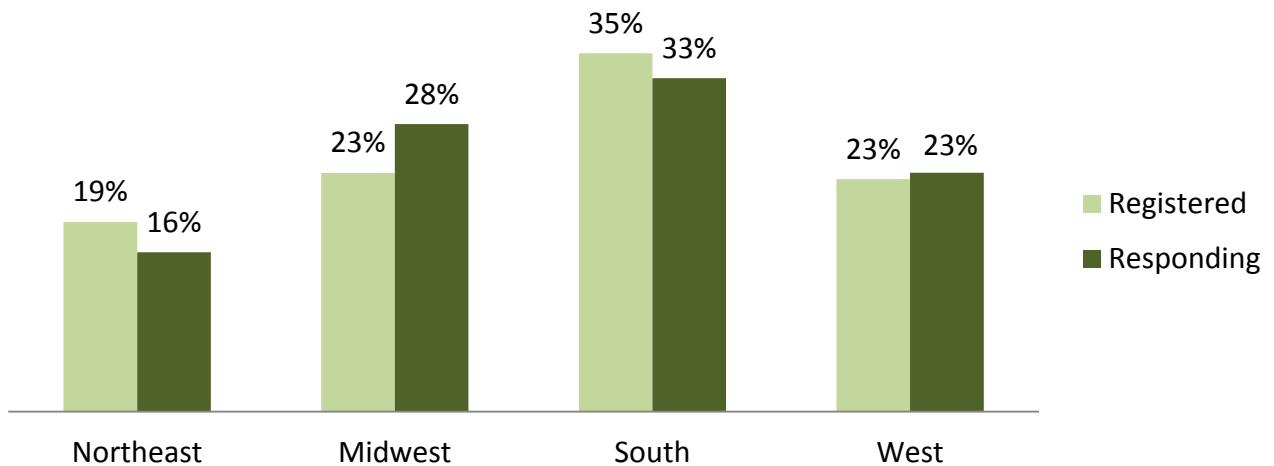
* Where a sponsor used a mailing list with a known number, we report the response rate based on recipients of the invitation.

The *Winter 2014 Nonprofit Fundraising Survey* received a total of 538 non-duplicated responses representing organizations with more than \$16 billion in expenditures in 2012 (including estimates from Canadian respondents about total expenditures).

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 30: Percentage of responding charities by Census region compared with registered charities IRS and Business Master File, July 2012

(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 light green bars together = 100, for example.)

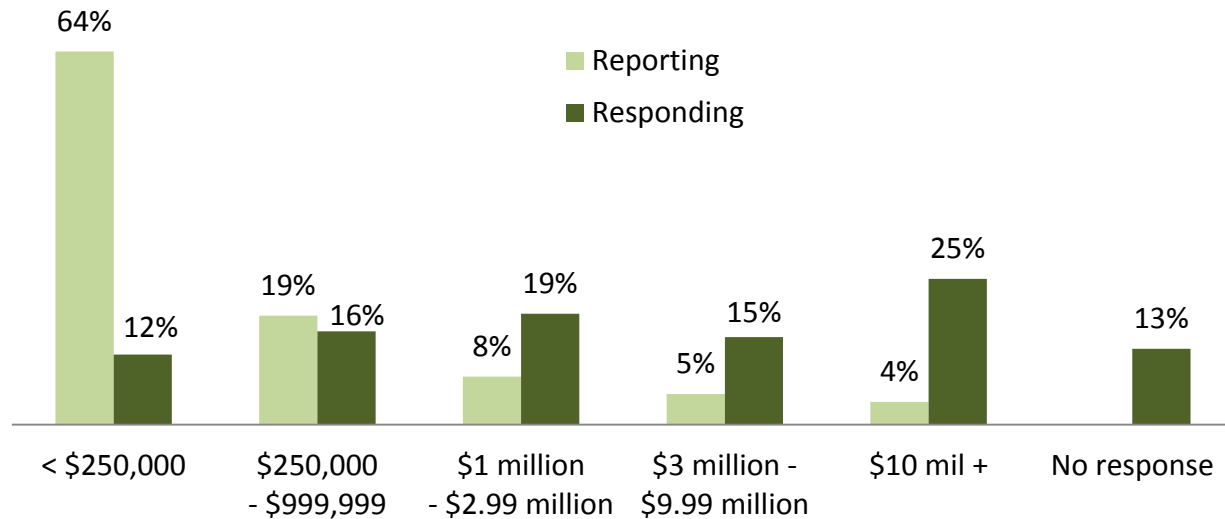


Registered = In the IRS Business Master File as of mid-2012. Regions are as defined by the U.S. Bureau of the Census.
 Responding = Response provided in this survey.

With 64 responses from Canadian charities, this survey reached 0.1 percent of the eligible participants in that country. The number of respondents in the U.S. is also 0.1 percent of the charities for which expense data are available (366,851 for 2012), although there are more than twice that many (more than 1 million) registered.

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 using official data. Other organizations were coded based on their self-report of total expenditures for 2013.

Figure 31: Responding charities by 2012 expenditure total, compared with reporting charities filing IRS forms

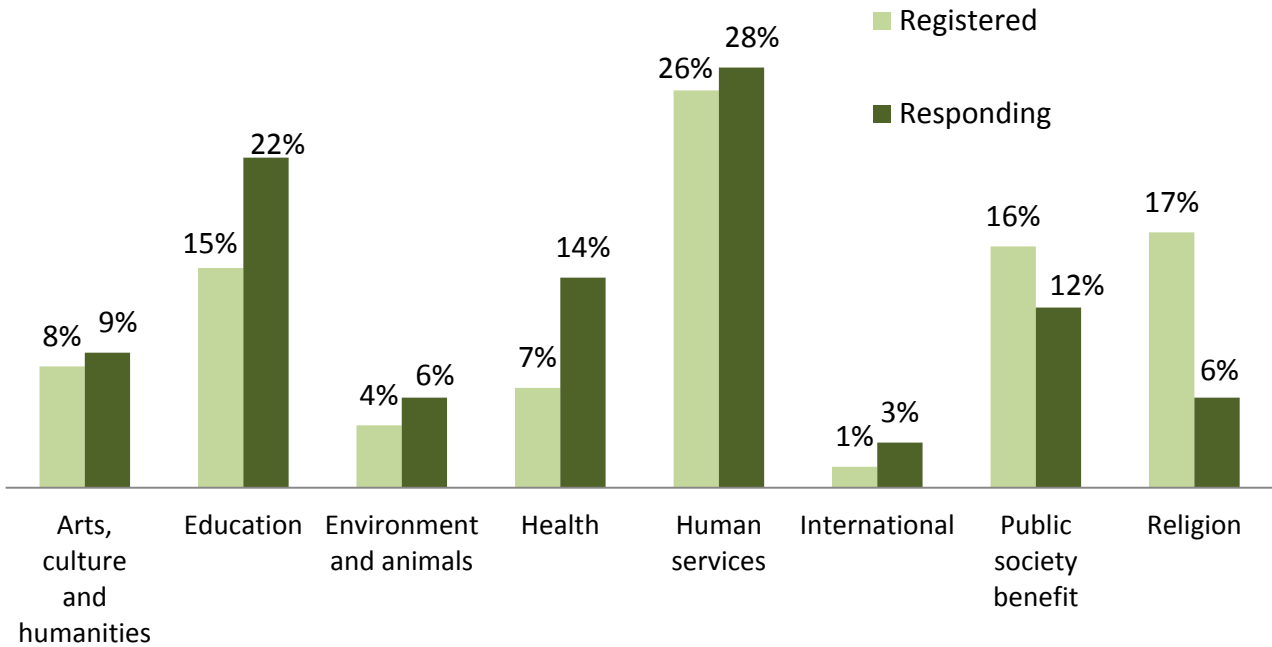


Reporting = filing an IRS Form 990 or Form 990EZ or 990-N ePostcard. Only non-religion registered charities with revenue of \$5,000 or more are required to report. Expenditure information for non-reporting charities is not available at a national level for registered nonprofit 501(c)(3) organizations. Canadian respondents not included in this graph.

Respondents over-represent the larger charities (\$1 million and up in revenue) and under-represent the smallest organizations (less than \$250,000 in revenue).

Responding charities more or less mirrored the registered charities by subsector or major category under the National Taxonomy of Exempt Entities (NTEE). However, religious organizations and public-society benefit charities are under-represented, and education and health organizations are disproportionately high in this set of respondents.

Figure 32: Responding charities by subsector compared with charities registered with the IRS



Registered = In the IRS Business Master File as of mid-2012. Charities in the BMF are coded by major category of the National Taxonomy of Exempt Entities (NTEE). Major categories are grouped here into “subsectors” as defined by the National Center for Charitable Statistics. See <http://nccs.urban.org/classification/NTEE.cfm> for more information.
 Responding = Response provided in this survey

Statistical significance

The respondents form a convenience sample. There is no margin of error or measure of statistical significance using this sampling technique, as it is not a random sample of the population studied. Chi-square tests were used throughout the analysis to compare differences between larger responding organizations and smaller responding organizations. Results included here are statistically significant using that approach.

About the Nonprofit Research Collaborative

Several 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 are:

- Association of Fundraising Professionals, which surveyed members for an annual state of fundraising study from 2002 through 2010;
- CFRE International, which encourages research that helps fundraising professional achieve the highest standards of professional competence and ethical practice;
- Campbell Rinker, which publishes the bi-monthly Donor Confidence Report and conducts numerous studies among nonprofit donors and nonprofit professionals.
- Giving USA Foundation, which has published the *Giving USA Annual Report on Philanthropy* for nearly 60 years;
- The Partnership for Philanthropic Planning, which conducts research, education, advocacy, community dialogue, and the setting of standards and best practices in philanthropic planning.
- 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 surveys twice a year. Melissa S. Brown & Associates manages the project. Data analysis for this wave was provided by Hao Han, doctoral candidate in economics at the University of Texas, and the report was prepared by Linh Preston of Fogus Communications.