

Late Fall 2011 Nonprofit Fundraising Study

December 2011

Nonprofit Research Collaborative



blackbaud



Acknowledgements

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We also thank former NRC member The Foundation Center for its leadership in helping to shape the initial year of the Nonprofit Research Collaborative.

Most importantly, we thank each individual staff member and volunteer who made this report—from concept and survey design through data analysis and proofreading—possible. Several dozen people at the partner organizations make the NRC and each report a reality. May you all take pride in a job very well done.

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Prior editions of the *Nonprofit Fundraising Survey* can be found at:
<http://www2.guidestar.org/rxg/news/publications/index.aspx>

Contents

- Introduction 1
 - Outlook for 2012..... 1
 - Budget forecasts for 2012..... 1
 - Looking to volunteers to make ends meet 2
 - Fundraising in 2011 2
 - Smaller organizations particularly affected by lower amounts received 2
 - Summary 3
- Demand growing at nearly two-thirds of responding organizations..... 4
- Revenue of many types falling or stagnant 5
 - Fundraising results down or stable at 59 percent of organizations; only 41 percent see increase to date in 2011 5
 - Smaller organizations the most likely to see declines in every measure of fundraising 6
 - 54 percent of those with government funding received less in 2011 7
 - Half of grantmakers seeing more applications; 4 in 10 increasing grant awards..... 8
- Some signs of fiscal stress widespread 9
 - Other signs of fiscal stress are relatively rare 10
 - Signs of fiscal stress vary significantly with organizational size..... 10
- 8 percent of all responding organizations at risk of closure compared with 20 percent of smallest organizations in study 11
- Outlook for 2012 12
 - About 4 in 10 planning increase in operating budget for 2012 12
 - 49 percent plan increase in program activities..... 13
 - Budget changes have little impact on staffing levels in 2012..... 14
 - Smaller organizations are more likely to have staff reductions in 2012 15
 - Fundraising budget for 2012 show little change, despite fiscal stress 15
 - Overview of 2012 fundraising expenditures: More emphasis on major gift solicitation 15
 - Planned changes in 2012 fundraising budgets by staffing 16
 - Planned changes in 2012 fundraising budgets by fundraising method..... 17
 - Direct mail more likely to increase among smallest organizations and decrease in largest 18
- Examination of changes in fundraising results in 2011 by donor type 19
 - Smaller organizations struggle more with individual donor renewals 20
 - Smaller organizations more likely to see decreases in number of renewing donors..... 20
 - Smaller organizations saw fewer increases in average gift amount from renewing donors 21
 - About half of organizations in this study gained new individual donors..... 22
 - Average gift amount increased at nearly half of responding charities..... 22
 - Smaller organizations most likely to report decreased average gift amount from new individual donors, compared with amounts received a year ago from new donors 22
- Year-end giving is important but not likely to recoup a decrease to date 24
- Views on fourth quarter giving 26
- Conclusion 27
- Methodology..... 28
 - Statistical significance 31
- About the Nonprofit Research Collaborative 32

List of figures

Figure 1: Responding organizations by reported change in demand for services, January-September 2011 compared with same period in 2010	4
Figure 2: Responding organizations by type of change in charitable receipts received, 2011 compared with 2010.....	5
Figure 3: Responding organizations by type of change in all charitable receipts by size of charity.....	6
Figure 4: Responding organizations that received government funding, by change in government funds received in 2011 compared with 2010.....	7
Figure 5: Responding organizations by signs of fiscal stress that apply	9
Figure 6: Responding organizations by signs of fiscal stress that apply, part II.....	10
Figure 7: Responding organizations by response to question about being at risk of closure	11
Figure 8: Responding organizations by planned change in 2012 operating budget, compared with '11...	12
Figure 9: Responding charities by type of change planned for certain budget items for 2012, compared with 2011.....	13
Figure 10: Distribution of organizations by planned staffing actions for 2012	14
Figure 11: Planning for volunteers in 2012.....	14
Figure 12: Responding organizations by change anticipated in 2012 fundraising budget.....	15
Figure 13: Responding organizations by type of staffing change planned in 2012 fundraising budget, compared with 2011 budget.....	16
Figure 14: Responding organizations by type of change planned for fundraising methods in 2012, compared with 2011	17
Figure 15: Responding organizations by the type of change reported in number of renewing donors of three different types of donors.....	19
Figure 16: Responding organizations by change reported in the number of renewing individual donors, by size of charity, 2011 compared with 2010	20
Figure 17: Responding organizations by type of change in average gift amount from renewing individual donors, 2011 compared with 2010	21
Figure 18: Responding organizations by type of change reported in number of new donors of three types, 2011 compared with 2010.....	22
Figure 19: Responding organizations by change reported in the average size of gift from new individual donors, by size of charity, 2011 compared with 2010	23
Figure 20: Responding organizations by predicted change in contributions for Quarter 4 of 2011 (October–December), compared with the same period in 2010.....	24
Figure 21: Responding organizations by predicted change in charitable receipts in the fourth quarter (Q4) by type of change to date in charitable receipts.....	25
Figure 22: Coded responses to open-ended question, “In what way do you think contributions to your organization will change in the last quarter of 2011?”	26
Figure 23: Percentage of responding charities by Census region compared with registered charities IRS and Business Master File, July 2011	29
Figure 24: Responding charities by 2009 expenditure total, compared with reporting charities filing IRS forms	30
Figure 25: Responding charities by subsector compared with charities registered with the IRS.....	31

Introduction

Fundraising data are typically collected at the organization level and seldom aggregated across different types and sizes of charitable organizations. The *Late Fall 2011 Nonprofit Fundraising Survey* report collects data and examines fundraising results and their implications for organizational operations now and in the future. This report covers plans for 2012, which are often based on results to date in 2011, using survey results from 875 responding charities. We analyzed responses by size of organization, by region of the country, and by subsector.

Size (defined by expenditure totals) is consistently associated with changes reported by respondents. In nearly every analysis done, smaller organizations (those with expenditures below \$3 million), which make up 90 percent of the nonprofit sector, are more likely to be facing decreases rather than increases.

Outlook for 2012

The survey included numerous questions about levels of demand, plans for 2012 and signals of fiscal stress. Data from this study alert managers and donors alike to consider the priorities facing the nonprofit sector in 2012. Responding charitable organizations of all sizes are starting next year with:

- Increases in demand, as reported by 65 percent of respondents, which was consistent across all subsectors—but statistically significantly higher (at 69 percent) for respondents that received government funding in 2010;
- Modest plans to increase operating budgets, at 4 in 10 responding charities;
- Declining philanthropic support this year at 28 percent of respondents and flat philanthropic support at 31 percent of respondents;
- Lower levels of funding from sources other than philanthropic giving, reported by 46 percent of survey respondents;
- Lower government funding among the 55 percent that had government funding, where 54 percent reported declines in government funding in 2011.

Among signs of fiscal stress, about half of responding organizations have cash reserves for less than three months' of operating expenses or say they are over-reliant on a limited number of funders (48 percent each).

This analysis suggests that in the United States, large numbers of nonprofit, charitable organizations—and particularly the smaller entities, as discussed below—are struggling to secure funding for the vital services they provide in their communities.

Budget forecasts for 2012

About 49 percent of responding organizations plan to increase funding for program activities. Not surprisingly, responding organizations that saw increases in fundraising receipts to date in 2011 were likely to report increases in their 2012 operating budgets, whereas organizations facing declines in funds raised to date were likely to be trimming their expenses in the coming year.

However, even with an increase in operating budgets, few responding organizations are planning to increase staffing levels, employee benefits, or operating hours. The majority (65 percent) will hold wages and salaries flat or even decrease them.

Another area for conservative budgeting is operating costs other than program expenses, which will remain flat or down at 70 percent of responding charities. Almost half (45 percent) plan to keep investments in fundraising personnel and methods flat in 2012. Where there are increases in fundraising expenses, they are most likely to be for expenses related to major gift solicitation (44 percent) and direct mail (33 percent), not for staffing increases.

Looking to volunteers to make ends meet

To cope with increased demand and slowly growing—or even falling—revenues, nonprofit managers responding to this survey indicated that their organizations:

- Desire more volunteers for program and administrative help
 - 65 percent of all respondents in this study are looking for volunteers for program work;
 - 54 percent are looking for volunteers for administrative work; and
- Have limited plans for new hiring (only 22 percent of responding charities, and 81 percent of those had stable or increasing contributions to date in 2011).

Fundraising in 2011

The survey asked about directions of change in charitable gift receipts in the first nine months of 2011 and found virtually no change in the percentage of respondents with increased contributions received (41 percent) compared with three months ago, which itself was little changed compared with the year-end results for 2010.

Expectations for the fourth quarter of 2011 were very mixed, with roughly equal shares of organizations anticipating increases, no change, and decreases compared with a year ago. Whether an organization expected an increase in quarter four is closely correlated with its experience to date in 2011.

We also asked about donor retention—the number of renewing donors and the average gift size—and about donor acquisition, whether the number of new donors was increasing or decreasing compared with a year ago. A quarter of responding organizations reported increases in the number of retained individual donors, but 50 percent saw increases in the number of new individual donors. This is despite widespread counsel in the past few years for organizations to focus on retention efforts, which are typically more cost-effective than recruiting new donors to an organization's donor roll.

Smaller organizations particularly affected by lower amounts received

About 90 percent of registered charitable organizations are small, with expenditures below \$3 million. While this research is not a representative random sample, there are 563 respondents with operating

expenditures under \$3 million. The following types of organizations are just a few examples of services in the “smaller” category:¹

- Animal rescue and adoption
- Art or music education initiatives
- Educational alternatives to public schools (faith-based, charter, Montessori, etc.)
- Food and clothing banks
- Rehabilitation and addiction services
- Youth development programs (Boys & Girls Club, Scout councils, etc.)
- Voter registration and education programs

Smaller organizations are particularly at risk in several ways. They are more likely to have received decreased amounts in charitable gifts to date and more likely to report at least one measure of fiscal stress. They are also more likely report multiple measures of fiscal stress. The smaller organizations responding to this survey reported:

- Greater likelihood of decreased in contributions to date in 2011, with 31 percent of smaller organizations reporting a decline compared with 17 percent of larger charities;
- Greater likelihood of decreases in the number of renewing donors and decreases in the average gift amount from renewing and new donors, compared with 2010;
- Greater likelihood of plans to reduce staff in 2012, at 29 percent of smaller organizations compared with 20 percent for larger organizations;
- Greater likelihood of experiencing a sign of fiscal stress, such as: low cash reserves (53 percent of small organizations vs. 37 percent of larger ones); over-reliance on a limited number of funders (54 percent of small vs. 33 percent of larger); or uncertain cash flow because of erratic payments (32 percent of smaller vs. 19 percent of larger); and

The smallest organizations (<\$250,000 in expenditures) were also more likely to report being at risk of closure, with 20 percent saying that they might cease operations in the coming year for financial reasons, compared with 5 percent of organizations with expenditures above \$250,000.

Summary

Nonprofit organizations already report being “cut to the bone”² in their budgets, and in general, fundraising results have not improved over the past year. The smaller organizations, those with expenditures below \$3 million, are more likely than larger groups to be facing reductions in amounts raised and signs of fiscal stress, but they are just as likely to be facing increases in demand.

Demand continues to increase at all types and sizes of charitable organizations, yet only 40 percent of respondents in this survey felt secure enough in their funding to plan increased operations for 2012. When budget increases are planned, the focus is on growth in program funding.

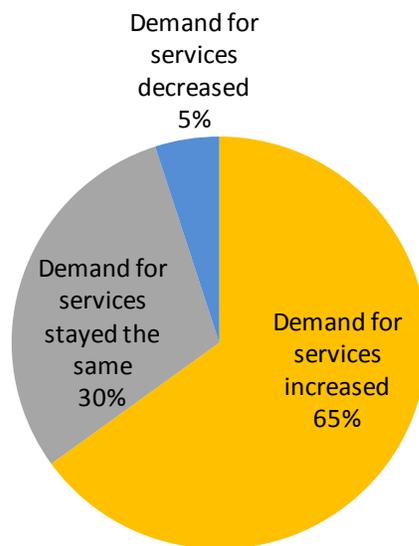
¹ Search done at GuideStar.org for organizations with expenditures below \$2.5 million. Cities searched include Atlanta, Boston, Dallas, Phoenix, and Seattle. None of these examples are intended to represent respondents to this study.

² Quotation from one survey respondent.

Demand growing at nearly two-thirds of responding organizations

The results from the *Late Fall 2011 Nonprofit Fundraising Survey* show that the long-term trend for increased demand for services continues. Nearly two-thirds (65 percent) of responding organizations reported an increase in demand for their services in 2011. Another 30 percent said that demand remained about the same, and only 5 percent reported a decline in demand for services. This is consistent with results from the *2010 Nonprofit Fundraising Survey*, and with similar surveys conducted by GuideStar, Inc. between 2001 and 2009. (For these earlier reports, please see <http://www2.guidestar.org/rxg/news/publications/index.aspx>.)

Figure 1: Responding organizations by reported change in demand for services, January-September 2011 compared with same period in 2010



There were no significant differences in the distribution by size, Census region, or subsector (NTEE major category). However, organizations receiving government funding were more likely to see an increase in demand in 2011 compared with 2010, with 69 percent of responding organizations with government funding seeing an increased demand, compared with 60 percent of those without ($p < .001$)³.

With increased demands for services, how are nonprofit organizations responding? Among the plans are increased budgets and increased support for program activities.

³ p-values are reported for statistically significant results. The lower the p-value the more likely that the same result will occur with a different set of respondents.

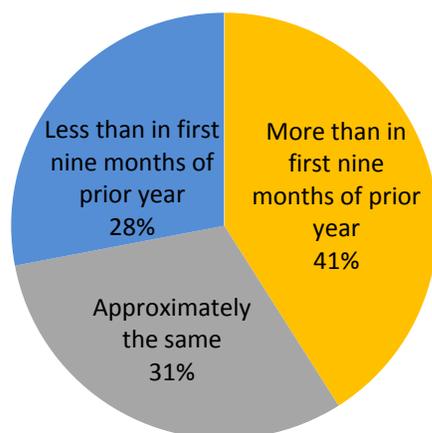
Revenue of many types falling or stagnant

Charitable giving follows the economy, as shown by repeated editions of *Giving USA*. The findings from this survey suggest that charitable organizations are experiencing mixed results for many types of revenue, including fundraising, government grants and other funding.

Fundraising results down or stable at 59 percent of organizations; only 41 percent see increase to date in 2011

Consistent with findings for all of 2010 and for the first half of 2011, 41 percent of responding organizations in this study reported an increase in charitable gift receipts through September of 2011. Just under one-third (31 percent) reported receiving the same amount in charitable gifts to date in 2011 as in the first nine months of 2010; and 28 percent of respondents received less.

Figure 2: Responding organizations by type of change in charitable receipts received, 2011 compared with 2010



“We have increased our capacity (hired an additional CFRE⁴) and we therefore expect to see an increase in giving. We have also spent a great deal of time on our communications strategy, so our donor community knows more about us going into the holiday season.”

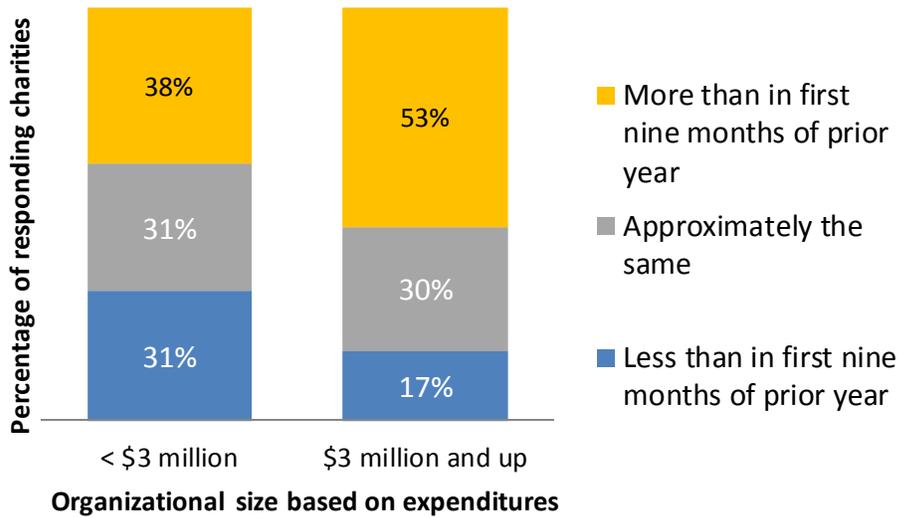
Large health organization in the West with contributions up so far this year, increased number of new individual donors and higher average gift from new donors; higher average gifts from foundation grantors, both new and retained

⁴ CFRE is Certified Fund Raising Executive, a professional accreditation for someone with more than five years of fundraising experience and who has passed an exam for certification. See www.cfre.org.

Smaller organizations the most likely to see declines in every measure of fundraising

This survey finds that as organizational size decreases, the organization is less likely to see increases in total funds raised to date.

Figure 3: Responding organizations by type of change in all charitable receipts by size of charity



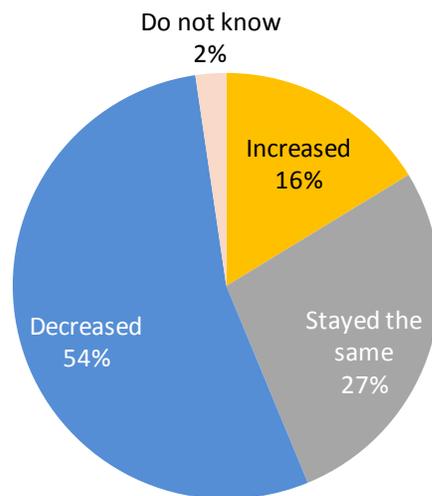
Note: The \$3 million and under category includes three size categories in the study (see Methodology). There was no statistically significant difference in results among those three categories, so they were grouped here. The \$3 million and up group includes two size categories, and there was no statistically significant difference between those two, so they were grouped. There is a statistically significant difference ($p < .001$) across all five size categories, as well as across these two ($p < .001$).

54 percent of those with government funding received less in 2011

More than half of the respondents (55 percent) reported government funding. Of those, 54 percent said government funding declined in 2011. A small share—16 percent—said government funds increased.

There were no statistically significant differences in the changes in government funding when analyzed with organizational characteristics. The results were comparable for all sizes of responding organizations, all subsectors, and in all regions.

Figure 4: Responding organizations that received government funding, by change in government funds received in 2011 compared with 2010



Half of grantmakers seeing more applications; 4 in 10 increasing grant awards

The majority of grantmakers in this survey held grant levels constant in 2011 or cut grant dollars distributed. This suggests that grants from foundations or grantmaking public charities are not a reliable source of funding to make up any revenue gaps that might occur as government funding declined or in response to disappointing fundraising results.

Of 875 responses total in this survey, 150 responding organizations make grants. Among that 150:

- 33 percent provide grants to individuals only;
- 40 percent give grants to charities only; and
- 27 percent make grants to both individuals and charities.

Among the organizations that make grants,

- Just over half (52 percent) saw an increase in applications to date in 2011;
- About one-third (35 percent) said that the number of applications is about the same as last year at this time; and
- 13 percent saw a decline in the number of applications.

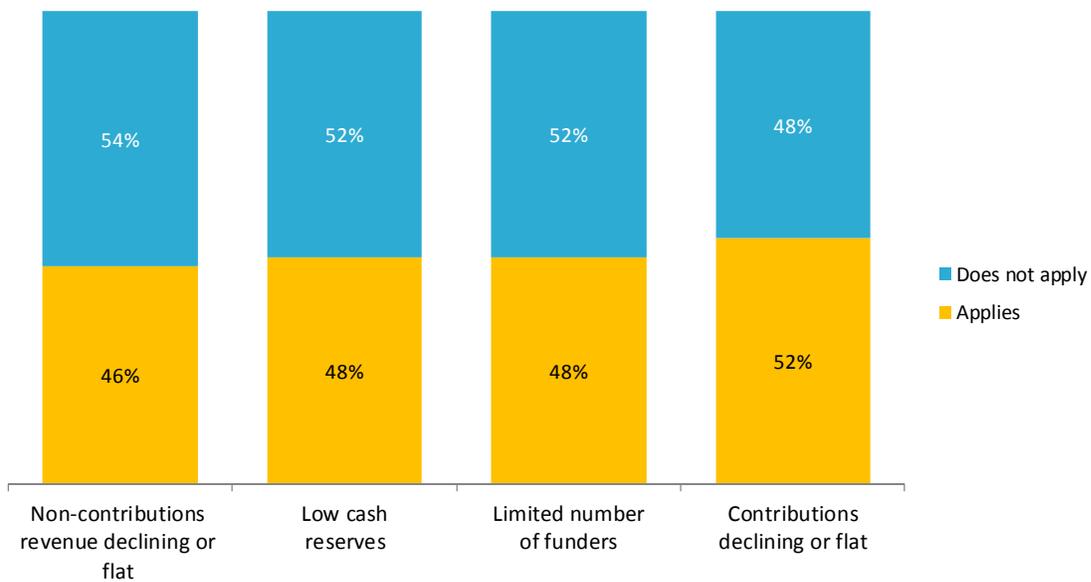
About 4 in 10 of the grantmaking charities in this study (41 percent) increased the amount they have distributed to date in 2011; about one-third (37 percent) have made grants at 2011 levels; and 20 percent have reduced grant dollars allocated.

Some signs of fiscal stress widespread

With stagnant or even falling revenue from numerous sources, we asked nine questions that sought to assess the level of fiscal stress at responding organizations. Questions about fiscal stress include some standard measures used (cash reserves, for example) and others from the researchers who participate in the Nonprofit Research Collaborative.

About half of survey respondents are facing declines in revenue from sources other than contributions (which includes government funding) or had less than three months of operating expenses in reserve. Similar percentages reported that their organizations rely on a limited number of funders, and more than half (52 percent), reported declining or flat philanthropic contributions.

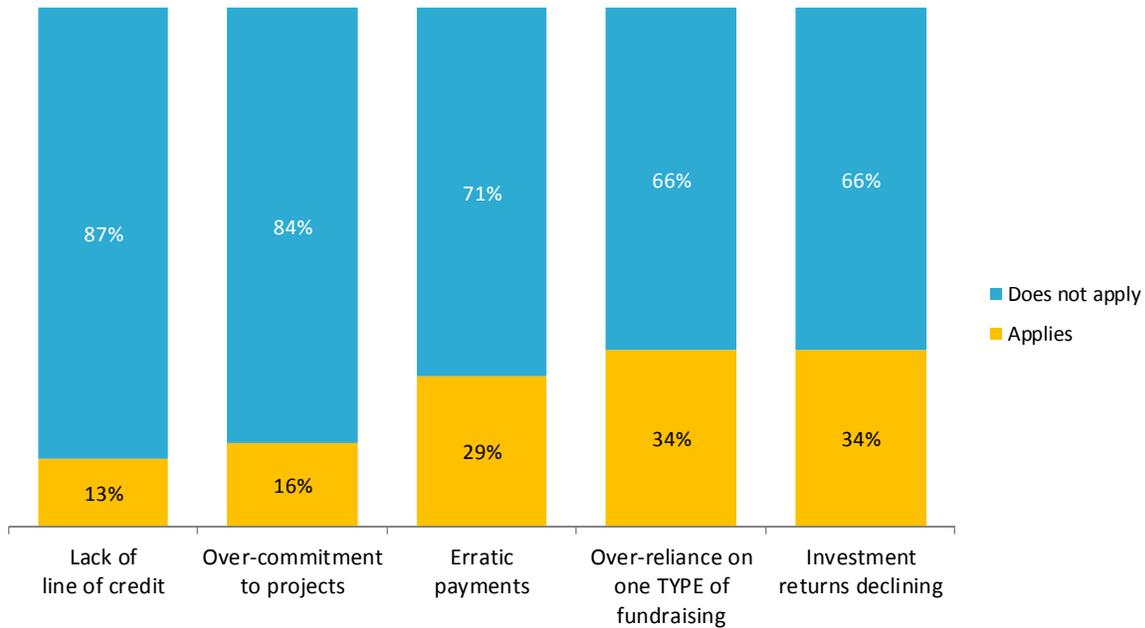
Figure 5: Responding organizations by signs of fiscal stress that apply



Other signs of fiscal stress are relatively rare

Fewer respondents thought other signs of fiscal stress applied, such as declining investment returns (34 percent), erratic payments from contractors or donors (29 percent), or cash flow problems (13 percent).

Figure 6: Responding organizations by signs of fiscal stress that apply, part II



Signs of fiscal stress vary significantly with organizational size

Among smaller organizations, those with expenditures of \$3 million or less, 69 percent said that four or more signs of fiscal stress apply to them, compared with 63 percent of larger organizations ($p < .001$). Smaller organizations were also more likely to report any one of six of the nine signs of fiscal stress.

Table 1: Responding organizations indicating sign of fiscal stress applied to them, by organizational size

(Results here by size are statistically significant, $p < .001$)

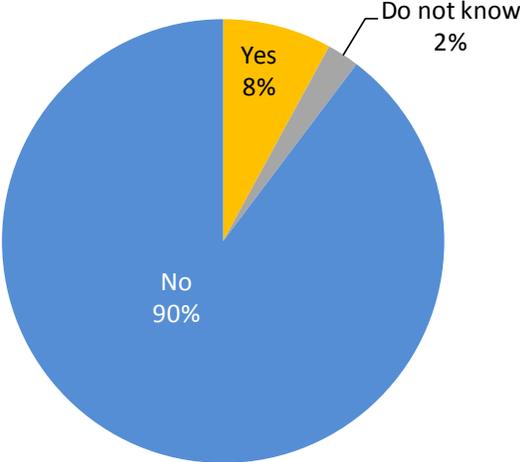
Sign of fiscal stress	Smaller < \$3 million	Larger \$3 million and up
Cash reserves less than 3 months of operating expenses	53%	37%
Over-reliance on a limited number of funders	54%	34%
Declining philanthropic support	56%	34%
Over-reliance on one type of fundraising	40%	17%
Uncertain cash flow due to erratic payment schedules from contractors/donors	32%	19%
Cash flow problems due to lack of line of credit	15%	7%

There were no significant differences by size in decline in other revenue sources, over-commitment in capital or program expenses, or declining returns on investments.

8 percent of all responding organizations at risk of closure compared with 20 percent of smallest organizations in study

Among all survey respondents, 8 percent said they feel that their organization is at risk of closure in the coming year for financial reasons. This is consistent with the results in prior years to a similar question fielded by GuideStar.

Figure 7: Responding organizations by response to question about being at risk of closure



There is no relationship between receiving government funding and the response to closure risk. However, among the smallest organizations (expenditures <\$250,000), a much higher percentage (20 percent) of respondents said the organization is at risk of closure. This is a statistically significant result ($p < .001$). When the smallest organizations are excluded from analysis, just 5 percent of organizations with budgets above \$250,000 said that they are at risk of closure.

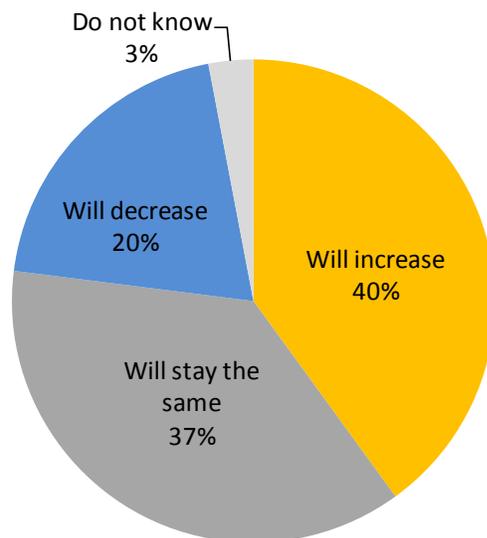
Outlook for 2012

Demand increased in 2011 and funds raised increased at only 41 percent of nonprofit organizations responding to this survey. Most respondents are holding operating budgets steady or seeing declines for 2012. Just 40 percent anticipate an increase. A higher percentage of organizations plan increases in program activity expenses than in any other type of expenditure. These findings are discussed further below.

About 4 in 10 planning increase in operating budget for 2012

About equal percentages of responding organizations plan to increase their 2012 operating budget and to hold it the same as in 2011. One-fifth (20 percent) projected decreases in operating budget for 2012 and 3 percent did know at the time of the survey.

Figure 8: Responding organizations by planned change in 2012 operating budget, compared with 2011



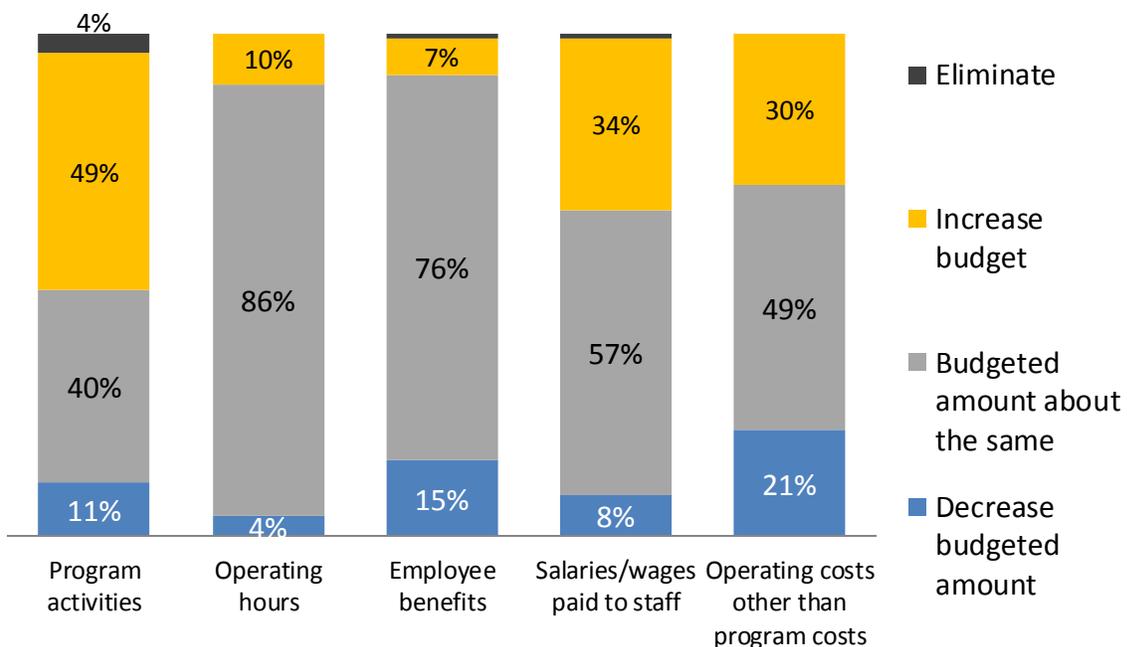
There were no statistically significant differences in responses to this question by characteristics such as region, size, and subsector.

49 percent plan increase in program activities

Budget increases planned for 2012 focus on increasing program activities (49 percent), more than any other type of expense. Thirty-four percent of respondents anticipate increasing salaries or wages for personnel, and 30 percent project increases in operating costs other than program costs.

Where responding organizations are trimming budgets, they are most likely to reduce operating costs outside of program areas (21 percent). This includes expenses such as maintenance, fundraising, and other administrative functions. Responding organizations that are cutting costs for 2012 are also somewhat likely to make cuts in employee benefits (15 percent), with some also cutting program activities (11 percent) or staff compensation (8 percent).

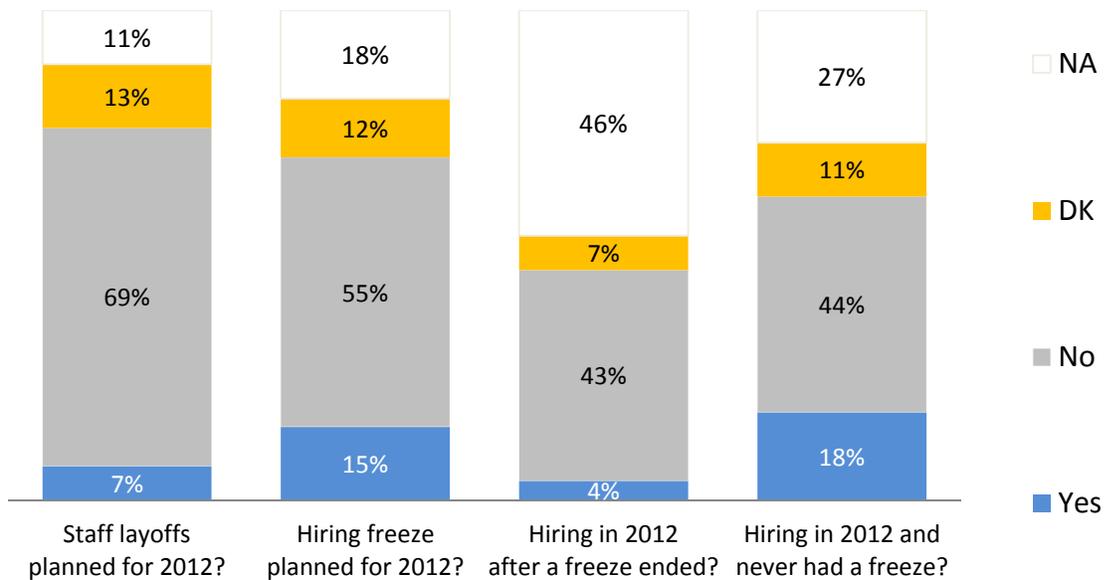
Figure 9: Responding charities by type of change planned for certain budget items for 2012, compared with 2011



Budget changes have little impact on staffing levels in 2012

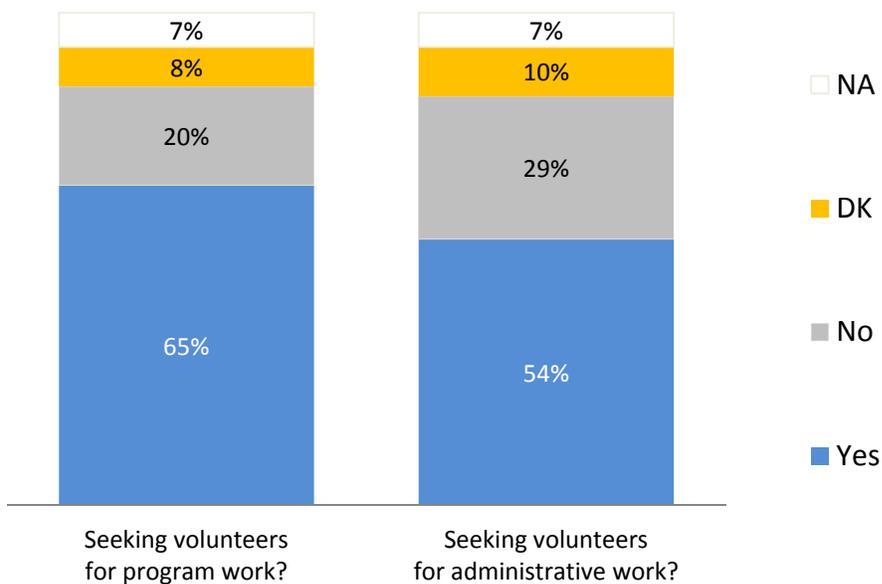
A small percentage of responding organizations plan layoffs (7 percent) and about twice that many (15 percent) anticipate a hiring freeze in 2012, for a combined total of 22 percent taking steps to reduce staff levels. Another 22 percent will be hiring: 4 percent after lifting a hiring freeze, and 18 percent without having had a previous freeze.

Figure 10: Distribution of organizations by planned staffing actions for 2012



The most notable plan for personnel in 2012 is the emphasis on volunteers

Figure 11: Planning for volunteers in 2012



DK = Don't Know; NA = Not Applicable

Smaller organizations are more likely to have staff reductions in 2012

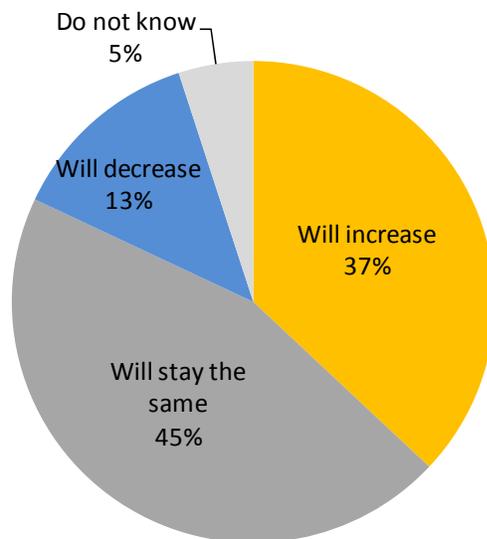
Responding smaller organizations (expenditures less than \$3 million) were more likely to report plans to lay off staff in 2012 or implement a hiring freeze (29 percent combined total compared with 20 percent for larger organizations). Smaller organizations were also less likely to report hiring than larger organizations (p-values all < .01).

Smaller organizations are also more likely to recruit volunteers for program work and more likely to look for volunteer help for administrative work (both $p < .01$ or less). These are consistent with the finding that smaller organizations less likely to have received increased charitable contributions to date in 2011.

Fundraising budget for 2012 show little change, despite fiscal stress

Although some organizations plan cuts to operating expenses outside of program activities, more will responding organizations will hold their fundraising budgets steady for 2012 (45 percent). About 37 percent plan increases in fundraising, and just 13 percent project a lower fundraising budget for 2012 compared with 2011.

Figure 12: Responding organizations by change anticipated in 2012 fundraising budget



There are no significant differences in responses when organizations are split by region, size, or subsector.

Overview of 2012 fundraising expenditures: More emphasis on major gift solicitation

More organizations are planning to hold staff numbers steady and to budget about the same in 2012 as for 2011 for most fundraising methods. The areas in which a higher percentage of organizations plan reductions are: consultants (21 percent to reduce, 11 percent to eliminate) and expenses for telephone solicitation (9 percent to reduce, 11 percent to eliminate). In addition, expenses for events are projected to be lower at 15 percent of responding organizations.

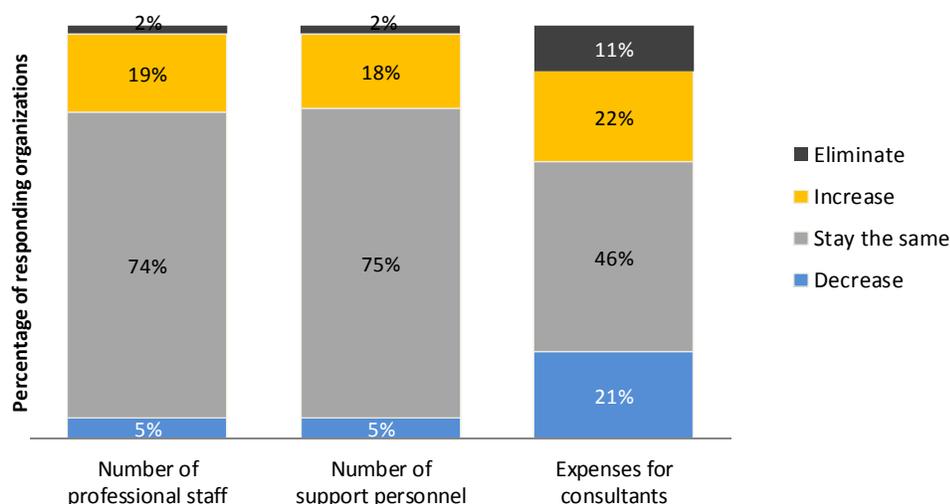
Even as some organizations cut expenses for events, another 22 percent project increases in events for 2012. While 32 percent of responding organizations report reduced (21 percent) or eliminated (11 percent) budgeted amounts for consultants, another 22 percent plan to allocate increased amounts in their 2012 budgets for fundraising consultants.

The highest percentage of responding organizations projected increased expenses in major gift solicitation (44 percent of respondents), events (33 percent), and direct mail (33 percent). As noted below, smaller organizations are more likely to allocate more to direct mail; the largest organizations are moving away from that cost.

Planned changes in 2012 fundraising budgets by staffing

To hold budgets steady, about three-quarters of responding organizations are going into 2012 with the same staffing levels for both fundraising professionals and support roles (research, gift processing, etc.). Very small percentages of responding organizations plan to reduce or eliminate fundraising positions at this time. However, 21 percent of those that use consultants do plan to decrease funding available for consultant services and 11 percent plan to eliminate consulting expenses completely.

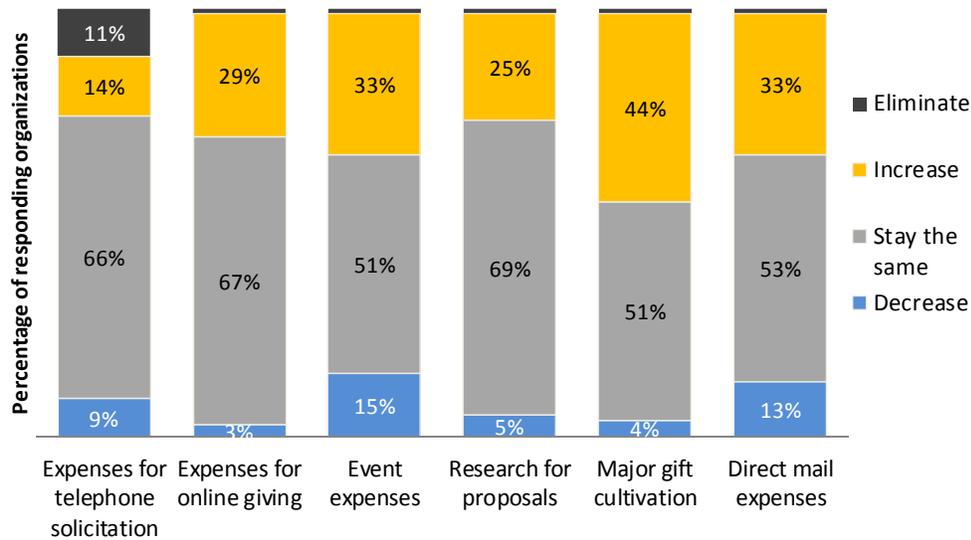
Figure 13: Responding organizations by type of staffing change planned in 2012 fundraising budget, compared with 2011 budget



Planned changes in 2012 fundraising budgets by fundraising method

A large share of responding organizations intends to maintain the same level of funding in 2012 for most fundraising methods.

Figure 14: Responding organizations by type of change planned for fundraising methods in 2012, compared with 2011
(As a percentage of organizations that use method)



(Dark lines on the tops of columns are values of 1 percent or less for all methods except telephone)

About half of the organizations will maintain the same level of expenditure for events and for major gift solicitation. However, 15 percent plan to cut event expenses, compared with only 4 percent that plan to cut expenses for major gift solicitation. About 4 in 10 responding organizations (44 percent) plan to increase expenditures in major gift solicitation and one-third (33 percent) plan to increase event expenses and direct mail expenses.

Direct mail more likely to increase among smallest organizations and decrease in largest

The only statistically significant difference found between planned fundraising expenditures in 2012 and organizational characteristics was for direct mail expenses and size of organization. However, in this case, smaller organizations (up to \$1 million in operating expenditures) were somewhat more likely to increase direct mail efforts, and large organizations (>\$10 million) were more likely to decrease those efforts, perhaps in favor of online appeals and communications.

Table 2: Responding organizations by type of change in direct mail expense, by size of organization

Direction of change in direct mail expenses in 2012 compared with 2011	Increase	Stay the Same	Decrease	Eliminate
TOTAL EXPENDITURES	33%	53%	13%	1%
<\$250,000	40%*	48%	8%	4%
\$250,000 - \$999,999	37%	51%	12%	< 1%
\$1 million - \$2.99 million	25%*	62%*	14%	0%
\$3 million - \$9.99 million	36%	55%	10%	0%
\$10 million or more	22%*	55%	21%*	2%

*Grey bars indicate organizational size category with value significantly different from total, all to $p < .05$. There is no statistically significant difference between the two size groups (<\$3 million and \$3 million and up). The p-value for a chi-square test for all five categories is $< .001$.

Examination of changes in fundraising results in 2011 by donor type

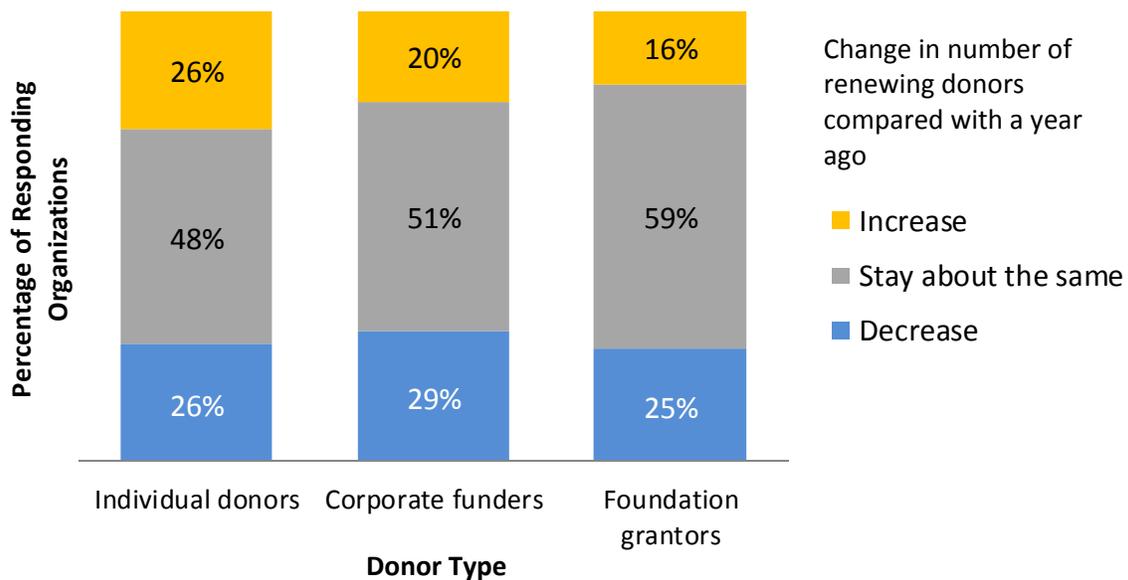
This survey asked about changes in 2011 in the number of donors by three donor types: individuals, corporations, and foundations. It also asked about changes in the average gift amount by type of donor. More organizations saw both the number of donors and the average gift amount hold steady than saw increases or decreases. However, there are marked differences based on the size of the charity.

In this section we look first at the number of renewing donors with a focus on average gifts from renewing individual donors. That discussion is followed by a review of findings about new donors.

“We are already cut to the bone on expenses—if we lose too many donors, we may have to cut hours or staff.”

Small human services organization (\$250,000-\$999,999),
 Census region unknown. Giving down in all areas to date.

Figure 15: Responding organizations by the type of change reported in number of renewing donors of three different types of donors



“Some donors either gave less or were not in a position to donate.”

Mid-sized (\$250,000-\$1 million) health-related organization in the South, with stable donations so far in 2011, combining increased number of renewing donors but decreases in acquisition numbers and average gift size

Smaller organizations struggle more with individual donor renewals

Responding organizations with expenditures of \$3 million or less were more likely than organizations with higher expenditures to report a:

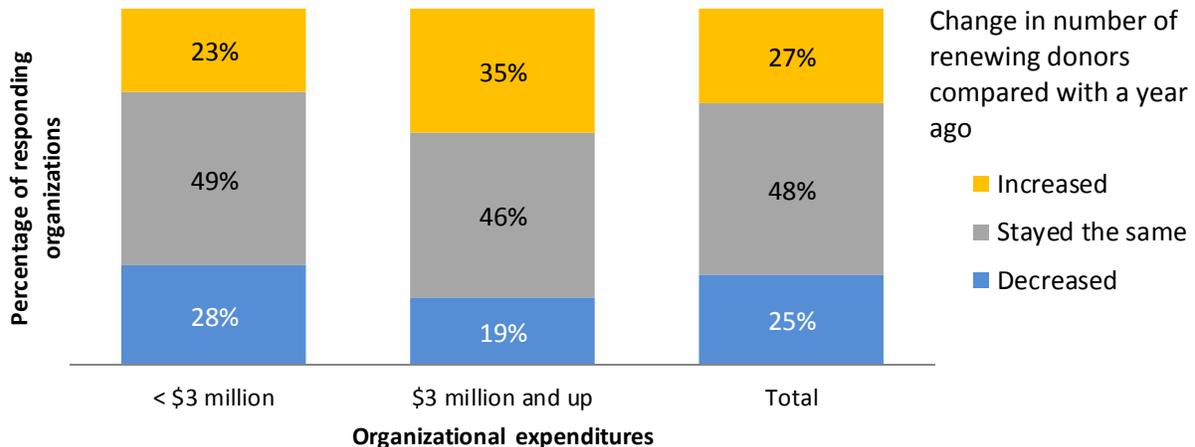
- Decrease in the number of renewing donors;
- Decrease in the average gift size from renewing individual donors.

Each of these statistically significant results is shown below.

Smaller organizations more likely to see decreases in number of renewing donors

Larger organizations (based on expenditures) in this study were more likely to report increased numbers of renewing donors (35 percent of responding organizations) than were smaller organizations (23 percent). Smaller organizations were more likely to see declines in the number of renewing donors (28 percent) than were larger organizations (19 percent) ($p < .001$).

Figure 16: Responding organizations by change reported in the number of renewing individual donors, by size of charity, 2011 compared with 2010



Note: The \$3 million and under category includes three size categories in the study (see Methodology). There was no statistically significant difference in results among those three categories, so they were grouped here. The \$3 million and up group includes two size categories, and there was no statistically significant difference between those two, so they were grouped. There is a statistically significant difference ($p < .05$) across all five size categories, as well as across these two ($p < .001$).

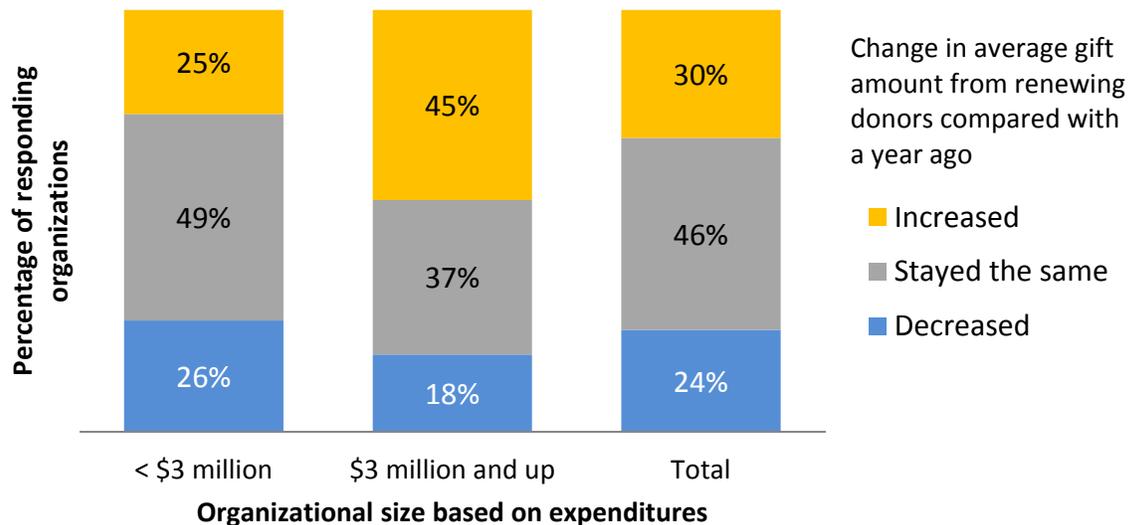
“Some donors had not supported us for a number of years, but came back this year, but at a decreased amount given.”

Very small (< \$250,000) Western health organization, with increased contributions to date, with increases in individual giving and in the number of foundation grants, both renewing and new

Smaller organizations saw fewer increases in average gift amount from renewing donors

Among responding charities with less than \$3 million in operating expenditures, just one-quarter reported an increase in the average gift received from renewing individual donors. For larger charities, nearly half (45 percent) saw individual renewal gifts increase compared to the same period in 2010.

Figure 17: Responding organizations by type of change in average gift amount from renewing individual donors, 2011 compared with 2010



Note: The \$3 million and under category includes three size categories in the study (see Methodology). There is a statistically significant difference in results among those three categories ($p < .05$), but they were grouped here to facilitate comparison with the rest of the analysis presented. The \$3 million and up group includes two size categories, and there was no statistically significant difference between those two, so they were grouped. There is a statistically significant difference ($p < .001$) across all five size categories, as well as across these two ($p < .001$).

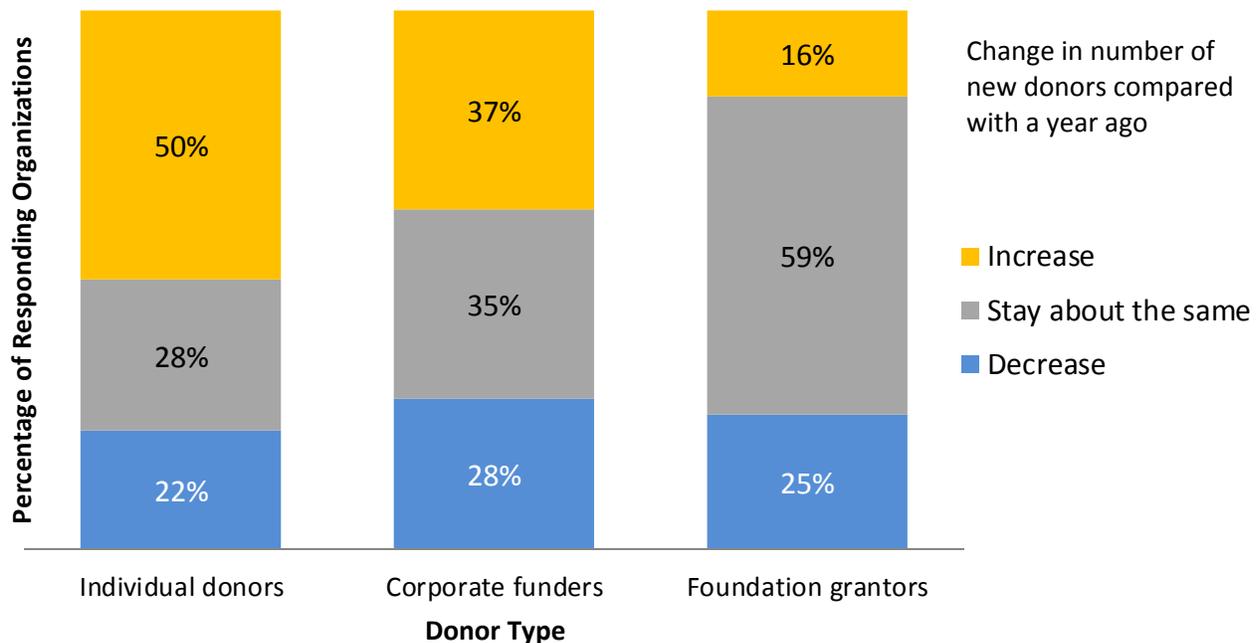
About half of organizations in this study gained new individual donors

One of the life-bloods for nonprofit fundraising is acquiring new donors. Nonprofit organizations often invest significant effort into engaging people through events, direct mail, online communication strategies, and more.

Half (50 percent) of organizations participating in this survey reported increases in the number of new individual donors. There was no statistically significant difference in the change in the number of new donors between larger and smaller organizations. However, smaller organizations were less likely to see an increase in the average gift amount from this year's new donors, which is discussed below.

The number of new foundation donors was most likely to be about the same in 2011 compared with 2010 (at 59 percent of responding organizations). There were no statistically significant differences in these results by size, subsector, or region.

Figure 18: Responding organizations by type of change reported in number of new donors of three types, 2011 compared with 2010



Average gift amount increased at nearly half of responding charities

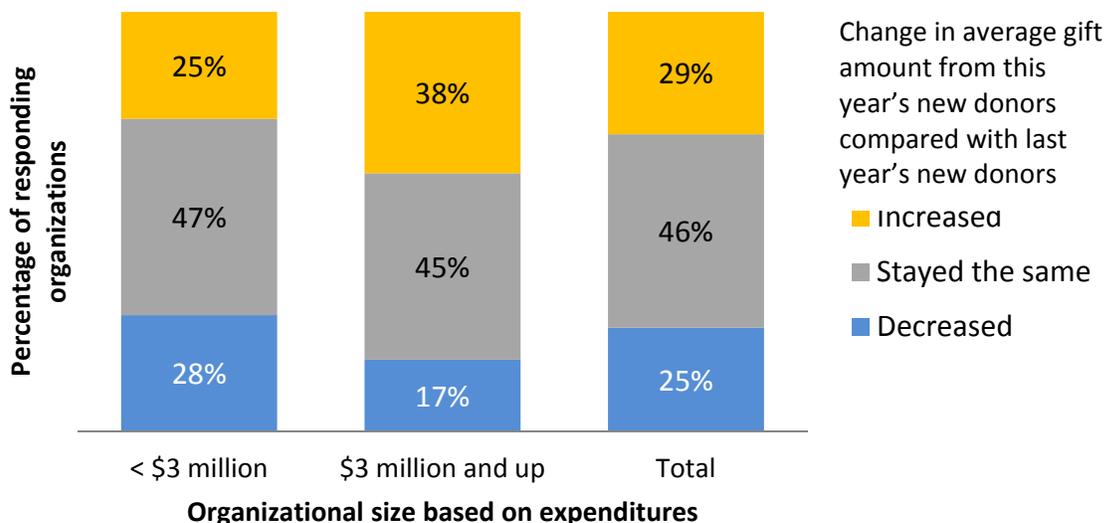
In addition to measuring the number of new donors, organizations often track the average gift amount received per new donor. In 2011 (through September), more organizations reported that average gift amount was holding steady (46 percent for new individual donors, see Figure 19) and 51 percent for new corporate and new foundation funders (not graphed). For individual donors, 29 percent of responding charities saw average gift size increase (Figure 19).

Smaller organizations most likely to report decreased average gift amount from new individual donors, compared with amounts received a year ago from new donors

Just over one-quarter (28 percent) of smaller organizations (expenditures less than \$3 million) reported that the average gift amount from new individual donors decreased compared to the average gift

amount from the previous year’s new individual donors. Among the larger organizations, just 17 percent reported lower average gift amounts and 38 percent reported growth in average gift size from new donors. There were no statistically significant differences in average gift amount based on other types of donors (corporations or foundations), nor for other characteristics of organizations (region or subsector).

Figure 19: Responding organizations by change reported in the average size of gift from new individual donors, by size of charity, 2011 compared with 2010



Note: The \$3 million and under category includes three size categories in the study (see Methodology). There is no statistically significant difference in results among those three categories so they were grouped here. The \$3 million and up group includes two size categories, and there was no statistically significant difference between those two, so they were grouped. There is a statistically significant difference ($p < .05$) across all five size categories, as well as across these two ($p < .001$).

“The number of donors through our monthly giving program has increased, as has the average gift. One-time online donations have increased slightly, as has the average gift.”

Large Western health organization with decreased overall donations to date but an increase in the number of new donors

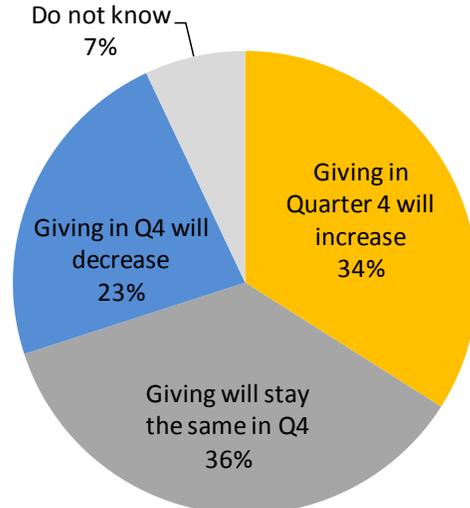
Year-end giving is important but not likely to recoup a decrease to date

In the *Fall 2010 Nonprofit Fundraising Survey*, we found that half of the respondents to that survey received the majority of their total contributions from October through December.

This year, while some organizations responding are somewhat optimistic about giving in the fourth quarter of 2011 (compared with the same months in 2010), there is no strong indication that the fourth quarter of 2011 will be different from the first nine months.

Just over one-third (34 percent) predicts increased contributions from October through December this year, compared with last year. Another 36 percent expect contributions to remain the same, and 30 percent expect decreases or do not know what will happen.

Figure 20: Responding organizations by predicted change in contributions for Quarter 4 of 2011 (October–December), compared with the same period in 2010



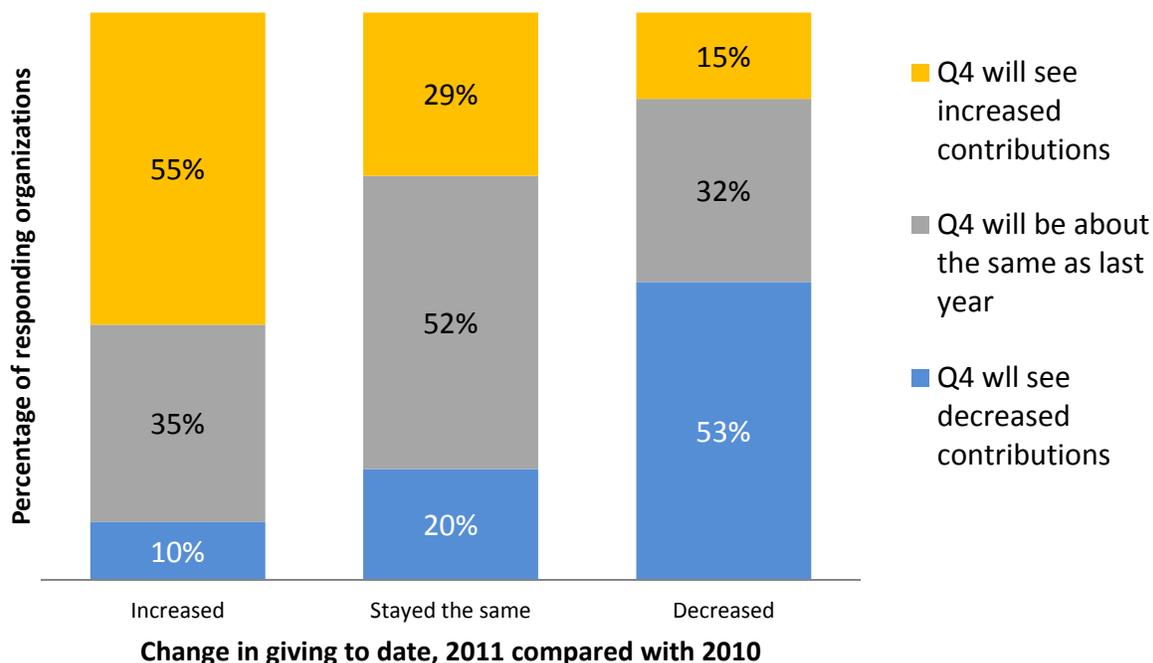
As with other questions in this study, larger responding organizations were more likely to predict increases for the fourth quarter, with 40 percent of larger organizations (expenditures over \$3 million) anticipating an increase compared with 31 percent of smaller organizations ($p < .001$).

“Repeat donors increased or augmented membership when specifically asked...”

Mid-sized (\$250,000–\$1 million) human services organization, region unknown, with stable contributions to date, reporting about increased average gift from renewing individual donors

Similarly, organizations that had already seen increases in giving in 2011 were more likely to anticipate more increased giving in Quarter 4. Note that there is also a relationship between size of organization and type of change seen to date. Larger organizations (expenditures of \$3 million or more) were more likely than smaller ones to have seen an increase so far in contributions received, compared to 2010.

Figure 21: Responding organizations by predicted change in charitable receipts in the fourth quarter (Q4) by type of change to date in charitable receipts



“...we work hard to stay in touch and communicate with our donor base, our contribution receipts have stayed relatively stable. We usually receive 1/4 to 1/3 of our annual receipts in the fourth quarter of the year. We hope that will be true this year as well.”

Moderate-sized (\$1-\$2.99 million) religion organization in the South with stable contributions so far, with increases in the number of individual donors, both new and retained and stable average gift amounts. No corporate giving reported, foundation grants stable

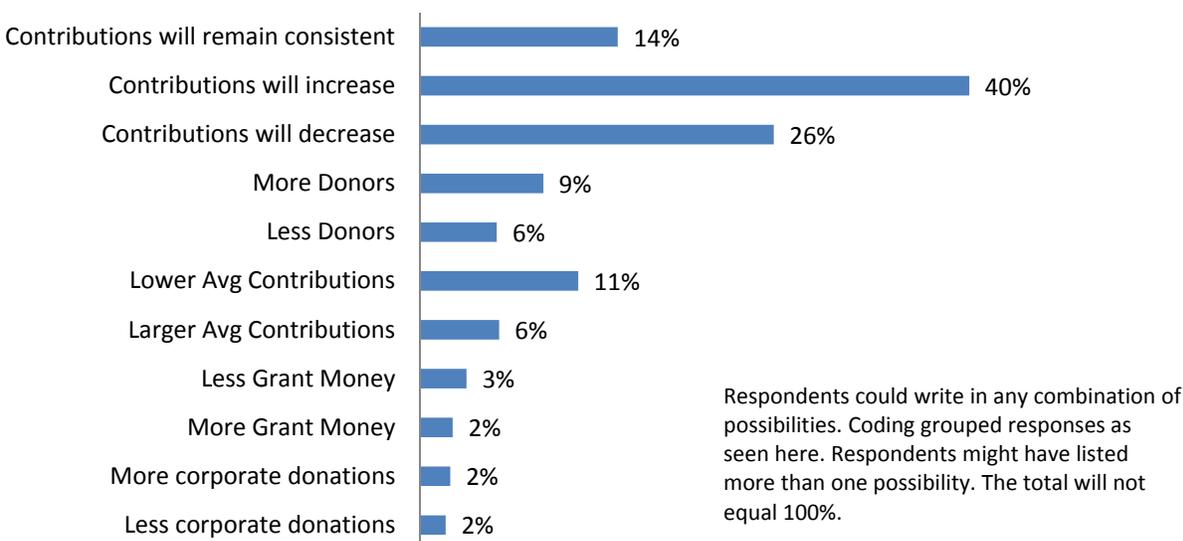
Views on fourth quarter giving

Survey respondents enter the fourth quarter somewhat optimistic for a good year-end. One of the main themes in this open-ended question was the hope for more donors but an expectation of lower contribution amounts. Some respondents expect contributions will increase due to new approaches the organization has implemented. Some said they had an on-going campaign so they expect to see more donations now than earlier in the year—or vice versa.

“We expect the failing economy to impact our last quarter negatively. Companies are laying off, donors are reducing gifts. We are hoping to stay level, and not see a decline in contributions in the last quarter.”

Western human services organization, expenditures between \$3 million and \$10 million, with stable contributions so far, increased new individual and corporate donors but falling foundation support

Figure 22: Coded responses to open-ended question, “In what way do you think contributions to your organization will change in the last quarter of 2011?”



Many organizations that anticipate less revenue in quarter 4 are in regions or cities where the broader economic conditions continue to be very difficult: higher than average unemployment, higher rates of poverty, corporate giving declines, and other topics were all mentioned in the responses.

“Hopefully [quarter 4 contributions will] increase due to stronger outreach in terms of strategic planning project and a major push on meetings to interact 1:1 with prospects.”

Smaller sized human services organization (budget between \$250,000 and \$1 million), Census region not reported, with increased gifts from renewing individual donors so far in 2011

Conclusion

While the economy is slowly recovering, the nonprofit sector has not seen improvement in fundraising results yet. What improvements are occurring appear to benefit the larger nonprofit organizations.

Among larger organizations, funds received in contributions have been rising, with new donors signing on and prior donors renewing their gifts. In these larger organizations (operating expenditures above \$3 million), some plan to hire in 2012, some plan expansion of program activities, and some plan additional investment in fundraising, especially for major gift fundraising.

The smallest organizations, in particular, are feeling many signs of fiscal stress. In response, a larger share of these charities are reducing staff and struggling to find ways to raise revenue. These factors are likely to affect the availability and quality of services in communities around the country in 2012.

Methodology

The survey invitation was sent by email and through social media postings beginning on October 10, 2011. The online-only survey response remained open through October 31, 2011. Email invitations were sent to five distinct groups:

- Prior participants in NRC surveys (called here panelists)
- A sample of members of the Association of Fundraising Professionals, including all members who indicate their organization is in the religion subsector and a random sample of other members
- A random sample of emails available to GuideStar
- A random sample of religious organizations on a list maintained by the Center on Philanthropy
- International organizations on a list maintained by the Center on Philanthropy

Reminders were sent at least once, and sometimes twice or three times, to people in each of these groups.

In addition, members of the NRC 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, the two random samples, and the Center on Philanthropy (COP) lists. These groups are not analyzed separately here but the response rates are:

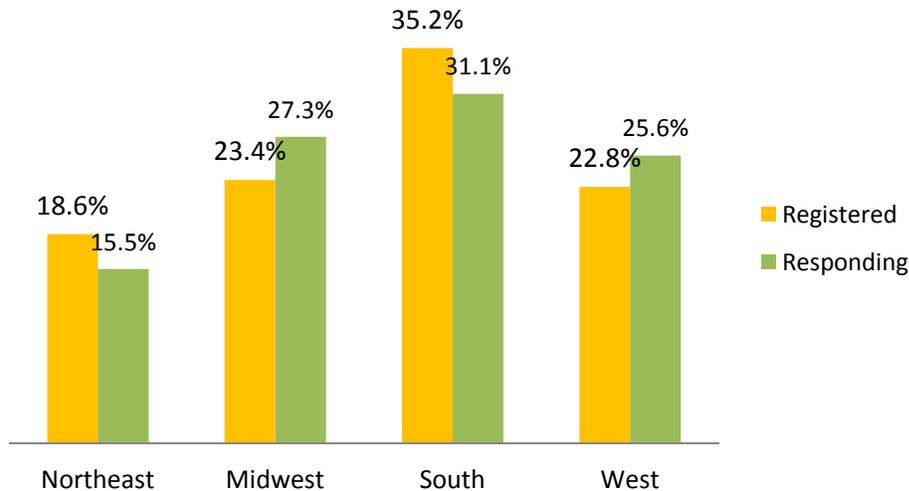
- Panelists: 10%
- AFP: 4%
- GuideStar: 5%
- Religion (COP) 2%
- International (COP) 1%

The *Late Fall 2011 Nonprofit Fundraising Survey* received a total of 875 complete, non-duplicated responses representing organizations with more than \$14.4 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 23: 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.)

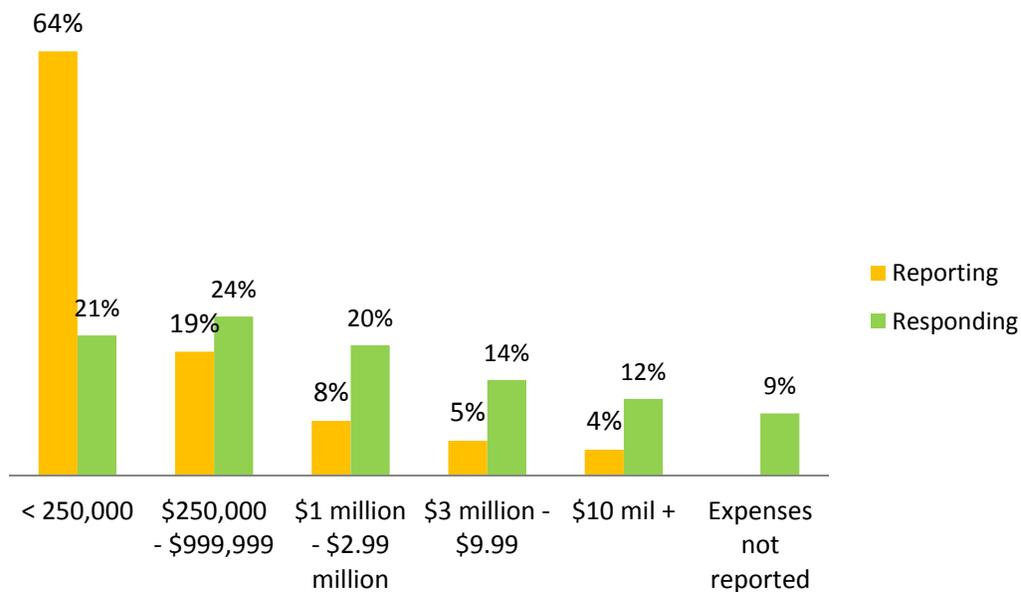


Registered = In the IRS Business Master File as of mid-2011. Regions are as defined by the U.S. Bureau of the Census.

Responding = Response provided in this survey.

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. Nine 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.

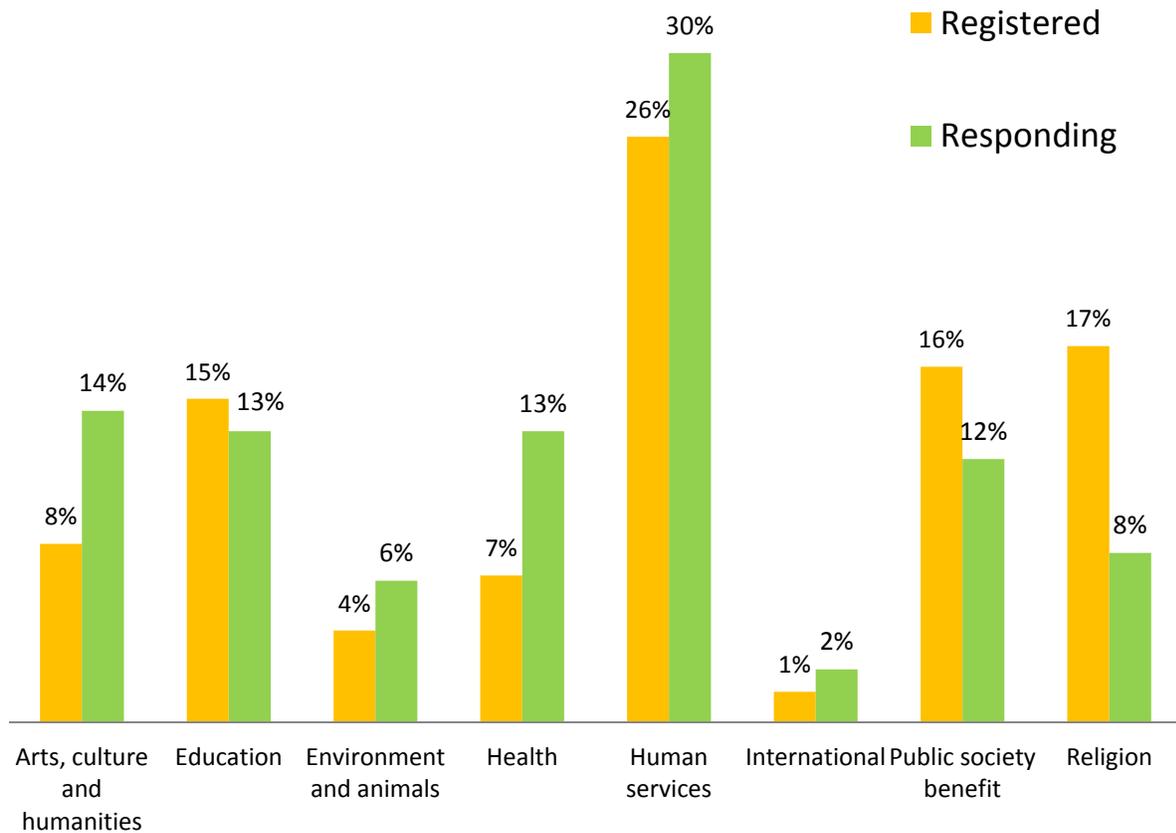
Figure 24: Responding charities by 2009 expenditure total, compared with reporting charities filing IRS forms



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

Responding charities also more or less mirrored the Reporting (filing Form 990) charities by subsector or major category under the National Taxonomy of Exempt Entities (NTEE). However, religious and public-society benefit organizations are under-represented, and arts and health organizations are both disproportionately high in this set of respondents.

Figure 25: Responding charities by subsector compared with charities registered with the IRS



Registered = In the IRS Business Master File as of mid-2011. 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 *Giving USA*.
 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 based on organizational size. There were no statistically significant differences when comparing organizational responses grouped by organizational mission (subsector) or region of the United States.

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;
- 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;
- Giving USA Foundation, which has published the *Giving USA Annual Report on Philanthropy* for more than 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 conducts surveys three times a year.