Winter 2018 Nonprofit Fundraising Study (NFS)

Covering Charitable Receipts at Nonprofit Charitable Organizations in the United States and Canada in 2017

A Study From

Nonprofit Research Collaborative
Acknowledgements
The Nonprofit Research Collaborative (NRC) thanks all respondents who took the survey in January and February 2018. 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.

Members of the Nonprofit Research Collaborative are

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KEY U.S. FINDINGS

63 percent reported increases in charitable funds received in 2017. This follows 2016, when a comparatively low percentage of survey participants recorded an increase in funding.

Three-quarters (75%) met their fundraising goal. This is the highest share ever and a slight increase from the 73 percent reported for 2016.

The average size of each bequest (at the median) was in the range of $25,000 and $100,000. This is consistent with findings from the past survey.

Two U.S. regions – the Northeast and the Midwest – have seen a three-year drop in the share of organizations with growth in charitable receipts.

The tax law changes of 2017 might increase individual giving, according to 9 percent of participants from the United States. Nearly 4 in 10 (36%) project no change and 18 percent say individual giving is likely to decline. Another 4 in 10 (37%) did not know, with the majority of those saying “There are too many changes to make a guess.”

When asked to predict fundraising receipts in 2018, 61 percent of all participants (USA and Canada) expected growth. However, expectations varied significantly by region.

- Just 57 percent in the U.S. Northeast and Midwest anticipated a raise in increased funds compared with 69 percent in the U.S. West. Among Southern participants, 64 percent project increases for 2018.
KEY FINDINGS FOR CANADA

59%  

*About 6 in 10 (59%) reported increases in charitable gift dollars* received in 2017, compared with the prior year.

- This is consistent with 2016 in Canada and lower (with statistical significance) than the results for the U.S.

78 percent met their fundraising goal for 2017

The *average size of each bequest* (at the median) was in the range of $25,000 and $100,000.

Similar to the U.S., *59 percent of Canadian participants predict increased funds raised in 2018.*
INTRODUCTION

Over 1,300 organizations responded to the year-end Nonprofit Fundraising Survey (NFS) conducted by the Nonprofit Research Collaborative in early 2017 about charitable receipts from January through December 2017. Responding charitable groups included large and small organizations (by budget size) and organizations from every subsector, Arts through Religion. Findings are based on responses remaining after data cleaning, 1,222 total, including 146 from Canada.

Questions ranged from changes in charitable receipt amounts in 2017, compared with 2016, to expectations for 2018. These findings can help an organization plan for its fundraising efforts. We share results about charitable receipts in 2017 and compare those with findings from similar surveys from 2007 through 2016. This section also compares what charities predicted would happen in 2017 with what actually did.

One of the unique features of the NFS is our trend data, which covers findings about charitable receipts from more than a dozen different fundraising methods. This report includes trends for 2007 through 2017 by method.

The survey also asked about expectations for charitable receipts in 2018 and gave respondents a chance to comment on specific challenges or trends they anticipate affecting their fundraising this year.
SECTION I: 2017 RESULTS

This section presents overall results, results by size (determined by expenditures), by subsector, and by region.

63% reported increased gift funds: In Canada the share was slightly lower at 59%

For the fiscal year ending in 2017, 63 percent of all participating charitable organizations reported an increase in charitable receipts compared with 2016. This includes 63 percent of more than 900 participating organizations in the United States and 59 percent of the 144 organizations from Canada that took the survey. The trend of increases is seen in Table 1.

Table 1: Trend in percentage of responding organizations reporting an increase in charitable receipts, 2011-2017

<table>
<thead>
<tr>
<th>Year</th>
<th>Percent seeing increase, all participants</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>63%*</td>
</tr>
<tr>
<td>2016</td>
<td>60%*</td>
</tr>
<tr>
<td>2015</td>
<td>65%</td>
</tr>
<tr>
<td>2014</td>
<td>62%</td>
</tr>
<tr>
<td>2013</td>
<td>62%*</td>
</tr>
<tr>
<td>2012</td>
<td>58%*</td>
</tr>
<tr>
<td>2011</td>
<td>53%</td>
</tr>
</tbody>
</table>

*Indicates statistically significantly different from the preceding year
Figure 1 shows responding organizations by whether they saw more or less funds raised. In 2017, 43 percent said their charitable receipts rose between 1 percent and 15 percent. Another 20 percent of organizations reported an increase of 15 percent or more. This is statistically significantly different from last year, when 16 percent saw growth of 15 percent or more. Said another way, the share of charities with the largest gains is where we saw the most meaningful change from 2016 to 2017. About the same percentage saw an increase of 1 percent to 15 percent.

Figure 1: Percentage of responding organizations reporting change in charitable receipts, 2017 compared with 2016

*Indicates a value that is statistically significantly different from the results for 2016
**Question: What most affected your organization’s fundraising results in 2017?**

“Cleaning up our database systems and being able to communicate better as a result, such as personalizing letters and emails. This led to better response and more favorable donor experiences.”

Mid-sized Southern organization in the philanthropy & voluntarism subsector

“Building personal relationships and stewarding current donors.”

Large Northeastern health organization

“Strong fundraising and development strategies and a strong commitment to our mission. Expanding our base of givers each year.”

Mid-sized Midwestern K-12 organization

---

**Changes in charitable receipts did not differ in 2017 by organizational size**

There is **no difference in success rates by size of organization, for the second consecutive year**. See Figure 2. In all years before 2016, smaller organizations were less likely to see an increase in funds raised. For two years, there has been no difference across budget categories.

**Figure 2: Percentage of responding organizations reporting change in charitable receipts by size, 2017 compared with 2016**

<table>
<thead>
<tr>
<th>Budget Category</th>
<th>Increased</th>
<th>Stayed the same</th>
<th>Decreased</th>
</tr>
</thead>
<tbody>
<tr>
<td>&lt;$1 million</td>
<td>60%</td>
<td>12%</td>
<td>28%</td>
</tr>
<tr>
<td>$1 mil - $2.99 mil</td>
<td>59%</td>
<td>11%</td>
<td>30%</td>
</tr>
<tr>
<td>$3 mil - $9.99 mil</td>
<td>63%</td>
<td>11%</td>
<td>26%</td>
</tr>
<tr>
<td>$10 mil to $49.99 mil</td>
<td>67%</td>
<td>10%</td>
<td>23%</td>
</tr>
<tr>
<td>$50 mil and up</td>
<td>62%</td>
<td>8%</td>
<td>30%</td>
</tr>
<tr>
<td>Budget not reported</td>
<td>65%</td>
<td>11%</td>
<td>24%</td>
</tr>
</tbody>
</table>

Range of organizational operating budget

<table>
<thead>
<tr>
<th>Size Range</th>
<th>Number of Respondents</th>
</tr>
</thead>
<tbody>
<tr>
<td>&lt;$1 million</td>
<td>230</td>
</tr>
<tr>
<td>$1 mil - $2.99 mil</td>
<td>161</td>
</tr>
<tr>
<td>$3 mil - $9.99 mil</td>
<td>188</td>
</tr>
<tr>
<td>$10 mil to $49.99 mil</td>
<td>149</td>
</tr>
<tr>
<td>$50 mil and up</td>
<td>106</td>
</tr>
<tr>
<td>Budget not reported</td>
<td>236</td>
</tr>
</tbody>
</table>

**NOTE:** The NRC uses expenditures as a marker for size because annual expenses tend to be more stable, compared with gifts, which can fluctuate with major amounts received from grant funders, bequests, or other single large gifts. Size is based on expenditures as reported on the survey. At these sample sizes, the visible differences are not statistically significant.
A larger share of small organizations saw growth this year

The smallest organizations in 2017 were more likely in 2017 to see an increase in funds raised. In 2016, by contrast, a comparatively small share of organizations with low budgets saw growth in funds (see Figure 3). The result for 2017 is statistically significantly different for organizations with operating revenue of less than $250,000. No other difference seen meets test for statistical significance between 2016 and 2017.

Figure 3: Share of responding organizations reporting an increase in fundraising revenue by size, 2017 compared with 2016

*The only statistically significant difference between 2016 and 2017 is among organizations with operating budgets less than $250,000.
With two exceptions, all subsectors reported equivalent growth in charitable gift dollars. The exceptions are “Civic affairs, rights, social and economic justice” and “International.” However, with fewer than 30 responses, the 76 percent of organizations in the International subsector reporting growth is not a reliable result to use to estimate across all organizations. The lower figure of 54 percent for Civic affairs and civil and human rights is a plausible result across the entire nonprofit sector.

**Figure 4: Percentage of responding organizations reporting change in charitable receipts by subsector, 2017 compared with 2016**

<table>
<thead>
<tr>
<th>Category</th>
<th>Increased</th>
<th>Stayed the same</th>
<th>Decreased</th>
</tr>
</thead>
<tbody>
<tr>
<td>Arts (n=81)</td>
<td>67%</td>
<td>14%</td>
<td>20%</td>
</tr>
<tr>
<td>Higher Education (n=114)</td>
<td>66%</td>
<td>9%</td>
<td>25%</td>
</tr>
<tr>
<td>K-12 and other education (n=96)</td>
<td>63%</td>
<td>9%</td>
<td>30%</td>
</tr>
<tr>
<td>Environment &amp; Animals (n=49)</td>
<td>60%</td>
<td>12%</td>
<td>29%</td>
</tr>
<tr>
<td>Health (n=208)</td>
<td>60%</td>
<td>10%</td>
<td>26%</td>
</tr>
<tr>
<td>Human Services (n=237)</td>
<td>62%</td>
<td>11%</td>
<td>27%</td>
</tr>
<tr>
<td>International (n=16) not reliable</td>
<td>76%</td>
<td>0%</td>
<td>18%</td>
</tr>
<tr>
<td>Philanthropy, voluntarism (n=50)</td>
<td>60%</td>
<td>8%</td>
<td>32%</td>
</tr>
<tr>
<td>Religion (n=49)</td>
<td>61%</td>
<td>12%</td>
<td>27%</td>
</tr>
<tr>
<td>Civic affairs, rights, social and economic justice (n=38)</td>
<td>54%</td>
<td>12%</td>
<td>23%</td>
</tr>
<tr>
<td>Other or None (n=224)</td>
<td>64%</td>
<td>12%</td>
<td>24%</td>
</tr>
</tbody>
</table>

NOTE: Where the number of respondents is less than 30, results should be interpreted with caution.
Participating charities in the South and West were more likely to report growth in charitable funds raised in 2017, compared with 2016. In the Northeast and Midwest, less than 6 in 10 charities saw an increase in funds raised. In the South, 66 percent saw growth, and in the West, 70 percent did.

**Figure 5: Percentage of responding organizations reporting change in charitable receipts by U.S. region, 2017 compared with 2016**

<table>
<thead>
<tr>
<th>Region</th>
<th>Increased</th>
<th>Stayed the same</th>
<th>Decreased</th>
</tr>
</thead>
<tbody>
<tr>
<td>Northeast</td>
<td>58%</td>
<td>16%</td>
<td>26%</td>
</tr>
<tr>
<td>Midwest</td>
<td>59%</td>
<td>13%</td>
<td>28%</td>
</tr>
<tr>
<td>South*</td>
<td>66%</td>
<td>4%</td>
<td>30%</td>
</tr>
<tr>
<td>West*</td>
<td>70%</td>
<td>7%</td>
<td>22%</td>
</tr>
</tbody>
</table>

*Statistically significant difference compared with Northeast and Midwest. The South and West are equivalent (no statistically significant difference).

There are also differences among the regions over time. Specifically, in the **Northeast and Midwest, since 2015, the share of surveyed organizations reporting growth in charitable gifts has declined.** The difference between 2015 and 2017 is statistically significant in both of those regions.
Figure 6: Trends in percentage of responding organizations reporting an increase in charitable receipts by U.S. region, 2015-2017

*2017 difference is statistically significant compared with 2015, and trend is consistent over those years.

The South has no meaningful difference across the years shown. The values in the West are different year to year, with statistical significance, but there is no clear trend up or down.

Change in charitable receipts in Canada

Among 146 responses from Canada, just under 6 in 10 (59%) reported an increase in charitable gifts received in 2017.

Figure 7: Percentage of responding organizations reporting a change in charitable receipts in Canada, 2017 compared with 2016

- Increased: 59%
- Stayed the same: 13%
- Decreased: 28%
The NFS result for 2015 in Canada showed an unusually high percentage of organizations reporting an increase in charitable receipts. The 2016 result (shown in Figure 6) was consistent with the years since 2012. For 2017, the reported value of 59 percent is equivalent to 54 percent from 2016, at these sample sizes.

**Figure 8: Percentage of responding organizations reporting an increase in charitable receipts, Canada, 2015-2017**

In early 2017, among all participants in both countries, two-thirds (66%) projected increased charitable gifts in the fiscal year ending in 2017. In this survey, 63 percent actually saw growth in charitable receipts. These totals are driven by the high number of responses by charities in the United States.

**Figure 9: Predicted results for 2017 compared with actual results - USA**
Among responding organizations in Canada, the prediction for 2017 was comparable to the total estimate of 66 percent. However, the results, with 59 percent reporting increased charitable receipts, were lower, as shown in Figure 10.

Figure 10: Predicted results for 2017 compared with actual results – Canada

The Canadian findings are consistent with prior years of the Nonprofit Fundraising Survey (NFS). In most years, around 10 percent of participants “over-estimate” fundraising gains each year.
For the 2017 fiscal year, three-quarters (75%) of participants said their organization met the fundraising goal (if they had a goal). This is the highest percentage reporting success since the NFS began.

The NFS is the only survey that asks charities to report funds raised based on whether the organization met its fundraising goal, and for FY 2016, 68% of responding organizations met their fundraising goal. The jump up for FY 2016 is a statistically significant change and a return to (and even above) the values of 73 percent reported for FY 2014 and FY 2015.

Figure 11: Did your organization meet its fiscal year 2017 fundraising goal?

Figure 12: Trend in percentage of organizations meeting fundraising goal, 2010-2017

In Canada, 78 percent of participating organizations reported that they met their goal, which is equivalent to the result for the United States.
Smaller organizations (expenditures less than $1 million) were less likely to meet their fundraising goals than were larger organizations, which is consistent with findings from earlier waves of the NFS. The gap between the share of smallest organizations meeting goal and the largest groups declined, however, reflecting the high rate of fundraising success among smaller organizations in 2017. See Figure 3 on page 8.

For FY 2016, there was a gap of 22 percentage points between the share of smallest organizations that met goal and the share of the largest. However, for 2017, that gap is only 8 percentage points, from 69 percent for the smallest organizations to 77 percent for the next-to-largest category ($10 to $49.99 million). This gap is one of the lowest since the NFS began. If survey respondents are representative of the entire sector, this could indicate positive news for charities with operating budgets below $1 million.

Figure 13: Percentage meeting goal by organizational operating budget, 2017
Despite a trend downward in high receipts year over year, organizations in the Northeast still met fundraising goals at about the same rate as organizations in the other regions. None of the observed differences in percentages in Figure 14 are statistically significant.

![Figure 14: Percentage by whether the responding organization met its 2017 fundraising goal, by region](image)

Size is frequently associated with either meeting a fundraising goal or not. For 2017, the NFS also found that some subsectors were more likely to report meeting goal than others. Among the types of organizations highly likely to meet goal are Higher education, Other education, Environment/animals and the 200 or so organizations that did not report their subsector. Among those least likely to meet goal were Health, Human services, Citizenship/advocacy, and organizations engaged in promoting philanthropy and volunteerism, such as United Ways, community foundations, and others.

![Probability of meeting goal varied markedly by subsector](image)

Roughly, a gap of 9 percentage points or more is statistically significant at these sample sizes. So, the difference between Arts and Higher Education is likely to be repeated if we did the survey again with about the same numbers. But the difference between Arts and Health is not a meaningful difference, with a gap of only 4 points.
Organizations attribute meeting goal to:

“Meeting one-on-one with donors, increasing face-to-face time, strategic goals for different segments of donors.”

Very small Canadian health charity

“Working directly with board and key management on the benefits of fundraising and establishing relationships with supporters.”

Large Northeastern human services organization

“... an increase in individual giving, which helped offset losses in special events (most third-party fundraiser losses (I can guess what this might mean but it’s a bit unclear)) and grants. We also received an unexpected $50,000 grant and memorial gifts that helped us meet our budget.”

Medium-sized Midwestern human services organization

“Focus on major gifts. Really deploying the development team to reach out and up, and link together to increase our success.”

Mid-sized Western Environment/animals organization

“....an increase of gifts over $1,000. Mid and low-level giving remained mostly flat. “

Large Southern organization engaged in work related to rights, advocacy, citizenship, voting, or other civic or societal benefit
**SECTION II: FUNDRAISING METHODS FOR 2017**

More than 90 percent of responding organizations use several methods to raise funds: major and board giving; direct response (mail); and foundation grants and corporate giving. Fewer than 50 percent of responding organizations use the following methods to raise funds: gifts from congregations, distributions from federated campaigns, social media and telephone requests.

“Collections” means as in a congregation or in a Lucite box at the exit of a museum or other approaches.

**Figure 15: Percentage of responding organizations that use each fundraising method**

<table>
<thead>
<tr>
<th>Often asked in person</th>
<th>“Annual fund” requests</th>
<th>Institutional donor – often requires application process</th>
</tr>
</thead>
<tbody>
<tr>
<td>Major gifts</td>
<td>94%</td>
<td>90%</td>
</tr>
<tr>
<td>Board giving</td>
<td>86%</td>
<td>89%</td>
</tr>
<tr>
<td>Planned giving (new commitments)</td>
<td>84%</td>
<td>87%</td>
</tr>
<tr>
<td>Planned giving (received)</td>
<td>92%</td>
<td>79%</td>
</tr>
<tr>
<td>Direct response/Mail</td>
<td>87%</td>
<td>61%</td>
</tr>
<tr>
<td>Special events</td>
<td>79%</td>
<td>25%</td>
</tr>
<tr>
<td>General Collections</td>
<td>61%</td>
<td>25%</td>
</tr>
<tr>
<td>(congregation, clear box, etc.)</td>
<td></td>
<td>88%</td>
</tr>
<tr>
<td>Telephone</td>
<td>88%</td>
<td>79%</td>
</tr>
<tr>
<td>Any online</td>
<td>79%</td>
<td>63%</td>
</tr>
<tr>
<td>Email</td>
<td>63%</td>
<td>13%</td>
</tr>
<tr>
<td>Social media</td>
<td>67%</td>
<td>67%</td>
</tr>
<tr>
<td>SMS/Text</td>
<td>36%</td>
<td>67%</td>
</tr>
<tr>
<td>Foundation grants</td>
<td>90%</td>
<td>67%</td>
</tr>
<tr>
<td>Corporate giving</td>
<td>89%</td>
<td>67%</td>
</tr>
<tr>
<td>Allocations from other charities</td>
<td>67%</td>
<td>67%</td>
</tr>
<tr>
<td>Gifts from congregations</td>
<td>36%</td>
<td>67%</td>
</tr>
</tbody>
</table>
Figure 16: Percentage of organizations reporting change in charitable receipts by most frequently used fundraising methods, 2017 compared with 2016, Methods of Asking in Person

Compared with FY 2016, results from FY 2017 are comparable for board giving and received planned gifts. Major gifts increased at more responding charities in 2017 and planned gift commitments dropped a bit.

Figure 17: Two-year trend in percentage of organizations seeing an increase in dollars received after using a method associated with asking in-person

<table>
<thead>
<tr>
<th>Method</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Board giving</td>
<td>47%</td>
<td>45%</td>
</tr>
<tr>
<td>Major gifts*</td>
<td>64%</td>
<td>55%</td>
</tr>
<tr>
<td>Planned giving (received)</td>
<td>57%</td>
<td>58%</td>
</tr>
<tr>
<td>Planned giving (new commitments)*</td>
<td>51%</td>
<td>58%</td>
</tr>
</tbody>
</table>
Figure 18: Percentage of organizations reporting change in charitable receipts by fundraising method, 2017 compared with 2016, Methods of “Annual Fund” requests, Not electronic

- Direct response/Mail: 52% Increased, 30% Stayed the same, 18% Decreased
- Special events: 63% Increased, 21% Stayed the same, 16% Decreased
- Cash contributions/collections: 47% Increased, 40% Stayed the same, 13% Decreased
- Telephone: 43% Increased, 33% Stayed the same, 24% Decreased

Figure 19: Percentage of organizations reporting change in charitable receipts, Annual Fund Methods, Electronic

- Email: 59% Increased, 32% Stayed the same, 9% Decreased
- General online: 65% Increased, 30% Stayed the same, 12% Decreased
- SMS/Text: 47% Increased, 41% Stayed the same, 12% Decreased
**Figure 20: Two-year trend in percentage of organizations seeing an increase in dollars received after using a method associated with annual fund requests**

<table>
<thead>
<tr>
<th>Method</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Direct response/Mail</td>
<td>52%</td>
<td>50%</td>
</tr>
<tr>
<td>Special events*</td>
<td>63%</td>
<td>54%</td>
</tr>
<tr>
<td>Collections (congregations, clear box, etc.)</td>
<td>28%</td>
<td>54%</td>
</tr>
<tr>
<td>Telephone</td>
<td>43%</td>
<td>38%</td>
</tr>
<tr>
<td>Email</td>
<td>59%</td>
<td>57%</td>
</tr>
<tr>
<td>General online</td>
<td>65%</td>
<td>68%</td>
</tr>
<tr>
<td>SMS/Text</td>
<td>47%</td>
<td>44%</td>
</tr>
</tbody>
</table>

Over the two years shown, the meaningful difference occurred in special events, which resulted in increased charitable receipts at 63 percent of participating organizations in 2017 compared with just 54 percent in 2016. We see a difference in cash collections, as at congregations, but the question wording changed, making direct comparison inappropriate.
Figure 21: Percentage change in charitable receipts by different types of institutional donors, 2017

- Corporate giving: 46% Increased, 35% Stayed the same, 19% Decreased
- Allocations from other charities: 40% Increased, 50% Stayed the same, 10% Decreased
- Gifts from congregations: 28% Increased, 58% Stayed the same, 14% Decreased
- Foundation grants: 48% Increased, 35% Stayed the same, 17% Decreased

Figure 22: Two-year trend in percentage of organizations seeing an increase in dollars received from institutional donors

- Corporate contributions: 46% in 2017, 45% in 2016
- Foundation grants*: 53% in 2017, 48% in 2016
- Gifts from congregations: 28% in 2017, 31% in 2016
- Allocations from other charities: 40% in 2017, 24% in 2016

Over the two years shown, a smaller percentage of organizations reported an increase in 2017 in grant dollars received from foundations, from 53 percent of 2016 study participants to 48 percent of participants in 2017. The very stark apparent difference for allocations from other charities probably reflects a change in the question wording, making direct comparison inappropriate.
A few comments provided insight about foundation grantmaking in 2017

“The applications are becoming longer and foundations are funding specific types of projects and less general operating expenses.”

Medium-sized Southern human services organization

“We have seen ...foundations change their focus. Two prior funders shifted grants to help refugee and immigrant charities (which is certainly a need!). We anticipate this to continue in 2018.

Very small Northeastern Human services organization

“As a disease specific organization, we are struggling to make a case that we are relevant to ... foundations. I think the political climate has made competition for dollars much more challenging.”

Mid-sized Midwestern health organization
SECTION III: BEQUESTS

The Nonprofit Research Collaborative (NRC) asked several questions about bequests, including how many organizations received gifts through bequests and the average amount of bequests. This section summarizes findings about bequests.

In this study, 8 in 10 reported that they raise funds with bequests

Of all survey respondents, 84 percent reported receiving legacies (bequests) and 92 percent actively sought new planned gift commitments.

- 57% of responding organizations reported increased planned gift receipts in 2017, which is consistent with the past two years (FY 2015 and FY 2016).

Figure 23 is based only on organizations that reported receiving bequests.

- 31% received average bequests of less than $25,000.
- 4% received bequests averaging $1 million or more.

Average bequest amount most frequently between $25,000 and $100,000

Knowing the average bequest amount (per bequest) can help an organization that does not receive planned gifts now plan for future revenues after implementing steps to ask for and receive bequests. In this survey, one-third (37 percent) of respondents that received bequests reported an average bequest amount between $25,000 and $100,000. This is not meaningfully different from 33 percent that had an average bequest amount in that range in FY 2016.
While the mid-point is in the same range as in 2016, more organizations received larger average bequests – and fewer received smaller bequests – in FY 2017.

**Figure 24: Distribution of average bequest range is similar for USA and Canada, 2017**
SECTION IV: THE U.S. TAX CODE CHANGE

In December 2017, the U.S. Congress approved and the President signed revisions to the U.S. Tax Code. Among the many revisions that have direct bearing on charitable organizations are:

- Increase in the standard deduction, from $12,700 for a married couple in 2017 to $24,000 for the same couple in 2018. Depending on a household’s income and filing status, this shift might mean more discretionary income after taxes are paid.

- Households that itemize deductions will be able to continue claiming charitable deductions, within limits. For a married couple filing jointly, the amount of all allowed deductions is decreased by 3 percent of any income above $311,800.

Participants in this survey were most likely to say there would be no change in giving by individuals (41%) or a decline in individual giving (21%). Another 28 percent selected the option for, “There are too many changes to make a guess.” Just 10 percent project increased charitable giving to their organization by individuals. See Figure 25.

Figure 25: Projected impact of the 2017 tax law

What is your organization expecting as a result of the tax law changes?

2 A couple with a combined income of $100,000 taking the standard deduction in 2017 would be taxed on $87,300, after the standard deduction. Federal taxes would be $13,302.50. For 2018, a married couple with income of $100,000 taking the new higher standard deduction of $24,000 would be taxed on $76,000. This would result in federal taxes of $10,477.50. This scenario projects a tax savings of $2,825. Based on historical changes in giving after tax rate changes, this hypothetical couple might give 1 percent of the amount they save in taxes or $28.25. NOTE however, that recent works suggests that high income households respond to changes in taxes. Moderate and average income households might not change their donations when they have a bit more discretionary income resulting from changes in tax rates. http://hummedia.manchester.ac.uk/schools/soss/economics/discussionpapers/EDP-1606.pdf
There are **no differences in these results by size of organization** and very few by subsector. Individuals responding from the “philanthropy and voluntarism” subsector differed. Nearly half (47%) of participants in this subsector (which includes United Ways, community foundations, and Jewish federations), selected “There are too many changes to make a guess.” This is much higher than the 28 percent overall who selected that response. Correspondingly, **people in the philanthropy and voluntarism subsector were less likely to select “No change” (28% compared with 41% overall)**.

“People are uncertain about their net income and what they can afford to do given the stock market and to some extent impact of taxes.”

Mid-size Southern education organization

“Tax law changes will impact our donors... and will likely have a negative impact on our smaller donors.”

Very large Northeastern education institution

“The tax law changes will have an effect, and it will be our responsibility to keep the donors informed so that they are still willing to contribute.”

Very large Northeastern human services organization

“The restriction on non-cash donations may or may not negatively impact us. We have never stressed the tax deduction, rather the impact to our mission and the environment and this approach has worked well.”

Very large Southern human services organization

**About 6 in 10 U.S. charities plan to inform donors about at least some of the changes in the tax law**

The NFS asked charitable organizations in the United States “What, if anything, will your organization do to inform donors that the charitable deduction remains for those who continue to itemize?” Of the 470 responses, **61 percent offered some description of how they will communicate with donors**. The steps range from active efforts to **educating staff members about the tax law** so that they can answer donor questions and refer people to professional tax advisors to simply **continuing to include language about gifts being “tax deductible” to the extent allowed by law** on gift receipts.

The NFS also asked, “What, if anything, will your organization do to appeal to donors who might possibly have more discretionary income, given that the new tax law provides a higher standard deduction in 2018?” Just under half (45%) of organizations have active plans to **develop fundraising strategies following from the change in the standard deduction**. About 2 in 10 (22%) will share information about the change but not change fundraising practice. A **large share have no plans**, and a small percentage challenged the possibility that some individuals will see an increase in discretionary income.
Figure 26: Plans to appeal to donors who might have more discretionary income (N = 252)

- Inform donors of tax law and changes: 22%
- Other action (still researching, create donor-advised fund, etc.): 2%
- Develop plans specific to donors who might be in this group: 32%
- Conduct outreach to attract additional donors: 10%
- Focus on organizational mission or impact: 3%
- No plan to change current practices: 29%
- Donors will not have more discretionary income: 2%

“We are relationship-based, so we feel other orgs will get left behind on this, but we have a strong case for support and relationships so don’t need the gimmick of the tax law.”

Medium-sized Western higher educational institution

“Focus on gifts of appreciated assets, also IRA gifts.” [These have potential tax planning benefits for a donor, other than deductibility].

Small Northeastern philanthropy & voluntarism organization.

“Increase membership benefits - so that here is more of an incentive to be a member and get something back now.”

Mid-sized Southern environment/animals organization

“Discuss how their additional gifts could impact our mission.”

Small Midwestern educational organization
SECTION V: OUTLOOK FOR 2018

The Winter 2018 survey asked participants to estimate the fundraising results for this calendar or fiscal year. A majority (61%) of respondents anticipate improved fundraising results in 2018.

In this study, 8 in 10 reported that they raise funds with bequests

- **50%** of responding organizations anticipate growth between 1 and 15 percent in the amounts raised. Another **11%** project growth of more than 15 percent.

- **33%** of responding organizations anticipate that fundraising results will be unchanged or lowered in 2018; with 18 percent anticipating losses for 2018.

- **6%** of respondents said that there are too many changes to make a guess about what is in store for fundraising in 2018.

**Figure 27: Anticipated direction of change in charitable receipts, 2018 compared with 2017, U.S. and Canada combined**

Results for the 2018 prediction are the same for Canada and the United States.
Respondents from the South and West were more likely to predict continued increases in funds raised in 2018, compared with the Northeast and the Midwest. This finding mirrors the 2017 results (see Figure 4).
The NFS asks participants to write about what will most influence their fundraising success for the coming year, positively or negatively. After concerns about the tax law, the answers focused on staffing and leadership for fundraising followed by numerous statements about national and local economies, both in the U.S. and in Canada.

**Table 2: Frequency of mention in open-ended responses**

*Question: What do you think will be the single biggest challenge/issue/trend to affect your organization and its fundraising in 2018, either positively or negatively?*

<table>
<thead>
<tr>
<th>Organization-wide attributes</th>
<th>Percent commenting that this is important</th>
</tr>
</thead>
<tbody>
<tr>
<td>Need for personnel: Leadership, board readiness, staff</td>
<td>24%</td>
</tr>
<tr>
<td>Communicate mission or impact</td>
<td>10%</td>
</tr>
<tr>
<td>Account for organizational issues: Period of change, merger, anniversary year</td>
<td>7%</td>
</tr>
</tbody>
</table>

**Fundraising specific actions or plans**

| Work for success in events, online, major gifts, acquisition, retention, building relationships | 13% |
| Acknowledge impact of campaign; changes in workplace giving; membership shifts | 5% |
| Create or implement fundraising plan, data systems | 3% |
| Craft good gift opportunities | 1% |
| Educate donors about vehicles: planned gifts, DAFs | 1% |
| Changes in corporate giving | 1% |

**Economic or societal concerns**

| The economy, including concerns about stock market and local economies | 17% |
| Competition/size of the nonprofit sector | 9% |
| Shifting governmental policies, election cycle, state allocations | 8% |
| Demography: Younger people are not as likely to give | 5% |
| Donor fatigue, disaster relief giving | 3% |
Question: What will be the single biggest challenge/issue/trend to affect your organization and its fundraising in 2018, either positively or negatively?

**Good fundraising practices matter**

“The institution went through a full review of its fund development program in 2016/17 and the recommendations are now being implemented. Increased effectiveness should result that should increase revenues.”

Very large Canadian education organization

“Strategies for volunteers becoming a donor, ie., asking for a gift after a volunteer experience; capturing volunteer data and entering into fundraising database, Strategies for robust reports re: corporate volunteer experiences with Corporate Social Responsibility Contact; Segmentation of donor preferences to reflect their specific desires; More Face-to-face solicitations; Matching Gift Opportunities.”

Mid-sized Southern human services organization

“We share success stories and have exponentially increased our social media and press following by sharing our mission. We will continue to appeal to our donors’ sense of giving locally to impact their own community.”

Very large Western human services organization

“Do quality development work – that is – build exciting opportunities for investments and connect our donors to these opportunities.”

Mid-sized Midwestern religion organization

“We are in the process of getting to know our donors and improve our stewardship efforts – if we stay on course, this could have a significant positive impact for our fundraising.”

Small Northeastern human services organization

“Being able to capture the hearts, minds and donations of the next generation based on their interests, social media reliance and incomes.”

Small Canadian education organization
Concerns expressed

Many areas of need

“... it has been harder for us to cut through the noise to get the attention of individual donors. Giving Tuesday seems like a good idea, but in practice, it just further increases noise and overall giving goes down as appeals go to spam... It makes it hard to gain attention of donors - while at the same time - there is a tremendous pressure on NPOs by their boards to make Giving Tuesday a big fundraiser.”

Mid-sized Midwestern human services organization

“Decrease in government support resulting in a need for fundraising to make up the deficits”

Very large Western environmental/animals organization

Disaster-related

“Donations seem to be slowing - the donor community feels very fatigued through a combination of the continuing political climate as well as the 2017 natural disasters.”

Mid-sized Midwestern education organization

“Harvey. We will see a negative impact of $12-$15M over the next three years to include physical losses, lost revenue, and unexpected expenses. Have had a positive response from our donor community to help us close this gap.”

Very large Southern arts organization

Economy or wider environment

“Increased concentration of wealth ... and ‘big bets’ leave human service organizations out.”

Mid-sized Northeastern human services organization

“The tax law which will prevent smaller donors from deducting charitable gifts. We don’t have wealthy donors.”

Very small Southern health/human services charity

“We anticipate people holding on to more of their funds, due to fear from the falling stock market.”

Small Midwestern religion organization

Personnel

“Staffing. We have doubled the number of donors but struggle to provide the personalized donor experience they want/deserve.”

Mid-sized Canadian arts organization

“Our biggest challenge will be to support increased cultivation of major donors with no increase in staff resources. We will need to use board and committee members to do this, but that takes concerted management by staff, too. “

Very large Midwestern environment/animals organization
CONCLUSION

Charitable organizations in the United States and Canada report seeing a slight upswing in the percentage increasing fundraising revenue received in 2017 compared with 2016. The majority (63 percent) of responding organizations reported an increase in charitable receipts. Three-quarters (75 percent) said they met their fundraising goals.

In this year’s study, unlike some prior years, we do find regional differences. Organizations in the U.S. West were likely to report growth in funds raised, whereas the U.S Northeast and Midwest were substantially less likely compared with other regions to see an increase.

Among the fundraising methods used, changes in 2017 include increases in the percentages of organizations reporting growth in receipt from major gifts and from special events, with a lower percentage of organizations reporting growth in amounts received from foundation grants.

Bequests play an important role, in nearly 90 percent of organizations in this study. The largest portion of organizations (37 percent) reported receiving bequests that averaged between $25,000 and $100,000 per estate. This information may be useful for organizations that are just beginning active donor engagement for legacy gifts.

In the past three years, from 2015 through 2017, two regions have seen a drop in the percentage of organizations that report growth in fundraising revenue. In 2015 in the Northeast, 65 percent of surveyed organizations reported an increase in funds raised; by 2017, just 58 percent did. In the Midwest, the trend was similar from 67 percent in 2015 down to 59 percent in 2017.

Among organizations in the United States that answered the question, 36 percent anticipate no change in individual contributions in 2018 following increases in the standard deduction. Comments indicated that an organization’s donors are not motivated by tax benefits; or that the organization’s donors are likely in a tax bracket where itemization will continue to be a good option.

However, of 470 charities considering the issue, 61 percent plan to inform donors of the continued tax deductibility of charitable contributions and 42 percent intend outreach or informational communications designed to appeal to donors who might have slightly more discretionary income with the increased standard deduction.

Despite recent stock market volatility and on-going anxiety about global and local economies, 59 percent of surveyed organizations predicted growth in giving in 2018. The factor considered most important for fundraising was staff and leadership to undertake the tasks of sharing the organization’s vision, presenting its potential for impact, and engaging potential donors.
METHODOLOGY

The survey invitation was sent by email and through social media postings beginning on January 19, 2017. The online-only survey response remained open through February 5, 2017.

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)
- Members of the Association of Fundraising Professionals (AFP) in the United States
- Members of AFP in Canada
- Individuals on the email lists maintained by CFRE International and the National Association of Charitable Gift Planners
- Constituents of consulting firms that are members of Giving Institute or members of the Association of Philanthropic Counsel
- 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. By source of list, response numbers are as shown.

<table>
<thead>
<tr>
<th>List source</th>
<th>Number received</th>
<th>Percentage of responses analyzed</th>
<th>Sample size*</th>
<th>Approximate response rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Association of Fundraising Professionals</td>
<td>378</td>
<td>31%</td>
<td>Unknown</td>
<td>n/a</td>
</tr>
<tr>
<td>Association of Philanthropic Counsel</td>
<td>102</td>
<td>8%</td>
<td>Convenience</td>
<td>n/a</td>
</tr>
<tr>
<td>CFRE International</td>
<td>423</td>
<td>35%</td>
<td>Convenience</td>
<td>n/a</td>
</tr>
<tr>
<td>Giving USA</td>
<td>146</td>
<td>13%</td>
<td>Convenience</td>
<td>n/a</td>
</tr>
<tr>
<td>NRC list</td>
<td>68</td>
<td>6%</td>
<td>1,367</td>
<td>5%</td>
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<tr>
<td>National Association of Charitable Gift Planners</td>
<td>86</td>
<td>7%</td>
<td>Convenience</td>
<td>n/a</td>
</tr>
<tr>
<td>Other</td>
<td>19</td>
<td>2%</td>
<td>Convenience</td>
<td>n/a</td>
</tr>
<tr>
<td>Total</td>
<td>1,222</td>
<td>100%</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

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

The Winter 2018 Nonprofit Fundraising Survey received more than 1,200 non-duplicated responses representing organizations with more than $6.6 billion in annual expenditures (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).

**Figure 30: Percentage of responding charities by Census region compared with registered charities in the IRS Business Master File, July 2013**

N=630 U.S. charities answering this question

(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 blue bars together = 100, for example.)

Registered = In the IRS Business Master File as of 2013 to maintain consistency with other national data in this report.
Regions are as defined by the U.S. Bureau of the Census.
Responding = Response provided in this survey.

With 146 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, although there are more than 1 million registered.

This study asked participants to report their organizations’ annual operating budget by category (< $250,000 through > $50 million). We compared these responses to data about expenditure amounts on IRS Forms 990. Thus, only reporting charities, which provide expenditure information to the IRS, could be coded for size using official data.
Figure 31: Responding charities expenditure total, compared with reporting charities filing IRS forms

Registered
Responding

Respondents over-represent the larger charities ($1 million and up in revenue) and under-represent smaller organizations (less than $1 million in revenue).

Responding charities more or less mirrored the registered charities by subsector or major category under the National Taxonomy of Exempt Entities (NTEE) (Figure 32). However, religious organizations and public-society benefit charities are under-represented, and education and health organizations are disproportionately high in this set of respondents.
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 formed the NRC. These entities have a decade or more 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.
- Association of Philanthropic Counsel, an international professional association of consultants whose members survey nonprofit organizations as part of their services.
- CFRE International, which encourages research that helps fundraising professional achieve the highest standards of professional competence and ethical practice.
- Giving USA Foundation, which has published the Giving USA Annual Report on Philanthropy for more than 60 years.
- The National Association of Charitable Gift Planners, which conducts research, education, advocacy, community dialogue and the setting of standards and best practices in philanthropic planning.

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 NRC. She can be reached at Melissa@NPResearch.org or at 530-690-5746.