



Association of Fundraising Professionals

State of Fundraising 2004 Report

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ASSOCIATION OF FUNDRAISING PROFESSIONALS

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State of Fundraising 2004

Final Report

Introduction

The Association of Fundraising Professionals (AFP) *State of Fundraising Surveys* are annual studies of how charitable organizations in the United States and Canada perform in their fundraising and development efforts.

In October 2001, AFP conducted the *Impact of September 11* study to determine how relief efforts for Sept. 11, 2001, and a slowing economy had affected fundraising for other charities in the United States and Canada. That study led to the *State of Fundraising 2001* survey, an effort to further evaluate how fundraising for charities had fared in general that year. Respondents were asked to compare funds raised in 2000 to funds raised in 2001, to list challenges and issues that they had faced during the year, and to predict fundraising effectiveness in the following year.

The 2004 survey, the fourth such study, asked fundraisers to compare their fundraising totals at the end of 2004 to the amount they raised at the end of 2003. Additional questions about different fundraising techniques—direct mail, planned giving, online giving, special events, etc.—and other aspects of fundraising were also presented.

2004 began as an intriguing year for fundraising in the United States, as the *State of Fundraising 2003* survey indicated that charitable giving, after bottoming out in 2002, had begun to turn the corner. While no one expected double-digit giving increases like those experienced in the late 1990s, a large majority (66 percent) of respondents to the 2003 survey expected to raise more funds in 2004 than they had in the previous year.

Indeed, there were many positive signs in 2004. The Indiana University Center on Philanthropy's Giving Index, which measures the climate for fundraising, stayed for most of 2004 around 90, very close to its pre-Sept. 11, 2001, level. Another good portent was *BusinessWeek's* third annual list of the top 50 U.S. donors in 2004. Most importantly for charities, the minimum amount a donor had to give to make the list increased by \$21 million from the 2003 list. Many donors who have been on the list several times increased their giving by significant amounts, doubling their donations in some cases.

All of these signs pointed to fundraising increases for most charities in 2004, but the overall economy was still weak and other challenges abounded. The Internal Revenue Service announced that the number of U.S. charities exceeded 1 million, underscoring the increasing competition for charitable funds. Congress instituted a comprehensive review of charity regulation, shining the public spotlight on some of the controversial “bad apples” in the sector. And at the end of 2004, the Southeast Asia tsunami relief efforts dominated media coverage and public concern at a time when many charities were concluding their major fundraising campaigns.

Meanwhile, Canadian charities had not experienced the same kind of economic slump that charities in the United States had, and previous *State of Fundraising* surveys had in fact indicated a sharp rise in fundraising by some Canadian organizations in 2003. Thus, the question for Canadian charities was whether they could continue that momentum into 2004.

On the plus side, the number of major gifts reported in the Canadian media was increasing, and the continuing partnership between the charitable sector and the federal government through the Voluntary Sector Initiative was bringing increased awareness of charities and the services they provide. On the other hand, increasing competition for the charitable dollar was also a significant factor in Canada, and growing public concern over a few charity controversies raised the specter of additional government regulation.

How would these challenges affect fundraising and charitable giving in 2004? AFP conducted the *State of Fundraising 2004* survey to find out the answer to that very question.

Executive Summary

In early 2005, AFP asked a representative sampling of their membership to compare their organizations' fundraising totals at the end of December 2004 to their fundraising totals at the end of December 2003.

Some of the key questions that AFP wanted to learn answers to included:

- How did fundraising fare in 2004 compared to 2003?
- What fundraising techniques did especially well or poorly in 2004?
- What types of organizations excelled at fundraising in 2004 (small organizations, education groups, etc.)?
- What key challenges did fundraisers face in 2004?
- Did the relief efforts for the Southeast Asia tsunami affect charitable fundraising?

Overall, respondents said giving was generally strong in 2004. In the United States, 64.9 percent of respondents raised more money in 2004 than in 2003. This is the highest positive variance in the four years the association has conducted the survey. Furthermore, 44.6 percent of U.S. respondents raised at least 10 percent more money in 2004 than in 2003, and 24.9 percent reported that they had raised at least 20 percent more.

A little more than 10 percent of U.S. respondents said they raised the same amount in 2004 as in 2003 (compared to 26 percent who had raised the same amount in 2003 compared with 2002), and 24.7 percent reported they raised less (compared to 20 percent who had raised less compared to the past year in 2003).

In Canada, 62.4 percent of respondents said they raised more money in 2004 than 2003, with 40.4 percent raising at least 10 percent or more money in 2004 than in 2003 and 23.7 percent raising at least 20 percent more money. Slightly more than 12.4 percent of Canadian respondents raised the same amount in 2004 as in 2003, while 25.3 percent reported they raised less.

The survey also asked participants how six different fundraising techniques (direct mail, telefundraising, major gifts, planned giving, online giving and special events) performed in 2004 versus 2003. In the United States, most organizations (50–63 percent) reported raising more money using a particular specialty than they did in 2003 using the same specialty. Special events were particularly effective: 65 percent of respondents raised more money in 2004 than in 2003, a 12 percentage-point increase from the 2003 survey and a 20 percentage-point increase from the 2002 survey.

One exception was planned giving, where only 37 percent of respondents (the lowest of any fundraising technique) saw an increase in these types of gifts in 2004 versus 2003. Thirty-eight percent raised about the same amount through planned gifts, while 25 percent raised less (the greatest decrease of any fundraising technique).

In Canada, the results were more mixed. A majority of respondents reported an increase in funds raised in 2004 versus 2003 with online fundraising (68 percent), major gifts (60 percent) and special events (53 percent). However, direct mail (45 percent), telefundraising (44 percent) and planned giving (34 percent) were not as effective.

What issues were of greatest concern to professional fundraisers in 2004? In the United States, 17 percent of the respondents cited the economy as the single most important detriment to fundraising in 2004. Other issues that negatively affected their fundraising included increasing competition for the charitable dollar (14.9 percent), developing fundraising strategies and overall strategic planning of an organization (8.4 percent), brand awareness of charity and mission (7.8 percent) and staff issues in the development office (7.5 percent).

In Canada, 18.7 percent of respondents said that too many nonprofits and increased competition for the charitable dollar negatively affected their fundraising in 2004. Other challenges cited include staffing issues in the development office (13.1 percent), brand awareness of charity and mission (12.3 percent) and problems with overall organization leadership—board, volunteers and staff (10.4 percent).

When asked if tsunami giving had affected their fundraising efforts, 84 percent of U.S. respondents claimed it had no effect, while almost 16 percent said it did have an impact. At the same time, 63 percent of Canadian respondents said the efforts had not affected their fundraising, but almost 37 percent said they were affected, both in terms of the number of contributions received and in the amount of funds raised.

About This Report

This report is based on responses to an email survey of AFP's members conducted in February and March of 2005. A random sample of two pools of AFP members (3,000 from the United States and 2,500 from Canada) received an email directing them to a special website through which they entered their responses. All respondent data has been kept strictly confidential. There were 188 Canadian responses and 343 U.S. responses for an overall response rate of about 9.6 percent. The respondents represent a broad range of organizations in terms of budget size and practice setting. This is the fourth in a series of reports to track the annual year-end state of fundraising in the charitable sector.

About AFP

The Association of Fundraising Professionals (AFP) represents more than 26,000 members in more than 170 chapters throughout the world, working to advance philanthropy through advocacy, research, education and certification programs. The association fosters development and growth of fundraising professionals and promotes high ethical standards in the fundraising profession. For information about AFP, or to join the world's largest association of fundraising professionals, visit www.afpnet.org.

Acknowledgement

AFP would like to acknowledge the significant effort made by many of its members in providing timely survey responses for this report. We would also like to congratulate Linda Gray of the Ontario Real Estate Association Foundation, Ontario, and Don L. Garret, CFRE, of the Baylor Regional Medical Center, Texas, who were randomly selected for their participation in the survey and each received a digital camera as a token of our appreciation for their efforts.

Respondent Profile

All respondents are members of AFP. So that 2004's year-end fundraising efforts could be compared to 2003's for organizations of different sizes, the respondents were asked to indicate their annual operating budget and the total amount raised in contributed gifts for fiscal year 2003. The organizations also specified in which one of eight practice settings they belong. AFP used data from the annual report *State of Fundraising 2003* when comparing 2004 year-end trends to those of year-end 2003.

Breakdown of Respondent Pool by Annual Budget

The breakdown of U.S. respondent organizations by annual budget was fairly mixed. More than 17 percent of respondent organizations had annual budgets of less than \$500,000, and 12.1 percent had budgets between \$500,000 and \$1 million. On the higher end, 13.6 percent indicated budgets between \$10 million and \$50 million, while 8.8 percent enjoyed budgets greater than \$50 million.

The largest category of respondents by annual budget was the \$1 million to \$3 million grouping, with 23.0 percent placing their organizations in this category.

Canadian respondents were similarly mixed, with 25.8 percent in the \$3 million to \$5 million category and 17.4 percent in the \$1 million to \$3 million group. Both ends of the budget spectrum were also well represented, with 10.7 having budgets of less than \$500,000 and 14.6 percent having budgets of more than \$50 million.

Breakdown of Respondent Pool by Dollars Raised

The *State of Fundraising 2004* also categorized respondents by their gross dollars raised from all private sources (including foundation and corporate support, which are not accounted for in other aspects of this survey).

Nearly a third of U.S. and Canadian respondent organizations (31.3 and 31.0 percent, respectively) raised between \$1 million and \$5 million, the largest category for both countries.

In the United States, more than half of respondents (54.6 percent) raised less than \$1 million from all private sources in 2004. In Canada, slightly less than half of the respondents (49.1 percent) raised less than \$1 million.

In contrast, only 16 percent of U.S. respondents and 19.8 percent of Canadian respondents raised more than \$5 million in 2004.

Breakdown of Respondent Pool by Practice Setting

The *State of Fundraising 2004* asked respondents to specify in which of eight practice settings their organization belonged. There were some slight differences between the U.S. and Canadian respondents in these practice settings.

Among U.S. respondents, educational organizations make up the largest segment (27.6 percent), whereas arts and cultural organizations account for the largest segment of Canadian respondents (26.7 percent).

In the United States, the other top practice areas were social services (18.2 percent) and arts and cultural (also 18.2 percent), while the “other” category accounted for 16.8 percent of the survey pool. Public service/benefit comprised 7.6 percent of respondents, while environmental, health and religious each accounted for less than 5 percent.

In Canada, education comprised 19.2 percent of the survey pool, while the “other” category accounted for 18.7 percent and social service 16.6 percent. Rounding out the Canadian respondents were public society/benefit (7.0 percent) and religious (5.9 percent), while health and the environment accounted for less than 5 percent.

Report Findings

The primary way that AFP's *State of Fundraising 2004* survey examines fundraising is to ask respondents to compare their fundraising totals at the end of 2004 to those at the end of 2003. Respondents are asked to compare their overall fundraising and then look at distinct types of fundraising. The survey then takes those answers and compares respondents by size and practice setting.

The survey also includes questions about new donors, board support, and the impact of the Southeast Asia tsunami relief efforts. Respondents were also asked what the critical issues that they faced in 2004 were, and in what three months they raised the most and least amount of funds. Finally, the survey asked if respondents expected to raise more money in 2005 than they did in 2004.

Throughout the report, 2004 findings will be compared to data from previous surveys. It should be noted, however, that 2001 data is an aggregate of answers from both U.S. and Canadian respondents, and country-specific information is not available for that year.

Overall Fundraising

For the first time in the three years that the survey has differentiated U.S. and Canadian data, U.S. charitable organizations outperformed their Canadian counterparts, but only by a slight margin. Overall, the percentages were remarkably similar.

In the United States, 64.9 percent of respondents indicated they had raised more money in 2004 than in 2003, while 10.3 percent raised approximately the same amount, and 24.7 percent raised fewer funds (see Chart 1).

In Canada, 62.4 percent of respondents stated they had raised more money in 2004 than in 2003, while 12.4 percent raised the same amount and 25.3 percent raised less (see Chart 2).

Chart 1: Percentage Changes in Funds Raised, U.S., 2001–2004

Change in Funds Raised	2004	2003	2002	2001 *
More than the previous year	65	54	49	60
Approximately the same	10	20	11	10
Less than the previous year	25	27	39	30

**While including a few Canadian responses, the 2001 survey contained predominantly U.S. data. The 2001 survey data is included in U.S. tables purely for comparison and should not be considered scientifically valid.*

Historically, the 64.9 percent of U.S. respondents who raised more money in 2004 than in 2003 is the highest percentage for U.S. charities in the four-year history of the survey. (The 2001 survey, while including Canadian responses contained predominantly U.S. data.) It represents an 11 percentage-point increase from the 2003 survey.

This increase in organizations that raised more funds was accompanied by a 10 percentage-point drop in the number of organizations who raised approximately the same amount of money in 2004 as they did in 2003. Thus, the key change for U.S. charities from 2003 to 2004 seems to be that more of them were able to take advantage of a slightly better fundraising environment and raise not just the same amount of funds, but more.

The percentage of organizations raising less funds changed very little, from 27 percent in the 2003 survey to 25 percent in the 2004 survey. The 25 percent of U.S. respondents who raised less money in 2004 than in 2003 represents the smallest percentage for U.S. charities whose receipts decreased in the history of the survey, as well.

Chart 2: Changes in Funds Raised, Canada, 2002–2004

Change in Funds Raised	2004	2003	2002
More than the previous year	62	74	63
Approximately the same	12	4	12
Less than the previous year	25	22	25

In Canada, the 62 percent of respondents who raised more money in 2004 than in 2003 was actually a 12 percentage-point drop from the 2003 percentage and represents a historical low for Canadian organizations in the survey. Last year’s figure of 74 percent of Canadian organizations raising more money was an all-time high for either country in the history of the survey.

The 2004 responses for Canadian organizations are almost identical to the data in the 2002 survey. Based on the historical data, it seems as though 2003 saw a one-time spike in Canadian giving that could not be sustained. It should be noted that, based on comments from Canadian respondents, 2004 was a good year for giving, but simply not as good as 2003. Respondents also indicated that Canada, which never experienced the rocky economy that the U.S. faced in 2001 and 2002, is now beginning to see signs of economic slowdown, perhaps also accounting for the drop in 2004.

Getting the Job Done

In the *State of Fundraising 2003* survey, more than 66 percent of U.S. and Canadian respondents expected to raise more funds in 2004 than in 2003, and a year later, 64.9 percent of U.S. and 64.2 percent of Canadian respondents did in fact raise more money in 2004 than in 2003. With more government focus on regulations, the recent Asian tsunami and increased competition for the charitable dollar being among the concerns of most fundraisers, many are left wondering – “How did they do it?”

Some respondents cited increased staff and the beginning of a capital campaign. Others, such as Theodore Kocher, president and CEO of Alpha Sigma Phi Educational Foundation in Dallas, Pa., attribute the rise to stability.

“We are closely tied to our sister organization, which is a membership organization,” he explained. “Something as simple as not closing any chapters will help us raise money from more brothers—we didn’t close any chapters in 2004, and thus had better results.”

The overall economy seems to be doing better, Kocher said, and he believes this also has increased giving to the foundation.

The reason? Communication, said Kocher. “I’m getting some of our donors from the groups that may be closed to communicate directly with the membership organization,” he explained, “and letting them know the importance of education and communication when they go about closing groups.”

New volunteer leaders and special event fundraising also make a positive impact on fundraising activities, added Amy Klotz, development officer for Quincy Medical Center in Quincy, Mass.

“We have had to rely more on our special-event fundraising to make up some philanthropic dollars,” she said. “It is [time-consuming] for a small staff, but our events are well-established and generate significant revenue, and are also good community events.”

Despite the many issues facing the nonprofit sector, 72 percent of American respondents and 65 percent of Canadian respondents expect to raise more money in 2005 than they did in 2004. “Our donors are not just numbers. They are living people with their own needs who support our great cause,” Kocher said. “I believe with tweaking our philosophy to meet the needs of the donors, the needs of the organization will be met as well.”

Percentage Increases in Fundraising

Another way that the survey is able to assess overall fundraising performance is by examining the mean percentage increases or decreases in fundraising. Based on respondent data, nearly all organizations across practice settings and budget sizes saw increases in fundraising compared to 2003.

In the United States, overall mean percentage increase in fundraising for all respondents was **8.49 percent** (see Chart 3). Religious charities and organizations in the \$1 million to \$3 million budget category fared the best (see Chart 4).

In Canada, the overall mean percentage increase was **7.12 percent** (see Chart 3). Organizations with annual budgets between \$500,000 and \$1 million performed the best by size, and social service organizations performed the best by practice setting (see Chart 4).

The only category that did not see a mean percentage increase was environmental organizations in Canada. However, this category had so few respondents as to be statistically invalid.

Chart 3: Mean Percentage Increase in Fundraising by Annual Budget: U.S. and Canada

2004 Annual Budget	Mean Percentage Increase in Fundraising: U.S.	Mean Percentage Increase in Fundraising: Canada
Less than \$500,000	7.46	5.29
\$500,001–\$1 million	4.63	14.26
\$1,00,001–\$3 million	12.04	6.08
\$3,000,001–5 million	5.25	5.90
\$5,000,001–\$10 million	7.46	4.05
\$10,000,001–\$50 million	8.76	1.75
More than \$50 million	11.96	11.52

Chart 4: Mean Percentage Increase in Fundraising by Practice Setting: U.S. and Canada

Practice Setting	Mean Percentage Increase in Fundraising: U.S.	Mean Percentage Increase in Fundraising: Canada
Arts/Cultural/Humanities	7.09	6.78
Social Service	3.64	11.63
Education	9.68	7.96
Environmental	6.29*	-5.00*
Public Society/Benefit	10.66	5.29
Healthcare	2.42*	10.50*
Religious	14.50*	3.54*
Other	14.71	3.16

* Respondent pool of subsections too small to be statistically valid.

Fundraising Goals

United States

In the previous *State of Fundraising 2003* survey, 66 percent of respondents predicted raising more funds in 2004 than in 2003. However, going into 2004, only a slight majority of respondents (56 percent) reported they had higher fundraising goals than in 2003. This figure was also slightly lower than the level reported in the 2003 survey, where 59 percent of respondents set a higher goal in that year than in 2002.

Nearly 22 percent of respondents had goals between 1 and 9 percent higher than 2003 targets, while 18 percent had goals that were 10 to 19 percent higher (see Chart 5). Seven percent of respondents had goals 20 to 29 percent higher, and nearly 10 percent had goals that were at least 30 percent higher.

Chart 5: 2003–2004 Percent Dollar Change in Fundraising Goal, U.S.

	All U.S.	Arts & Cultural	Social Service	Education	Environmental*	Pub./Soc. Benefit	Health Related*	Religious*	Other
- 50% or less	2.4	3.3	4.9	3.2	0.0	0.0	0.0	0.0	0.0
- 49–40%	0.9	0.0	1.6	2.1	0.0	0.0	0.0	0.0	0.0
- 39–30%	1.2	0.0	3.3	1.1	0.0	0.0	0.0	0.0	1.8
- 29–20%	3.0	4.9	0.0	5.3	0.0	3.8	0.0	0.0	1.8
- 19–10%	7.2	8.2	9.8	5.3	0.0	11.5	7.7	0.0	7.3
- 9–1%	6.9	13.1	3.3	7.4	12.5	3.8		0.0	5.5
No Change	22.5	21.3	26.2	22.3	43.8	15.4	30.8	0.0	18.2
+ 1–9%	21.9	18.0	18.0	25.5	18.8	26.9	15.4	37.5	21.8
+ 10–19%	18.0	18.0	14.8	12.8	12.5	26.9	23.1	37.5	23.6
+ 20–29%	6.6	6.6	9.8	4.3	6.3	7.7	15.4	0.0	5.5
+ 30–39%	3.3	1.6	3.3	4.3	0.0	3.8		12.5	3.6
+ 40–49%	0.9	1.6	1.6	1.1	0.0	0.0	0.0	0.0	0.0
+ 50% or more	5.4	3.3	3.3	5.3	6.3	0.0	7.7	12.5	10.9

* Respondent pool of subsections too small to be statistically valid.

Twenty-three percent of respondents indicated their fundraising goal for 2004 was the same as it was in 2003, while 21 percent reported a lower goal. Four percent of respondents indicated a goal at least 30 percent lower.

By the end of the year, more than two-thirds (67 percent) of U.S. respondents had reached their goal, a slight increase from the 2003 survey where 63 percent reached their goal (see Chart 6).

Chart 6: 2004 Fundraising Goal Success Rate, U.S.

	All U.S.	Arts & Cultural	Social Service	Education	Environmental*	Pub./Soc. Benefit	Health Related*	Religious*	Other
Reached Goal	67.0	74.1	64.4	69.8	53.3	72.0	63.6	75.0	58.8
Didn't Reach	33.0	25.9	35.6	30.2	46.7	28.0	36.4	25.0	41.2

* Respondent pool of subsections too small to be statistically valid.

In every practice setting, a majority of respondents reached their 2004 goal. Religious organizations were the most likely to reach their goal (75 percent, although there were not enough responses in this setting for the figure to be statistically valid), while arts and culture (74 percent) and public society/benefit (72 percent) were close behind. Environmental organizations were least like to reach their goals (53 percent).

Eighty-one percent of U.S. respondents indicated their organizations ran an annual fund, and 71 percent reported their organization achieved its goal (see Chart 7). In the 2003 survey, only 62 percent of organizations with an annual fund reached their goal. Education organizations were most likely to reach their annual fund goal, with 80 percent reporting success.

In the U.S. pool, 21 percent of organizations reported they had concluded a capital campaign in 2004. Of those organizations, 63 percent reported they had reached their goal in the campaign. This figure is slightly lower than the level in the 2003 survey, where 65 percent of respondents reported finishing their campaign on target.

Chart 7: 2004 Annual Fund/Capital Campaign Success Rate, U.S.

	Annual Fund	Capital Campaign
Reached Goal	70.8	63.0
Didn't Reach Goal	29.2	37.0

Canada

In the *State of Fundraising 2003* survey, nearly two-thirds (66 percent) of Canadian respondents stated they expected to raise more money in 2004 than in 2003. Despite that optimism, the 2004 survey found that just 54 percent of organizations had a higher fundraising goal in 2004 than in 2003 (see Chart 8). That figure represents a 24-percent drop from the 78 percent who reported a higher goal in the 2003 survey.

Twenty-one percent of respondents reported a goal that was 1 to 9 percent higher than their 2003 goal, with 16 percent indicating their goal was 10 to 19 percent higher. Nearly 10 percent of respondents said their goal was at least 30-percent higher than it was in 2003.

A full quarter of respondents (25 percent) reported lower fundraising goals in 2004 than in 2003, while 20 percent had goals that were approximately the same for both years.

Chart 8: 2003–2004 Percent Dollar Change in Fundraising Goal, Canada

	All Canada	Arts & Cultural	Social Service	Education	Environmental*	Pub./Soc. Benefit	Health Related*	Religious*	Other
– 50% or less	3.8	2.0	10.3	0.0	0.0	0.0	0.0	0.0	8.8
– 49–40%	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
– 39–30%	1.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	5.9
– 29–20%	1.6	2.0	3.4	0.0	0.0	0.0	0.0	0.0	2.9
– 19–10%	10.9	8.0	3.4	8.3	50.0	16.7	11.1	27.3	14.7
– 9–1%	7.7	8.0	10.3	11.1	0.0	8.3	0.0	9.1	2.9
No Change	20.2	22.0	20.7	16.7	0.0	25.0	33.3	18.2	17.6
+ 1–9%	21.3	18.0	24.1	25.0	50.0	25.0	11.1	36.4	14.7
+ 10–19%	16.4	24.0	6.9	16.7	0.0	8.3	22.2	9.1	17.6
+ 20–29%	7.1	10.0	6.9	11.1	0.0	16.7	0.0	0.0	0.0
+ 30–39%	3.8	4.0	3.4	0.0	0.0	0.0	11.1	0.0	8.8
+ 40–49%	2.2	0.0	6.9	2.8	0.0	0.0	0.0	0.0	2.9
+ 50% or more	3.8	2.0	3.4	8.3	0.0	0.0	11.1	0.0	2.9

* Respondent pool of subsections too small to be statistically valid.

More than two-thirds of Canadian respondents (68 percent) reached their fundraising goal in 2004, a slight decrease from the 71 percent of charities that reached their goal in 2003.

A majority of respondents in every practice setting made their 2004 fundraising goal (see Chart 9). Arts and cultural organizations and religious organizations were most likely to reach their goal (80 percent, although religious groups had too few respondents to be statistically valid). Education groups were least likely (54 percent).

Chart 9: 2004 Fundraising Goal Success Rate, Canada

	All Canada	Arts & Cultural	Social Service	Education	Environmental*	Pub./Soc. Benefit	Health Related*	Religious*	Other
Reached Goal	68.8	80.0	76.9	54.5	0.0	58.3	55.6	80.0	65.6
Didn't Reach	31.2	20.0	23.1	45.5	100.0	41.7	44.4	20.0	34.4

* Respondent pool of subsections too small to be statistically valid.

Eighty-two percent of respondents ran an annual fund campaign, and 68 percent achieved their goal in 2004 (see Chart 10). Sixty-five percent of respondents in the 2003 survey reached their annual fund goal. Education groups, which were least likely to reach their overall goal, were most likely to achieve their annual fund target (80 percent).

One-third (33 percent) of Canadian respondents reported that their organization concluded a capital campaign in 2004. Of those organizations, 57 percent concluded the campaign successfully and reached their goal.

Chart 10: 2004 Annual Fund/Capital Campaign Success Rate, Canada

	Annual Fund	Capital Campaign
Reached Goal	67.7	56.4
Didn't Reach Goal	29.2	43.6

Fundraising Techniques

The *State of Fundraising 2004* survey examined how different types of fundraising techniques and methods—including direct mail, telefundraising, major gifts, planned gifts, online/Internet fundraising and special events—performed in 2004 compared to 2003. The responses were then categorized by country.

Direct Mail – United States

For the first time in the four-year history of AFP’s *State of Fundraising* surveys, more than half (56 percent) of U.S. organizations raised more funds in direct mail in a year (2004) than they did in the previous year (2003). The 56 percent figure is a 13 percentage-point increase from the 2003 survey (see Chart 11).

At the same time, the 17 percent of U.S. respondents that reported a decrease in fundraising using direct mail is an all-time low for either country. Twenty-seven percent of U.S. organizations saw approximately no change in their direct mail fundraising from 2003 to 2004.

Twenty percent of U.S. respondents said their organizations don’t use direct mail in their fundraising.

Chart 11: Changes in Direct Mail Fundraising, U.S., 2001–2004

Past Year–Present Year Change in Direct Mail Funding	U.S. 2001	U.S. 2002	U.S. 2003	U.S. 2004
Lower than Past Year	23.8%	28.9%	24.3%	16.6%
About the Same	29.8%	30.2%	32.6%	26.9%
Higher than Past Year	46.3%	40.9%	43.1%	56.5%

Education organizations reported the most success with direct mail, with 64 percent indicating they had raised more funds in 2004 than in 2003 (see Chart 12). Public society/benefit organizations were the second-most effective practice setting using direct mail, with 62 percent reporting more funds raised in 2004 than in the previous year. Arts and cultural groups (54 percent raising more money) and social service organizations (53 percent) both performed slightly below average when compared to the national standard of 56 percent.

Organizations with annual budgets between \$5 million and \$10 million performed the best at direct mail, with nearly two-thirds (66 percent) raising more money in 2004 than in 2003. The smallest organizations, those with annual budgets of less than \$500,000,

fares the poorest at direct mail and were the only budget category to not see a majority of respondents raise more money than in the previous year (49 percent).

Chart 12: Change in Direct Mail Funding by Practice Setting, 2003–2004, U.S.

	All U.S.	Arts & Cultural	Social Service	Education	Environmental*	Pub/Soc. Benefit	Health Related*	Religious*	Other
Less than 2003	16.7	21.2	19.6	13.5	21.4	4.8	18.2	42.9	12.5
About the Same	26.7	25.0	27.5	23.0	35.7	33.3	36.4	14.3	27.5
More than 2003	56.7	53.8	52.9	63.5	42.9	61.9	45.5	42.9	60.0

* Respondent pool of subsections too small to be statistically valid.

Direct Mail Response Rates

The 2004 State of Fundraising survey featured new questions on direct mail response rates for both new and existing donors. For new donors, 54 percent of U.S. respondents reported a response rate of 2 percent or less, with 19 percent indicating a rate of less than 1 percent. Twenty-seven percent reported a response rate of at least 5 percent, with 10 percent recording a response rate of greater than 10 percent.

For existing donors, the rates, as might be expected, were even higher. Forty-four percent of respondents reported a response rate of greater than 30 percent for existing donors using direct mail. Fourteen percent indicated response rates of 21 to 30 percent, and 17 percent more recorded rates between 11 and 20 percent.

Percentage of Revenue

Seventy-two percent of all U.S. respondents who used direct mail generated only 30 percent or less of their 2004 contributions through direct mail (see Chart 13). In contrast, only 13 percent of respondents reported that direct mail accounted for 50 percent or more of their funds raised. The survey confirms that direct mail is important for raising smaller, annual gifts but does not typically produce high levels of funding by itself. Nevertheless, it remains an important cultivation and development tool.

No strong trends developed when comparing charities of different sizes and annual budgets. Nearly all categories paralleled the findings of the overall group—a large majority of respondents (approximately 60–70 percent) raised 30 percent or less of their funding through direct mail. While the survey did not contain enough responses for the data to be statistically valid, health organizations seemed to perform very well, with a relatively high percentage (27 percent) receiving a large majority of their funds (80 percent or more) through direct mail.

Chart 13: Percentage of Revenue Generated from Direct Mail, U.S.

Percentage of Overall Revenue from Direct Mail	Percentage of Respondents
91–100%	1.1
81–90%	3.4
71–80%	2.2
61–70%	1.5
51–60%	4.9
41–50%	5.2
31–40%	9.7
21–30%	15.4
11–20%	22.1
1–10%	34.5

Direct Mail – Canada

In the three years that the *State of Fundraising* survey has tracked direct mail in Canada, it has been a story of two extremes. In the 2002 survey and the most recent 2004 survey, less than half of respondents (47 and 46 percent, respectively) raised more money by means of direct mail than in the previous year (see Chart 14). In contrast, the 2003 survey saw 75 percent of Canadian organizations raise more money through direct mail.

Whether this is a statistical anomaly or simply an indication that 2003 was an especially good fundraising year is difficult to determine at the moment. In any event, direct mail in Canada in 2004 saw the largest drop (29 percentage-points) in any category in the history of the surveys.

The percentage of organizations raising less money through direct mail increased by only three percentage points. However, the number of organizations raising approximately the same amount swelled from 6 percent in the 2004 survey to 33 percent in the 2004 survey. So while many charities in Canada were not able to match their 2003 direct mail totals in 2004, many were able to raise the same amount and not suffer losses.

Twenty-seven percent of Canadian respondents said their organizations don't use direct mail in their fundraising.

Chart 14: Changes in Direct Mail Fundraising, Canada, 2002–2004

Past Year-Present Year Change in Direct Mail Funding	Canada 2002	Canada 2003	Canada 2004
Lower than Past Year	22.2%	19.4%	21.5%
About the Same	31.1%	6.0%	32.6%
Higher than Past Year	46.7%	74.6%	45.9%

Education organizations fared the best at direct mail, with 56 percent reporting they raised more funds in 2004 than in 2003 (see Chart 15). Religious organizations followed

closely behind at 55 percent. Direct mail performed the worst for public society/benefit (30 percent) and arts and cultural groups (38 percent).

The results were fairly mixed when looking at direct mail performance rates by size of organization. Respondents with annual budgets between \$10 million and \$50 million fared the best at direct mail, with 60 percent raising more money in 2004 than in 2003. Groups with budgets between \$3 million and \$5 million also performed well (59 percent).

Chart 15: Changes in Direct Mail Fundraising by Practice Setting, 2003–2004, Canada

	All Canada	Arts & Cultural	Social Service	Education	Environmental*	Pub/Soc. Benefit	Health Related*	Religious*	Other
Less than 2003	21.6	25.0	16.7	13.0	0.0	30.0	25.0	22.2	25.0
About the Same	32.8	36.4	38.9	30.4	100.0	40.0	25.0	22.2	20.8
More than 2003	45.5	38.6	44.4	56.5	0.0	30.0	50.0	55.6	54.2

* Respondent pool of subsections too small to be statistically valid.

Direct Mail Response Rates

Canadian direct mail response rates for both new and existing donors were very similar to those reported by American respondents. For new donors, 52 percent of organizations reported a response rate of 2 percent or less. Twenty-eight percent indicated response rates of at least 5 percent or more, with 10 percent of organizations recording response rates of greater than 10 percent.

For existing donors, 42 percent of organizations reported direct mail response rates of greater than 30 percent. Fifteen percent recorded rates between 21 and 30 percent, while 17 percent indicated rates between 11 and 20 percent.

Percentage of Revenue

As in the United States, direct mail in Canada is used consistently by charities of different sizes, budgets and practice settings but doesn't result in a significant amount of income compared to other types of fundraising. Seventy-nine percent of Canadian respondents who employ direct mail reported raising less than 30 percent of their funds through direct mail (see Chart 16). Just 11 percent of respondents depended upon direct mail for 50 percent or more of their funding. No distinct trends emerged when comparing different sizes of organizations or practice settings.

Chart 16: Percentage of Revenue Generated from Direct Mail, Canada

Percentage of Overall Revenue From Direct Mail	Percentage of Respondents
91–100%	0.8
81–90%	2.4
71–80%	2.4
61–70%	1.6
51–60%	3.9
41–50%	7.1
31–40%	3.1
21–30%	17.3
11–20%	26.0
1–10%	35.4

Telefundraising – United States

As has been typical in past surveys, a large majority of U.S. respondents (80 percent) did not employ telefundraising in their fundraising strategies.

Like many other fundraising techniques, telefundraising bottomed out for U.S. organizations in 2002, with only 34 percent raising more money that year than in the previous year (see Chart 17). However, 2003 saw a significant rebound, and 2004 managed to hold that momentum, although additional increases were not seen.

In fact, for those U.S. organizations that did employ telefundraising, there was little change in the 2004 survey from the 2003 survey. Fifty-two percent of respondents saw an increase in their fundraising, a one percentage-point decrease from the 2003 survey. Twenty-five percent of respondents indicated their telefundraising stayed approximately the same (a decrease of four percentage-points from the 2003 survey), while 23 percent raised fewer funds (an increase of five percentage-points from the previous survey).

Chart 17: Changes in Telefundraising, U.S., 2001 - 2004

<i>Past Year-Present Year Change in Telefundraising</i>	U.S. 2001	U.S. 2002	U.S. 2003	U.S. 2004
Lower than Past Year	25.2%	33.7%	17.7%	23.0%
About the Same	31.1%	27.9%	29.0%	24.6%
Higher than Past Year	43.7%	34.4%	53.2%	52.5%

The limited number of responses makes analysis by practice setting and size of organization difficult. However, social service organizations were the most effective practice setting in employing telefundraising, with 70 percent of respondents indicating an increase in funds raised from 2003 to 2004. Although there were not enough responses from education respondents for the data to be statistically valid, these organizations seemed to have a particularly challenging year with telefundraising, with only 31 percent indicating they had raised more funds in 2004 than in 2003. Fifty-four percent of education organizations reported they had raised fewer funds.

Social service organizations accounted for 43 percent of the respondents that used telefundraising. The next most likely practice setting to employ telefundraising was education (21 percent).

Results across budget categories were also mixed. The only category with enough responses for analysis was respondents with annual budgets between \$10 million and \$50 million, and 63 percent of those organizations raised more money in 2004 than in 2003.

Percentage of Revenue

In general, charities in the United States that use telefundraising do not rely heavily on it for their income. Seventy-five percent of organizations that employed telefundraising raised only 20 percent or less of their funding in that way (see Chart 18).

Respondents with annual budgets between \$10 million and \$50 million were the most likely to use telefundraising (31 percent), but none of those charities raised more than 40 percent of their revenue from telefundraising.

Only one U.S. respondent raised more than 50 percent or more of their funding through telefundraising, and that organization raised nearly all of its funding that way (more than 90 percent). That organization was a smaller charity that raised less than \$500,000 in 2004.

Chart 18: Percentage of Revenue Generated by Telefundraising, U.S.

Percentage of Overall Revenue From Telefundraising	Percentage of Respondents
91–100%	1.6
81–90%	0.0
71–80%	0.0
61–70%	0.0
51–60%	0.0
41–50%	3.3
31–40%	11.5
21–30%	8.2
11–20%	18.0
1–10%	57.4

Telefundraising – Canada

As with other fundraising techniques in Canada, telefundraising saw a marked increase in fundraising in 2003. However, charities in 2004 were unable to sustain that momentum (see Chart 19).

Forty-four percent of Canadian organizations that employ telefundraising reported an increase in fundraising in 2004 compared to 2003 (a 16 percentage-point drop from the 2003 survey figure). Thirty-eight percent raised approximately the same amount through telefundraising (an 18 percentage-point increase from the 2003 survey), while 18 percent raised fewer funds (a two-percent drop from the previous survey).

Because of the small number of Canadian respondents who use telefundraising (19 percent), the data is not scientifically valid, and it is difficult to see any particular trends emerging among various practice settings and size of annual budget. Social service organizations were the most likely practice setting to employ telefundraising (33 percent).

Chart 19: Changes in Telefundraising Fundraising, Canada, 2002–2004

<i>Past Year-Present Year Change in Telefundraising</i>	Canada 2002	Canada 2003	Canada 2004
Lower than Past Year	26.3%	20.0%	17.6%
About the Same	31.6%	20.0%	38.2%
Higher than Past Year	42.1%	60.0%	44.1%

Percentage of Revenue

So few Canadian respondents in the 2004 survey reported using telefundraising that data regarding percentage of funds is not scientifically valid. However, the trends seen in Canadian respondents mirror those in the American sample: 80 percent of respondents who employed telefundraising raised 20 percent or less of their funding using that fundraising method (see Chart 20).

Only two respondents indicated raising more than 50 percent of their funding through telefundraising (one organization in the \$3 million to \$5 million annual budget category and another in the \$10 million to \$50 million budget category).

Chart 20: Percentage of Revenue Generated from Telefundraising, Canada

Percentage of Overall Revenue From Telefundraising	Percentage of Respondents
91-100%	0.0
81-90%	0.0
71-80%	3.3
61-70%	0.0
51-60%	3.3
41-50%	6.7
31-40%	3.3
21-30%	3.3
11-20%	20.0
1-10%	60.0

Major Gifts – United States

Since the *State of Fundraising* surveys began, major-gifts fundraising has been the most consistent type of fundraising, both in terms of popularity and impact on revenue. More than 80 percent of respondents in the United States used major-gifts fundraising as part of their development activities in 2004.

In the U.S., the only year major-gifts fundraising fared poorly was in 2002, when only 43 percent of organizations raised more money than in the previous year. However, similar to other techniques, major-gifts fundraising has since rebounded strongly (see Chart 21).

According to the survey, 61 percent of organizations raised more money in 2004 than they did in 2003, representing an eight percentage-point increase from the previous survey and an 18 percentage-point increase from the 2002 survey. Twenty-three percent of respondents raised approximately the same amount, and 16 percent raised less.

Chart 21: Changes in Major-Gift Fundraising, U.S., 2001–2004

<i>Past Year-Present Year Change in Major Gifts Funding</i>	U.S. 2001	U.S. 2002	U.S. 2003	U.S. 2004
Lower than Past Year	19.7%	29.1%	18.9%	16.5%
About the Same	29.4%	28.0%	28.3%	22.8%
Higher than Past Year	50.9%	42.9%	52.8%	60.7%

With the exception of health organizations (which received too few responses to be scientifically valid), every practice setting saw at least a majority of respondents raise more money in 2004 than in 2003 (see Chart 22). Education groups fared especially well, with 70 percent of respondents raising more money. Arts and cultural organizations (58 percent) and social service groups (56 percent) fared well, but performed under the national average (61 percent).

Looking across budget categories, the larger organizations fared the best, with the largest respondents (annual budgets of more than \$50 million) seeing 70 percent of respondents raise more money in 2004 than in 2003. However, every category of budget size saw a majority of respondents raise more money in 2004 than in 2003. The smallest organizations (those with budgets under \$500,000) fared the worst (54 percent), but still did well.

The only slight aberration was those organizations in the \$5 million to \$10 million budget range, where only 56 percent of respondents raised more money. Organizations with slightly smaller and slightly larger budgets each saw at least 61 percent of respondents raise more money, so this category did not perform as well as would have been expected given the size of organizations.

Chart 22: Changes in Major-Gifts Fundraising by Practice Setting, 2003–2004, U.S.

	All U.S.	Arts & Cultural	Social Service	Education	Environmental*	Pub/Soc. Benefit	Health Related*	Religious*	Other
Less than 2003	16.3	22.6	24.0	9.4	33.3	4.8	27.3	0.0	10.6
About the Same	23.0	18.9	20.0	20.3	13.3	33.3	27.3	11.1	34.0
More than 2003	60.7	58.5	56.0	70.3	53.3	61.9	45.5	88.9	55.3

* Respondent pool of subsections too small to be statistically valid.

Number and Size of Gifts

In 2004, the survey asked respondents to report on the actual number of major gifts they received and what amount of money they consider to be a major gift. Fifty-two percent of respondents received more major gifts in 2004 than in 2003, while 34 percent received about the same and 15 percent received fewer.

A majority of organizations (64 percent) consider major gifts to be \$10,000 or less, with 8 percent considering certain contributions of less than \$1,000 to be major gifts. Twenty-three percent generally consider major gifts to be in the \$10,000 to \$25,000 range. Fourteen percent consider major gifts to be more than \$25,000, with 4 percent defining major gifts as more than \$100,000.

Major Gift History/Employee Responsibilities

The survey also queried respondents about how long their organizations have had a major-gift program in place and how the operation is set up. Fifty-five percent of respondents reported their major-gifts programs have been in place for one to five years, and 15 percent indicated their programs have been working between six and 10 years. Thirteen percent reported programs in place for at least 21 years, with 3 percent in operation for more than 30 years.

In most cases (65 percent), one employee is responsible for the major-gifts program, but he or she has other responsibilities as well. The second most popular option (26 percent) was several employees responsible for the program, but they each have other responsibilities too. Other settings, including one full-time employee, two full-time employees and more than two full-time employees were each selected by less than 5 percent of respondents.

Percentage of Revenue

The extent to which U.S. charities rely on major gifts varies quite widely. A slight majority of organizations (56 percent) receive 40 percent or less of their funding through major gifts, and just over a quarter of respondents (27 percent) receive 20 percent or less of their funding through this method (see Chart 23).

On the other end of the spectrum, 37 percent of organizations receive 50 percent or more of their funding through major gifts, including 10 percent that rely heavily on major gifts (receiving 80 percent or more of their funding through them).

As might be expected, a slight trend was seen in larger organizations performing better at major-gifts fundraising than smaller organization. Forty-four percent of respondents with annual operating budgets of \$50 million or more indicated they received at least 70 percent of their funding through major gifts. The next most successful budget category was those organizations with budgets between \$10 million and \$50 million. Twenty-two percent of these respondents relied on major gifts for at least 70 percent of their funding.

Looking at practice settings, some contrasts arose. Over two-thirds (67 percent) of education organizations received 40 percent or less of their contribution through major gifts. In contrast, 61 percent of social service organizations received more than 50 percent of their funding through direct gifts. Meanwhile, arts and cultural groups saw mixed results, with 43 percent of respondents having major gifts account for 30 to 70 percent of their contributions. The public society/benefit and other categories also saw strong results.

Chart 23: Percentage of Revenue Generated from Major-Gifts Fundraising, U.S.

Percentage of Overall Revenue From Major-Gifts Fundraising	Percentage of Respondents
91–100%	5.6
81–90%	4.8
71–80%	8.9
61–70%	8.5
51–60%	9.6
41–50%	8.5
31–40%	12.6
21–30%	14.4
11–20%	11.5
1–10%	15.6

Major Gifts – Canada

Major gifts in Canada have been strong in all of the surveys where the data has been tracked, and 2004 was no exception. Sixty-one percent of Canadian respondents raised more money through major gifts in 2004 than in 2003 (see Chart 24). That figure represents a two percentage-point drop from the 2003 figure of 63 percent.

However, increased effectiveness with major gifts was seen at the bottom end of the results, where the number of organizations raising less money than in the previous year dropped from 32 percent in the 2003 survey to just 16 percent in the current 2004 survey. At the same time, the number of organizations raising approximately the same amount grew from just 5 percent in 2003 to 23 percent in 2004.

Chart 24: Changes in Major-Gifts Fundraising, Canada, 2002–2004

<i>Past Year–Present Year Change in Major Gifts Funding</i>	Canada 2002	Canada 2003	Canada 2004
Lower than Past Year	17.9%	32.3%	15.6%
About the Same	28.6%	4.8%	23.4%
Higher than Past Year	53.5%	62.9%	61.0%

Eighty-one percent of Canadian organizations reported employing major-gifts fundraising in their development operations (see Chart 25). Eighty-eight percent of arts and cultural groups engage in major-gifts fundraising, while just 55 percent of social service organization and 64 percent of education charities have such programs in place.

Most practice settings excelled at major gifts in 2004, with religious groups (80 percent raising more funds) and arts and culture organizations (72 percent) leading the way. The exceptions were education groups (39 percent raising more, 39 percent raising approximately the same) and public society/benefit charities (22 percent raising more, 56 percent raising about the same).

In contrast to the U.S., smaller organizations in Canada performed extremely well at major-gifts fundraising in comparison to their larger counterparts. While organizations in the \$5 million to \$10 million range fared the best (73 percent raising more money), respondents with budgets less than \$500,000 (64 percent), \$500,000 to \$ 1million (63 percent) and \$1 million to \$3 million (64 percent) all performed better than several other budget categories. The largest organizations (budgets of \$50 million or more) saw just 54 percent of respondents raise more money. However, it should be noted that the five organizations who reported the largest annual budgets of all Canadian respondents (greater than \$75 million) all raised more money.

Chart 25: Changes in Major-Gifts Fundraising by Practice Setting, 2003–2004, Canada

	All Canada	Arts & Cultural	Social Service	Education	Environmental*	Pub/Soc. Benefit	Health Related*	Religious*	Other
Less than 2003	15.7	11.6	22.2	21.7	0.0	22.2	12.5	0.0	16.1
About the Same	23.5	16.3	22.2	39.1	0.0	55.6	25.0	20.0	16.1
More than 2003	60.8	72.1	55.6	39.1	100.0	22.2	62.5	80.0	67.7

* Respondent pool of subsections too small to be statistically valid.

Number and Size of Gifts

In terms of the actual number of planned gifts received, 50 percent of respondents received more gifts in 2004 than in 2003. Thirty-four percent received about the same number, and 16 percent received less.

A majority of organizations (57 percent) consider major gifts to be \$10,000 or less, with 7 percent considering certain contributions of less than \$1,000 to be major gifts. Thirty-five percent generally consider major gifts to be in the \$10,000 to \$50,000 range. Seven

percent consider major gifts to be more than \$50,000, with 2 percent considering major gifts as more than \$100,000.

Major Gift History/Employee Responsibilities

Nearly two thirds (65 percent) of Canadian charities with major-gifts programs have been operating those programs for five years or less, while 20 percent have been running their programs between six and 10 years. Fifteen percent of respondents have operated major-gifts programs for at least 10 years, with 4 percent having solicited major gifts for more than 30 years.

As in the United States, most Canadian organizations (59 percent) with major-gifts programs have one person responsible for major gifts, but that individual has other responsibilities as well. Twenty-six percent task several individuals with that responsibility, but those individuals also have other duties as well. Seven percent reported having more than two full-time employees working on major gifts, while 5 percent have one full-time employee and 3 percent have two full-time employees.

Percentage of Revenue

In general, Canadian organizations do not seem to rely as heavily on major gifts as U.S. charities do, although the data is still quite mixed. A majority of Canadian respondents (56 percent) reported that their major gifts accounted for 30 percent or less of their overall contributions (see Chart 26). On the other hand, 30 percent of respondents indicated that major gifts accounted for at least 50 percent of their overall contributions.

In nearly every practice setting, a large majority of respondents (at least 70 percent) indicated that their major gifts accounted for 30 percent or less of their overall contributions.

The trend of larger organizations performing slightly better or being more involved with major gifts was also seen in the Canadian data. One-hundred percent of respondents with annual budgets of more than \$50 million reported they had a major-gifts program, while just 58 percent of organizations with budgets of less than \$500,000 indicated the same. No organization with a budget of less than \$500,000 reported major gifts accounting for more than 50 percent of their overall contributions. A few respondents in the \$1 million to \$3 million, \$3 million to \$5 million and \$5 million to \$10 million categories reported that their major gifts accounted for at least 90 percent of their total funds raised in 2004.

Chart 26: Percentage of Revenue Generated from Major-Gifts Fundraising, Canada

Percentage of Overall Revenue From Major-Gifts Fundraising	Percentage of Respondents
91–100%	2.8
81–90%	6.9
71–80%	7.6
61–70%	6.3
51–60%	6.9
41–50%	3.5
31–40%	9.7
21–30%	11.1
11–20%	22.2
1–10%	22.9

Planned Giving – United States

Historically, planned giving has typically been reported as the worst-performing type of fundraising in the *State of Fundraising Surveys*. Whether this is because the field is still relatively new compared to other techniques or simply a reflection of the state of the economy and stock market (especially in the U.S.), is unclear. What is clear is that 2004 was a poor year for planned gifts, even by planned-giving standards.

Fifty-five percent of all U.S. respondents indicated that their organization had a planned-giving program and used planned-giving techniques and solicitations in 2004.

In the United States, just 37 percent of respondents who used planned-giving techniques raised more money than in 2003, the lowest figure in the four years of the survey (see Chart 27). However, that figure has never exceeded 43 percent for U.S. respondents in any survey and has averaged approximately 40 percent over the past four years.

Thirty-eight percent of respondents reported raising approximately the same amount, and 25 percent raised less.

In terms of the actual number of gifts, 47 percent of respondents who had planned-giving programs reported they received the same number of gifts in 2004 as they did in 2003. Thirty-three percent reported more gifts, while 20 percent reported fewer gifts.

Chart 27: Changes in Planned-Giving Fundraising, U.S., 2001–2004

<i>Past Year-Present Year Change in Planned-Gifts Funding</i>	U.S. 2001	U.S. 2002	U.S. 2003	U.S. 2004
Lower than Past Year	16.8%	25.8%	17.4%	25.4%
About the Same	40.6%	34.7%	40.5%	37.6%
Higher than Past Year	42.6%	39.5%	42.1%	37.0%

No practice setting excelled at planned giving in 2004. Arts and cultural organizations reported the most success, with 47 percent raising more funds in 2004 than in the previous year (see Chart 28). Forty-three percent of “other” organizations and 40 percent of social service organizations raised more money in 2004. Environmental organizations (which were the most likely practice setting to have a planned-giving program, see below) reported the lowest level of success with planned gifts: 23 percent.

There was more differentiation when examining planned-giving success by size of organization. Largest organizations fared the best, with 59 percent of respondents with annual budgets greater than \$50 million raising more money in 2004 than in 2003, while 50 percent of organizations with budgets between \$10 million and \$50 million raised more money. In contrast, just 29 percent of all other respondents (organizations with budgets less than \$10 million) raised more money through planned giving.

Chart 28: Changes in Planned-Giving Fundraising by Practice Setting, 2003–2004, U.S.

	All U.S.	Arts & Cultural	Social Service	Education	Environmental*	Pub/Soc. Benefit	Health Related*	Religious*	Other
Less than 2003	25.0	30.0	20.0	23.8	38.5	26.7	50.0	20.0	14.3
About the Same	38.0	22.5	40.0	42.9	38.5	46.7	50.0	40.0	42.9
More than 2003	37.4	47.5	40.0	33.3	23.1	26.7	0.0	40.0	42.9

* Respondent pool of subsections too small to be statistically valid.

Planned-Giving History/Employee Responsibility

Larger organizations were far more likely to implement planned-giving programs: 80 percent of organizations with annual budgets between \$10 and \$50 million and 73 percent of organizations with annual budgets of more than \$50 million reported such programs. In contrast, only 42 percent of organizations with budgets of less than \$500,000 and 45 percent of groups with budgets between \$500,000 and \$1 million indicated they engaged in planned giving in 2004.

Data on planned-giving programs by category setting was mixed. Environmental organizations were most likely (76 percent) to have planned-giving programs. Sixty-six percent of arts and culture organizations, 61 percent of social service groups and 47 percent of education charities reported having such programs.

A slight majority of organizations (54 percent) who used planned-giving techniques reported that their programs had only been in place for one to five years. An additional 17 percent said their programs had been running for six to 10 years. Fourteen percent reported programs that were older than 20 years, and 7 percent indicated their programs were in existence for more than 30 years.

Nearly three-fourths (73 percent) of organizations with programs reported that only one employee was responsible for planned giving, and that individual had additional responsibilities. The second most popular staffing level (16 percent) was several employees in charge of planned giving, but each one having other duties as well. Just 10 percent of respondents indicated they had full-time employee(s) devoted strictly to planned giving.

Percentage of Revenue

The impact of most planned-giving programs on an organization’s funding levels is not as robust as that of other types of fundraising. Eighty-nine percent of respondents reported that planned gifts accounted for 30 percent or less of their overall contributions (see Chart 29). Just one U.S. respondent stated that planned gifts accounted for more than 60 percent of fundraising income. That respondent was with a religious organization with an annual budget of \$1 million to \$3 million, and planned giving made up more than 90 percent of contributions for that particular charity.

An examination of organizations by size and practice settings reveals that most categories follow the same trend set by the overall survey pool: a large majority (typically 85 to 90

percent) report planned gifts as accounting for 30 percent or less of fundraising revenue. The only exception were those organizations with annual budgets between \$10 million and \$50 million – nearly 30 percent of those organizations indicated that planned gifts accounted for 30 to 60 percent of their fundraising revenue.

Chart 29: Percentage of Revenue Generated from Planned-Giving Fundraising, U.S.

Percentage of Overall Revenue From Planned-Giving Fundraising	Percentage of Respondents
91–100%	0.5
81–90%	0.0
71–80%	0.0
61–70%	0.0
51–60%	3.8
41–50%	2.2
31–40%	4.8
21–30%	12.9
11–20%	16.7
1–10%	59.1

Planned Giving – Canada

As in the United States, planned giving in Canada endured its worst year ever in the four years the *State of Fundraising* survey has tracked such data. Just 33 percent of respondents raised more money through planned giving in 2004 than they did in 2003, a 27 percent drop from the figure in the 2003 survey (see Chart 30). Forty-three percent raised approximately the same amount, and 24 percent raised fewer funds.

A slight majority of Canadian respondents (55 percent) reported that their organizations had planned-giving programs.

Fifty percent stated they received the same number of planned gifts in 2004 as in 2003, while 28 percent reported more gifts, and 22 percent saw fewer gifts.

Chart 30: Changes in Planned-Giving Fundraising, Canada, 2002–2004

<i>Past Year-Present Year Change in Planned-Gifts Funding</i>	Canada 2002	Canada 2003	Canada 2004
Lower than Past Year	17.1%	28.6%	23.7%
About the Same	39.2%	10.7%	43.0%
Higher than Past Year	43.8%	60.7%	33.3%

Arts and culture (47 percent raised more money in 2004 than in 2003) and the “other” category (36 percent) were the two practice settings that performed the best (see Chart

31). No other setting exceeded the national average of 33 percent. Just one-quarter of health and religious organizations raised more money through planned gifts. Most practice settings saw approximately half of respondents raise approximately the same amount through planned gifts and one-quarter raise less.

When looking at planned-giving success by size of organization, no distinct patterns emerged. Organizations with annual budgets greater than \$50 million and between \$3 million and \$5 million performed the best (43 percent), and right behind them were respondents with budgets of less than \$500,000 (40 percent). All other budget categories saw less than 30 percent of respondents raise more money through planned gifts in 2004 than in 2003.

Chart 31: Changes in Planned-Giving Fundraising by Practice Setting, 2003–2004, Canada

	All Canada	Arts & Cultural	Social Service	Education	Environmental*	Pub/Soc. Benefit	Health Related*	Religious*	Other
Less than 2003	23.9	25.0	25.0	27.3	100.0	0.0	25.0	0.0	27.3
About the Same	42.5	27.3	50.0	45.5	0.0	100.0	50.0	100.0	36.4
More than 2003	33.6	47.7	25.0	27.3	0.0	0.0	25.0	0.0	36.4

* Respondent pool of subsections too small to be statistically valid.

Planned-Giving History/Employee Responsibility

Organizations with larger budgets were slightly more likely to have planned-giving programs than those with smaller budgets. The only budget category where a majority of respondents did not have a planned-giving program was for charities with annual budgets less than \$500,000: 26 percent did not.

Arts and culture organizations were far and away the most likely practice setting to have planned-giving programs, with 88 percent indicating they used planned-giving techniques in 2004. In contrast, only 30 percent of education organizations reported having a planned-giving program.

Of those respondents with planned-giving programs, a majority (58 percent) reported those programs were created five or fewer years ago. Another 22 percent have had their programs for six to 10 years. Twelve percent have been running programs for between 11 and 20 years, and 7 percent have been raising planned gifts for more than 30 years.

As in the United States, the most common development staff model for planned-giving programs is to have one person responsible both for planned gifts and other responsibilities (73 percent). Fourteen percent of respondents reported having several employees responsible for planned gifts, with each individual also have other responsibilities. Twelve percent indicated having some type of staff model with full-time employee(s) solely responsible for cultivating and soliciting planned gifts.

Percentage of Revenue

A large majority (83 percent) of those respondents with planned-giving programs reported that planned gifts accounted for only 20 percent or less of their overall funds raised in 2004 (see Chart 32). The remaining 17 percent were predominantly arts and culture organizations. Every other practice setting saw 80, 90 or (in the case of environmental, public society/benefit and religious organizations) 100 percent of respondents indicate that planned gifts account for just 20 percent or less of overall fundraising. Just 75 percent of arts and culture organizations reported planned giving accounting for 20 percent or less of overall fundraising.

Larger organizations generally felt a greater impact from planned gifts than did smaller organizations. In particular, organizations with annual budgets of \$3 million to \$5 million and \$5 million to \$10 million were more heavily reliant on planned gifts than other categories. In the former group, 29 percent of respondents reported that planned gifts accounted for more than 20 percent of their overall fundraising; in the latter group, 36 percent reported the same.

Chart 32: Percentage of Revenue Generated from Planned-Giving Fundraising, Canada

Percentage of Overall Revenue From Planned-Giving Fundraising	Percentage of Respondents
91–100%	1.8
81–90%	
71–80%	1.8
61–70%	0.9
51–60%	2.7
41–50%	1.8
31–40%	4.5
21–30%	3.6
11–20%	24.1
1–10%	58.9

Online/Internet Fundraising – United States

Just 44 percent of all U.S. respondents indicated that their organizations engaged in online fundraising.

Of those organizations, 64 percent of respondents raised more money through online fundraising in 2004 than in 2003 (see Chart 33). This figure represents a three percentage-point increase from the 2003 survey and a 13 percentage-point increase from the 2002 survey. Thirty percent of organizations raised approximately the same amount, and just 6 percent raised fewer funds.

Chart 33: Changes in Online/Internet Fundraising, U.S., 2001–2004

<i>Past Year-Present Year Change in Online/Internet Funding</i>	U.S. 2001	U.S. 2002	U.S. 2003	U.S. 2004
Lower than Past Year	8.1%	7.1%	4.4%	6.0%
About the Same	35.0%	41.8%	34.4%	30.2%
Higher than Past Year	56.9%	51.0%	61.1%	63.8%

All practice settings saw at least 50 percent of respondents raise more money through online fundraising in 2004 than in 2003 (see Chart 34). Environmental organizations (78 percent) performed the best, although the limited number of responses in this setting makes the data not statistically valid. Arts and culture, education and social service organizations, as well as those groups in the “other” category, all had more than 60 percent of respondents raise more money.

In general, the larger a respondent’s annual budget, the better it performed at online fundraising. Eighty-four percent of organizations with budgets between \$10 million and \$50 million raised more funds in 2004 than in 2003, as did 75 percent of groups with budgets greater than \$50 million. In contrast, just 50 percent of respondents with budgets less than \$1 million raised more money in 2004 than in 2003. The one exception to the trend of larger organizations performing better was organizations with budgets between \$5 million and \$10 million, where only 37 percent of respondents raised more money.

Chart 34: Changes in Online/Internet Fundraising by Practice Setting, 2003–2004, U.S.

	All U.S.	Arts & Cultural	Social Service	Education	Environmental*	Pub/Soc. Benefit	Health Related*	Religious*	Other
Less than 2003	6.0	10.7	11.1	5.6	0.0	9.1	0.0	0.0	0.0
About the Same	30.4	28.6	22.2	33.3	22.2	36.4	50.0	40.0	30.8
More than 2003	63.5	60.7	66.7	61.1	77.8	54.5	50.0	60.0	69.2

* Respondent pool of subsections too small to be statistically valid.

Online/Internet Usage and History

Looking at annual budgets, the \$1 million to \$3 million budget category and the \$10 million to \$50 million category were the only budget groups where a majority of organizations (51 and 52 percent, respectively) used online fundraising. Otherwise, the results were quite mixed. Just 36 percent of organizations with annual budgets under \$500,000 engaged in online fundraising, as did just 40 percent of respondents with annual budgets over \$50 million.

Data for practice settings was also mixed. Environmental and religious groups were the only practice settings where a majority of organizations used online fundraising, but the limited number of results makes that data statistically invalid. In general, for most practice settings, approximately 36 to 40 percent of organizations used online fundraising.

For the first time, the *State of Fundraising 2004* survey asked respondents how long they had operated a website and how long they had been raising funds through it. Thirty percent of respondents reported their website has been operating for five to six years. Twenty-four percent have had a website for three to four years, and 14 percent stated one or two years. Just 4 percent of respondents said their organization had created a website more than 10 years ago.

Approximately 60 percent of respondents have been raising funds through the website for three years or less. Only two respondents (1 percent) have been raising funds for seven or more years. Nearly one-fifth (19 percent) indicated that their organization has a website but doesn't use it to raise funds.

Percentage of Revenue

Sixty-three percent of organizations that engaged in online fundraising raised less than 1 percent of their fundraising total through online gifts (see Chart 35). Fifteen percent raised approximately 1 percent of overall fundraising revenue online, and 8 percent of organizations raised about 2 percent. Only 1 percent of respondents raised more than 10 percent of their fundraising total online.

This pattern was seen across most of the practice settings, with most categories reporting 80 percent of respondents raising 1 percent or less of their fundraising total through online gifts. The exception was social services, where one-third (33 percent) of organizations raised more than 2 percent of their fundraising total online.

A similar pattern emerged when examining organizations by budget size. Only organizations in the \$10 million to \$50 million category stood out, with one-third (33 percent) of those respondents raising more than 2 percent of their fundraising total online.

Chart 35: Percentage of Revenue Generated from Online/Internet Fundraising, U.S.

Percentage of Overall Revenue from Online/Internet Fundraising	Percentage of Respondents
Greater than 10%	1.4
8–10%	2.1
5–7%	2.8
4%	1.4
3%	4.8
2%	8.3
1%	15.9
Less than 1%	63.4

Online/Internet Fundraising – Canada

Canadian online fundraising was the most successful type of fundraising in the 2004 survey. Sixty-eight percent of respondents who engaged in online fundraising in 2004 raised more funds than in 2003 (see Chart 36). This figure is also the highest figure for online fundraising in the four-year history of the surveys, in either the United States or Canada.

Twenty-six percent raised approximately the same amount through online fundraising, and just 5 percent raised less.

Chart 36: Changes in Online/Internet Fundraising, Canada, 2002–2004

<i>Past Year–Present Year Change in Online/Internet Funding</i>	Canada 2002	Canada 2003	Canada 2004
Lower than Past Year	2.8%	8.5%	5.1%
About the Same	39.0%	23.4%	26.5%
Higher than Past Year	58.2%	68.1%	68.4%

At least 60 percent of respondents in each practice setting raised more money in 2004 than in 2003 (see Chart 37). Religious groups (87 percent) and social service organizations (71 percent) were especially strong.

All budget categories saw at least two-thirds of respondents raise more money in 2004 than in 2003, with the exception being organizations with budgets between \$3 million and \$5 million (54 percent). While larger organizations fared the best—89 percent of respondents with budgets greater than \$50 million raised more money—smaller groups also did well, with 73 percent with budgets less than \$1 million raising more.

Chart 37: Changes in Online/Internet Fundraising by Practice Setting, 2003–2004, Canada

	All Canada	Arts & Cultural	Social Service	Education	Environmental*	Pub/Soc. Benefit*	Health Related*	Religious*	Other
Less than 2003	5.1	6.9	7.1	12.5	0.0	0.0	0.0	0.0	0.0
About the Same	26.5	24.1	21.4	25.0	100.0	40.0	0.0	12.5	40.0
More than 2003	68.4	69.0	71.4	62.5	0.0	60.0	100.0	87.5	60.0

* Respondent pool of subsections too small to be statistically valid.

Online/Internet Usage and History

Of those Canadian organizations that practiced online fundraising, 30 percent reported having a website for five to six years. Twenty-two percent have operated a website for seven to eight years, and 20 percent for three or four years. Seven percent have had a website for more than 10 years.

An equal number of Canadian respondents (22 percent) have either raised funds for one year through their website or have a website but don't use it for solicitation purposes. Twenty percent had been raising funds online for two years and 19 percent for three years. No Canadian organization reported soliciting online funds for more than six years.

Fifty-three percent of Canadian respondents engaged in online fundraising in 2004. Larger organizations were generally more likely to have online fundraising programs. Fifty-nine percent of organizations with budgets of at least \$1 million engaged in online fundraising, while just 28 percent of groups with budgets of less than \$1 million had online fundraising capabilities. The most likely group to have an online fundraising program comprised charities with annual budgets of more than \$50 million soliciting online gifts (69 percent).

Arts and cultural organizations (58 percent) and groups in the "other" category (57 percent) were the most likely practice settings to solicit online gifts. Seventy-three percent of religious organizations also solicited online gifts, but the small number of responses makes the data statistically invalid.

Percentage of Revenue

Overall, 81 percent of respondents stated that online gifts accounted for one percent or less of overall fundraising revenue (see Chart 38). This trend was also seen when comparing organizations and their online revenue by size and practice setting. However, given the limited number of responses once organizations are broken down by size or practice setting, it is difficult to see any other major trends regarding the impact of these gifts on overall fundraising.

Chart 38: Percentage of Revenue Generated from Online/Internet Fundraising, Canada

Percentage of Overall Revenue From Online/Internet Fundraising	Percentage of Respondents
Greater than 10%	4.0
8-10%	3.0
5-7%	5.1
4%	2.0
3%	4.0
2%	1.0
1%	15.2
Less than 1%	65.7

Special Events – United States

The area of special events included some of the most successful fundraising techniques in 2004, and the United States saw particularly strong growth in this area.

Sixty-five percent of respondents raised more money through special events in 2004 than they did in 2003, representing a 12 percentage-point increase from the 2003 survey figure (see Chart 39). That figure is also the highest ever in the four years the survey has tracked special events. Just under one-quarter of respondents (24 percent) raised approximately the same amount, and 11 percent raised less.

Chart 39: Changes in Special Event Fundraising, U.S., 2001–2004

<i>Past Year–Present Year Change in Special Event Funding</i>	U.S. 2001	U.S. 2002	U.S. 2003	U.S. 2004
Lower than Past Year	20.2%	22.8%	16.1%	11.3%
About the Same	33.4%	32.9%	31.1%	23.8%
Higher than Past Year	46.4%	44.3%	52.8%	64.8%

Nearly all practice settings saw strong growth in the amount of money raised through special events (see Chart 40). Eighty-one percent of public society/benefit organizations raised more money in 2004 than in 2003, followed by arts and cultural groups (78 percent), health (71 percent), environmental (64 percent) and education (63 percent). The only setting that didn't see a majority of respondents raise more money was religion. Only 40 percent of religious groups raised more money in 2004, although the small number of responses means that data is statistically invalid.

Examining special event fundraising by budget size revealed an interesting trend: small organizations performed better, in general, than larger organizations. Two-thirds (66 percent) of respondents with budgets less than \$1 million raised more money, compared to just 45 percent of respondents with budgets greater than \$50 million. The best-performing category was groups with budgets between \$5 million and \$10 million: 93 percent of respondents raised more money.

Chart 40: Changes in Special Event Fundraising by Practice Setting, 2003–2004, U.S.

	Arts & Cultural	Social Service	Education	Environmental*	Pub/Soc. Benefit	Health Related*	Religious*	Other
Less than 2001	5.8	13.2	12.2	18.2	9.5	14.3	20.0	10.3
About the Same	15.4	36.8	24.4	18.2	9.5	14.3	40.0	30.8
More than 2001	78.8	50.0	63.4	63.6	81.0	71.4	40.0	59.0

* Respondent pool of subsections too small to be statistically valid.

Special Event Usage

A large percentage of organizations—74 percent—hold special events to raise funds. The most likely practice settings to use special events are education (88 percent), arts and

culture (84 percent) and public society/benefit (81 percent). However, a majority of all respondents in each practice setting reported holding special events.

The survey also asked respondents about their special events practices. Forty-two percent of respondents hold one large event plus a few other smaller events throughout the year. Nineteen percent hold several small events, while 13 percent have one main event only.

Special Events – Canada

Canada saw very similar results to the U.S. in the area of special events. Sixty-five percent of respondents reported raising more money in 2004 through special events than in 2003, which represents a five percentage-point drop from the 2003 survey figure (see Chart 41). Just 23 percent raised approximately the same amount, and 12 percent raised fewer funds.

Chart 41: Changes in Special Event Fundraising, Canada, 2002–2004

<i>Past Year–Present Year Change in Special Event Funding</i>	Canada 2002	Canada 2003	Canada 2004
Lower than Past Year	23.8%	25.0%	11.9%
About the Same	22.2%	5.3%	23.2%
Higher than Past Year	54.0%	69.7%	64.9%

Social services and arts and culture organizations fared the best at special events in 2004, with 74 and 70 percent of those respondents, respectively, raising more money than in 2003 (see Chart 42). While every practice setting saw at least a majority of respondents raise more money, just 50 percent of education and health organizations reported achieving that feat.

All budget categories saw a majority of respondents raise more money in 2004 than in 2003. As in the United States, smaller organizations in Canada seemed to fare slightly better with special events. Eighty-seven percent of respondents with budgets less than \$500,000 raised more money in 2004 than in 2003, as did 67 percent of organizations with budgets between \$500,000 and \$1 million. In contrast, 58 percent of groups with budgets greater than \$10 million raised more money.

Chart 42: Changes in Special Event Fundraising by Practice Setting, 2003–2004, Canada

	Arts & Cultural	Social Service	Education	Environmental*	Pub/Soc. Benefit	Health Related*	Religious*	Other
Less than 2003	11.9	12.8	4.3	7.1	0.0	18.2	33.3	0.0
About the Same	23.2	17.0	21.7	42.9	0.0	18.2	16.7	42.9
More than 2003	64.9	70.2	73.9	50.0	100.0	63.6	50.0	57.1

* Respondent pool of subsections too small to be statistically valid.

Special Event Usage

Special events in Canada are even more popular with charities than they are in the United States. Nearly 83 percent of respondents reported holding a special event in 2004. Arts

and culture organizations were by far the most likely to hold events, with 94 percent indicating they held at least one event. Eighty percent of social service, education and “other” organizations reported engaging in special event fundraising as well.

Forty-seven percent of respondents stated that it was their practice to hold one large event along with several smaller events throughout the year. Twenty percent hold just one large event, while 16 percent hold a series of small events.

The most likely practice setting to hold a large event was arts and cultural organizations, with 86 percent holding either a large event or a large event with several smaller events. In contrast, only 18 percent of religious organizations held large events, and 36 percent did not engage at all in special event fundraising.

Board Giving

For the first time, the *State of Fundraising 2004* survey asked questions about the involvement of an organization's board of director in fundraising and how much funding groups were able to generate from their boards.

United States

The survey asked what percentage of an organization's board of directors contributed to its fundraising efforts. Eighty percent of respondents reported that more than half of their board members supported their organization's fundraising efforts (see Chart 43). In addition, a slight majority of respondents (52 percent) saw between 90 and 100 percent of their board members contribute to their organization's fundraising efforts.

On the other end of the spectrum, 10 percent of respondents saw no or minimal participation (0–10 percent) from their board members. Another 10 percent of respondents experienced board participation in the 11–50 percent range.

The impact of board giving on overall fundraising was typically quite minimal. More than half (58 percent) reported that board gifts accounted for 10 percent or less of all fundraising revenue, and another 21 percent said it accounted for between 11 and 20 percent.

Chart 43: Percentage of Revenue Generated from Board Giving, U.S.

Percentage of Overall Revenue From Board Giving	Percentage of Respondents
91–100%	0.3
81–90%	0.0
71–80%	2.4
61–70%	1.2
51–60%	2.1
41–50%	2.4
31–40%	3.0
21–30%	9.1
11–20%	21.0
1–10%	58.2

Most practice settings displayed a similar trend of an overwhelming majority of respondents (from 73 to 100 percent) reporting board gifts accounting for 20 percent or less of revenue. The slight exception was social service organizations, where one-third (33 percent) of respondents reported that board gifts accounted for more than 20 percent of total gifts.

Little change was seen when comparing board gifts by size of organization. All budget categories saw at least 75 percent of all respondents reporting board gifts accounting for 20 percent or less of overall fundraising revenue.

One U.S. respondent, an education organization with an annual budget between \$10 million and \$50 million, reported raising more than 90 percent of its 2004 fundraising revenue from board gifts.

Canada

In Canada generally, board participation was not nearly as strong as it was in the United States. Sixty-one percent of respondents said that at least half of their board supported the organization, and nearly one-third of respondents (32 percent) reported that between 90 and 100 percent of their board members gave to the organization in 2004 (see Chart 44).

In addition, 18 percent of respondents said that a very small percentage of their board members (0–10 percent) supported the organization’s fundraising efforts. Another 10 percent of respondents saw board participation in the 11 percent to 30 percent range.

The impact of board gifts on overall fundraising revenue was even less influential for Canadian organizations than for U.S. charities. Eighty-five percent of Canadian respondents reported board gifts that accounted for 10 percent or less of overall fundraising revenue. Six percent stated that board gifts accounted for between 11 percent and 20 percent of revenue.

Chart 44: Percentage of Revenue Generated from Board Giving, Canada

Percentage of Overall Revenue From Board Giving	Percentage of Respondents
91–100%	0.0
81–90%	0.0
71–80%	0.0
61–70%	1.1
51–60%	1.1
41–50%	0.0
31–40%	1.6
21–30%	4.9
11–20%	6.6
1–10%	84.7

No deviations from this trend were seen when looking at the percentage of funds raised from board gifts by size or practice setting. Two Canadian respondents, a social service organization and a charity in the “other” category – both with annual budgets of between \$3 million and \$5 million – reported raising between 61 percent and 70 percent of their overall fundraising revenue from board gifts.

Impact of Southeast Asia Tsunami Relief Efforts

On December 26, 2004, a major tsunami affected hundreds of thousands of people in Southeast Asia. As a major relief campaign began in early 2005, some charities were apprehensive that the relief efforts would affect fundraising by other organizations. The *State of Fundraising 2004* survey included questions regarding the impact of the Southeast Asia tsunami relief efforts on U.S. and Canadian charities.

However, an overwhelming majority of respondents in both countries found very little impact from the tsunami relief efforts on their fundraising (see Chart 45). Eighty-four percent of U.S. respondents and 63 percent of Canadian respondents reported no immediate impact on their fundraising. In addition, 90 percent of U.S. organizations and 91 percent of Canadian organizations did not expect to see any long-term effects from the tsunami relief efforts.

Chart 45: Impact of Southeast Asia Tsunami Relief Efforts on Fundraising

	U.S.	Canada
Immediate Impact?		
Yes	15.8%	36.6%
No	84.2%	63.4%
Long-Term Impact?		
Yes	10.3%	8.9%
No	89.7%	91.1%

This data parallels findings from AFP's *State of Fundraising 2001* survey, which queried participants on the impact of 9/11 relief efforts on their own fundraising. When asked which issue most affected their fundraising in 2001, less than 10 percent mentioned 9/11 and the subsequent relief efforts. (The economy was the most frequently mentioned issue.)

Of those U.S. respondents affected by the tsunami, 8 percent reported decreased contributions, 4 percent saw delayed contributions and 3 percent had been told by donors that they would be giving less in 2004 because of the tsunami relief efforts. Four percent indicated increased contributions, making it likely these respondents were involved in the tsunami relief efforts.

In Canada, 23 percent experienced decreases in contributions, 10 percent saw delays in expected contributions and 14 percent reported that donors had told them they would be giving less in 2005 because of the tsunami relief efforts. Two percent reported increases in contributions, making it likely those respondents were in some way involved in relief efforts.

Tsunami Has Few Effects

According to a June article from Reuters, individuals, companies, foundations and religious groups donated \$4.5 billion to tsunami relief. With the \$6.9 billion pledged by governments and multilateral organizations, Reuters reported this was the biggest display of generosity after any natural disaster in history.

How were smaller nonprofits and grassroots organizations expected to survive? With such large amounts of money being donated to relief organizations, would there be anything left for educational, health and other organizations not directly related to the relief efforts?

Yes, said Naomie Fowlie, manager, fundraising development, for the Alzheimer Society of Ottawa in Canada. Fowlie is not alone in her views. According to the survey, the majority of respondents in the United States and Canada were not greatly affected by tsunami-related contributions.

“People saw real need and were prepared to make a donation,” Fowlie explained. In fact, 84 percent of U.S. respondents and 63 percent of Canadian respondents felt no immediate impact from the tsunami, many nonprofits were not forgotten. “People who made a choice to donate [to the tsunami] did so using extra funds,” Fowlie believes.

Joan Rudnitzki, CFRE, director of development for the Ice Age Park and Trail Foundation in Milwaukee, Wis., agreed. A potential major donor for the foundation was in Asia when the tsunami hit, she explained, and in the weeks that followed, he donated much of his time and attention to the disaster. Later, however, he returned to the United States and continued his support of Rudnitzki’s organization.

“Because of what we do, we feel our constituency base is strong enough that they will still consider donating to their organization,” Rudnitzki said.

Best and Worst Months to Raise Funds

For the first time, the *AFP State of Fundraising* survey queried respondents on what months were best and worst for fundraising in 2004. Participants were asked in which three months they raised the most funds and in which three months they raised the fewest funds.

United States

In the United States, December is by far the best time to raise funds for most charities. Twenty-seven percent of respondents chose December as the best month to raise funds, 16 percent selected it as the second-best month, and 34 percent reported it as the third-best month. In all, 76 percent of respondents selected December as one of the best three months in which to raise funds.

November was selected as the second-best month in which to raise funds, with 44 percent choosing it as one of the best three months, followed by October with 32 percent. The next best month was May, chosen by 23 percent of respondents overall.

January was selected by 27 percent of respondents as the worst month to raise funds. But July was chosen by more participants overall (52 percent) when worst, second-worst and third-worst responses were combined. August was second-worst (46 percent), followed by February (40 percent) and January (35 percent).

Canada

Canadian data mirrored that of the U.S. responses. December was far and away the most popular time to raise funds, with 66 percent selecting the month as either the best, second-best or third-best month. November was second (54 percent), and October was third (34 percent).

When asked which particular month was the worst to raise funds in, January was selected by 32 percent of respondents, but July and August were selected by more participants (49 percent) when worst, second-worst and third-worst responses were combined. January was third (41 percent), and February was fourth (36 percent).

Issues

U.S. and Canadian respondents were asked to select the three issues that most negatively affected their fundraising in 2004. The growing number of nonprofits and the increasing competition for charitable dollars was the biggest overall concern among respondents from both countries. Equally of concern to American organizations was the economy, while Canadian respondents reported many concerns about staffing issues.

United States

Twenty-five percent of U.S. respondents chose the economy as the one issue that most negatively affected their fundraising in 2004. “Too many nonprofits and the increasing competition for the charitable dollar” was a distant second at 16 percent, and “staffing issues in the development office” was third at 11 percent (see Chart 46).

However, when responses for most important, second-most important and third-most important issue were combined, “too many nonprofits/increasing competition for the charitable dollar” was the response most selected by participants (40 percent). The economy was second (38 percent), followed by “developing fundraising strategies and overall strategic planning” (26 percent) and “staffing issues in the development department” (25 percent).

The least often selected issue was “decrease in public confidence in charities,” with only 4 percent of respondents reporting that this issue was one of the three that most negatively affected their fundraising in 2004. Other issues that seemed to have had little impact on fundraising were “international issues (war in Iraq, terrorism, etc.)” with 5 percent and “political issues (2004 presidential campaign)” with 8 percent.

Most practice settings followed the overall issue trends, although there were a few exceptions. Organizations in the “other” category (49 percent) and education groups (45 percent) were most like to choose increased competition as an important issue. Public society/benefit charities were the least likely to choose that issue as one negatively affecting their fundraising.

Only 22 percent of religious organizations and 26 percent of arts and culture groups chose the economy as an important issue, far below the national figure (38 percent). Other practice settings saw at least 40 percent of respondents choose the economy as one of the three most important issues.

Chart 46: Fundraising Issue by Practice Setting, U.S.

	All U.S.	Arts & Cultural	Social Service	Education	Environmental*	Pub/Soc. Benefit	Health Related*	Religious*	Other
The economy	38.2	25.8	41.9	43.6	41.2	42.3	30.8	22.2	42.1
Reduction of foundation support	14.6	9.7	14.5	17.0	5.9	19.2	15.4	22.2	15.8
International issues (war in Iraq, terrorism)	4.7	1.6	4.8	3.2	5.9	11.5	0.0	0.0	8.8
Political Issues (presidential campaigns, etc.)	8.2	9.7	11.3	4.3	11.8	3.8	15.4	22.2	7.0
Reduction of corporate support and sponsorships	19.0	16.1	22.6	19.1	5.9	26.9	30.8	33.3	12.3
Too many nonprofits/increased competition for the charitable dollar	39.7	35.5	35.5	44.7	41.2	26.9	38.5	33.3	49.1
Cuts in federal and state/provincial budgets	15.7	9.7	6.5	28.7	0.0	26.9	15.4	22.2	10.5
Decrease in public confidence in charities	3.5	3.2	8.1	0.0	23.5	0.0	0.0	0.0	1.8
Aging, changing donor pool	17.8	21.0	11.3	17.0	29.4	19.2	23.1	0.0	19.3
Staffing issues in the development office	25.1	22.6	24.2	27.7	23.5	30.8	15.4	55.6	21.1
Problems with overall organizational leadership (board, volunteers, etc.)	21.3	30.6	22.6	14.9	17.6	26.9	7.7	22.2	22.8
Attracting, motivating and retaining donors	16.6	16.1	16.1	13.8	29.4	19.2	7.7	0.0	21.1
Brand awareness of charity and mission	22.7	22.6	22.6	21.3	17.6	15.4	46.2	55.6	19.3
Developing fundraising strategies and overall strategic planning	26.5	25.8	32.3	22.3	23.5	19.2	46.2	11.1	28.1

* Respondent pool of subsections too small to be statistically valid.

Canada

In Canada, the economy was only the seventh most often selected issue among respondents. “Too many nonprofits and increasing competition for the charitable dollar” was far and away the issue that most Canadian organizations were concerned about.

Twenty-four percent of respondents selected “too many nonprofits and increasing competition for the charitable dollar” as the one issue that most negatively affected fundraising in 2004. “Staffing issues in the development office” and “brand awareness of charity and mission” followed at 14 percent and 12 percent, respectively (see Chart 47).

In addition, “too many nonprofits and increasing competition for the charitable dollar” was the most commonly cited issue when most important, second-most important and third-most important responses were combined (46 percent). “Staffing issues” was

second with 36 percent, followed by “brand awareness of charity and mission” (35 percent), “problems with overall organizational leadership” (31 percent), “developing fundraising strategies and overall strategic planning” (29 percent) and “attracting, motivating and retaining donors” (25 percent). Twenty-three percent selected the economy.

“International issues” and “political issues” were the least likely issues to be cited, with each receiving 2 percent of overall responses. “Decrease in public confidence in charities” was mentioned by just 3 percent of Canadian respondents.

Chart 47: Fundraising Issue by Practice Setting, Canada

	All Canada	Arts & Cultural	Social Service	Education	Environmental*	Pub/Soc. Benefit	Health Related*	Religious*	Other
The economy	22.9	30.0	12.9	25.0	50.0	7.7	44.4	36.4	14.3
Reduction of foundation support	8.0	4.0	0.0	13.9	0.0	15.4	0.0	27.3	8.6
International issues (war in Iraq, terrorism)	2.1	0.0	6.5	0.0	0.0	7.7	0.0	9.1	0.0
Political Issues (presidential campaigns, etc.)	2.1	6.0	0.0	0.0	0.0	0.0	0.0	9.1	0.0
Reduction of corporate support and sponsorships	13.8	14.0	6.5	13.9	0.0	38.5	22.2	9.1	11.4
Too many nonprofits/increased competition for the charitable dollar	45.7	42.0	35.5	55.6	100.0	46.2	22.2	36.4	57.1
Cuts in federal and state/provincial budgets	11.7	20.0	9.7	11.1	0.0	7.7	22.2	18.2	0.0
Decrease in public confidence in charities	2.7	4.0	0.0	2.8	0.0	0.0	0.0	0.0	5.7
Aging, changing donor pool	17.0	14.0	6.5	22.2	100.0	15.4	33.3	18.2	17.1
Staffing issues in the development office	35.6	26.0	51.6	30.6	50.0	61.5	33.3	36.4	31.4
Problems with overall organizational leadership (board, volunteers, etc.)	30.9	32.0	35.5	33.3	0.0	46.2	22.2	18.2	25.7
Attracting, motivating and retaining donors	25.0	24.0	29.0	22.2	0.0	15.4	22.2	9.1	37.1
Brand awareness of charity and mission	34.6	34.0	48.4	30.6	0.0	23.1	44.4	27.3	34.3
Developing fundraising strategies and overall strategic planning	29.3	22.0	48.4	33.3	0.0	7.7	22.2	27.3	31.4

* Respondent pool of subsections too small to be statistically valid

Similar to the U.S. data, Canadian organizations in the “other” category and education groups were most likely to choose increased competition as an issue that most negatively affected fundraising (57 percent and 56 percent, respectively). Health (22 percent) and social service (36 percent) groups were least likely to be worried about that particular issue.

Public society/benefit (62 percent) and social service groups (52 percent) were the most likely to choose staffing issues as challenges in 2004. Arts and culture groups were the least likely (26 percent), followed by education organizations (31 percent).

A Growing Charitable Sector

Respondents from both Canada and the United States all agreed that the growing and increased competition for the charitable dollar was their biggest concern. The Internal Revenue Service reported this January that there are nearly 800,000 charitable organizations in the United States, double the number that existed in 1990. In Canada, the nonprofit sector comprises 12 percent of the country’s economically active population and 6.8 percent of the gross domestic product (GDP), according to the *Canadian Nonprofit and Voluntary Sector in Comparative Perspective* report released in April.

With these numbers, it is no wonder that the majority of respondents are concerned about increased competition. “Fundraisers need to pay more attention to what is going on in the entire world, particularly economic factors,” explained Jennifer Conroy, director of development of Sunny Hills Services in San Anselmo, Calif. “There is no longer the sense that there are big buckets of discretionary money for people to give away. I’ve been in fundraising for many years and, frankly, I see the funding environment getting tougher and tougher.”

The result? Cuts in staff and unfunded projects, and delays and reassigned duties for staff, said Deb Strubel, director of foundation relations for the Institute of American Values in New York. “Depending on project funding, we are always shuffling responsibilities and re-envisioning projects,” she explained. “Many for-profit employees will not put up with continual change and will seek more stable employment. In the nonprofit world, unstable funding may result in constant skimming off of top talent.”

While the number of nonprofits continues to increase at a steady rate, some respondents are forced to revamp existing staff and seek outside input from development committees. Others plan to devote significantly much more time to individual donor cultivation. As Conroy observed, “Only those fundraisers who are very focused and driven to succeed will in fact succeed.”

Optimism and Predictions for 2005

In the *State of Fundraising 2003* survey, more than 66 percent of both U.S. and Canadian respondents expected to raise more funds in 2004 than in 2003. The 2004 survey found that fundraisers have similar levels of optimism for 2005.

Seventy-two percent of American respondents expect to raise more funds in 2005 than they did in 2004. Twenty-two percent estimate they will raise about the same amount, and 6 percent expect to raise fewer funds (see Chart 48).

Health organizations (91 percent) are the most optimistic about raising more funds in 2005 than in 2004, although there are so few respondents in that practice setting that the data is not scientifically valid. Respondents in the “other” category (75 percent) and education groups (72 percent) are also very optimistic. The lowest level of optimism exists with environmental organizations, although the figure (64 percent) is still high.

Chart 48: 2005 Fundraising Expectations, U.S.

	All U.S.	Arts & Cultural	Social Service	Education	Environmental*	Pub/Soc. Benefit	Health Related*	Religious*	Other
Will Raise Less Funds in 2005 than in 2004	5.6	3.3	8.1	6.4	0.0	3.8		11.1	7.0
About the Same	22.6	28.3	21.0	21.3	35.3	26.9	8.3	22.2	17.5
Will Raise More Funds in 2005 than in 2004	71.8	68.3	71.0	72.3	64.7	69.2	91.7	66.7	75.4

* Respondent pool of subsections too small to be statistically valid.

In Canada, 65 percent of respondents predict increases in the amount of money they will raise in 2005 compared to 2004 (see Chart 49). Twenty-five percent hope to raise about the same level of funding, and 10 percent estimate they will raise fewer funds.

Religious groups (73 percent) and education organizations (72 percent) are the most optimistic, while arts and culture respondents were least likely to predict a 2005 increase (60 percent).

Chart 49: 2005 Fundraising Expectations, Canada

	All Canada	Arts & Cultural	Social Service	Education	Environmental*	Pub/Soc. Benefit	Health Related*	Religious*	Other
Will Raise Less Funds in 2005 than in 2004	10.2	16.0	19.4	2.8	0.0	7.7	0.0	0.0	8.6
About the Same	24.6	24.0	19.4	25.0	0.0	23.1	33.3	27.3	28.6
Will Raise More Funds in 2005 than in 2004	65.2	60.0	61.3	72.2	100.0	69.2	66.7	72.7	62.9

* Respondent pool of subsections too small to be statistically valid.

Challenges and 2005 Predictions

Survey respondents were invited to share their thoughts on the biggest challenges and positive issues influencing their fundraising efforts in 2004, as well as predictions of top challenges or trends—either positive or negative—they expect to face in 2005. Common themes emerged from the issues mentioned in the more than 500 comments from fundraising professionals in both the United States and Canada who responded to the survey.

Competition from other nonprofits

Competition with other charities remained a major issue for organizations in the United States and Canada, with many respondents anticipating that the already intense competition for donors and funds would continue into 2005.

One U.S. respondent stated that the biggest challenge for organizations is “competition with other local charities for philanthropic dollars,” echoing the common perception that there are “too many competing charities in our community providing similar services and approaching the same donor bases.”

Canadian respondents voiced the same concerns, one citing “donor fatigue” as a major issue in fundraising. With “so many campaigns...our donors are tired of being asked, are tired of being invited to events.”

The competition seems to have hit a high point, threatening to disrupt the existence of some charities. As one respondent noted, “The explosion of nonprofits and the related decrease in federal and state support has created an increasingly competitive fundraising environment. We will either survive or die a slow death.”

Economy

The state of the economy proved to be another major concern for nonprofits. Although some expressed confidence in the economy, most U.S. and Canadian respondents believed that current economic conditions, combined with federal and local budget cuts, would continue to be a hindrance throughout the upcoming year.

The state of the U.S. economy was cited as having a negative affect on donors, making “people nervous to commit to a gift, [as] they are unsure of their jobs.”

The nation’s struggling economy is not only impacting individual donors, but as one respondent noted, “Our area is losing businesses on a regular basis and this is having an impact on leadership gifts [and] sponsorships.”

Federal budget cuts were also widely cited as the greatest challenge of the year. One respondent explained, “We are an agency that depends on state funding for contracted services. As these dollars are cut or reduced it impairs our ability to market our programs and puts instability in our programs which puts some donors in a wait and see attitude.”

Canadians continued to feel the strain of a slow economy as well. One respondent expressed concern about the affect of the American economy on Canadian organizations, stating, “As over 80 percent of our funding comes to Canada from the U.S. the decline in the American dollar is killing us. In 2004 we lost over \$200,000 in currency exchange and we expect this to get worse in 2005.”

The “increasing cost of living and therefore less dollars to share” was another concern voiced by Canadian respondents.

Leadership and Staff

Staffing issues were among the most frequently mentioned in the survey, both positively and negatively.

Many respondents worried about an increase in staff turnover, commenting, “Staffing—it is a vicious cycle. We need to raise more money to hire more staff but without the staff we are unable to increase giving.” While others worried about not “having enough staff to reach our goals.”

Despite concerns about small staffs or turnover, many respondents expressed satisfaction with the quality of their staffs. “The longevity of the staff and the relationships we have with donors will continue to have a positive impact on our bottom line,” said one respondent. “I am a firm believer in the positive power of long term relationships.”

Another was confident in the impact of new leadership, stating “new staff will make a difference in the future.”