THE STATE OF NONPROFIT FUNDRAISING

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your passion › our purpose

SESSION GOALS

- To provide insight into
  - What's happening in the fundraising market today,
  - What the future holds,
  - How organizations think about their donors
  - Who is giving to museums and cultural organizations, and
  - Where we go from here.

For years we have said The Data is the Difference

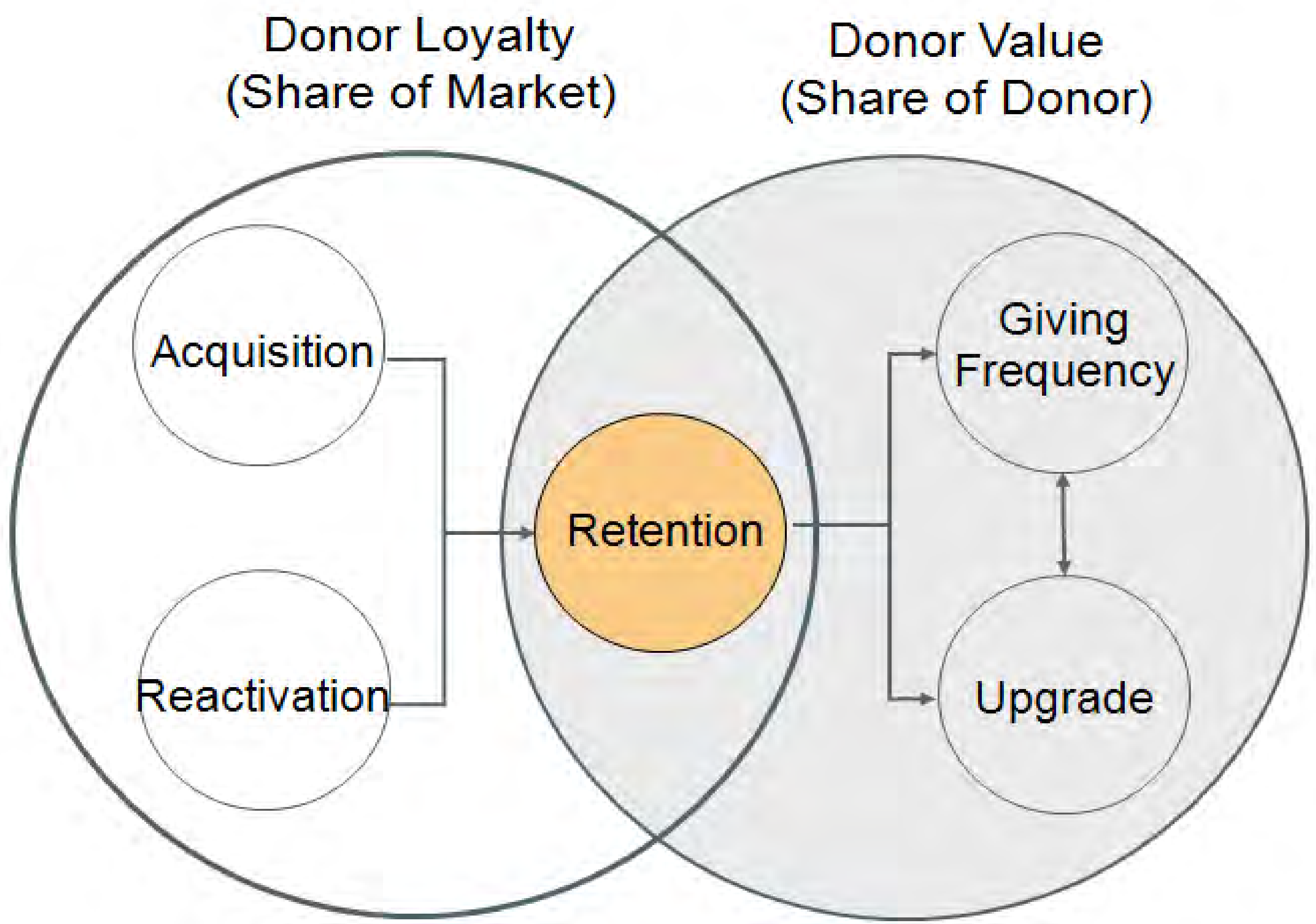
Today we would say *The Donor is the Difference*

Fundraising is collecting on a public good.

Our organizations provide services and create good for our communities.

It is our job as fundraisers to collect on that good.

DONORCENTRIC VIEW



CAF Charities Aid Foundation

Worldview.gallup.com
March 2010

	World Giving Index	World Giving Index % score	% giving money	% giving time	% helping a stranger
Australia	1	57%	70%	38%	64%
New Zealand	1	57%	68%	41%	63%
Canada	3	56%	64%	35%	68%
Ireland	3	56%	72%	35%	60%
Switzerland	5	55%	71%	34%	60%
USA	5	55%	60%	39%	65%
Netherlands	7	54%	77%	39%	46%
United Kingdom	8	53%	73%	29%	58%
Sri Lanka	8	53%	58%	52%	50%
Austria	10	52%	69%	30%	58%
Lao People's Democratic Republic	11	50%	64%	32%	53%
Sierra Leone	11	50%	29%	45%	75%
Malta	13	48%	83%	21%	40%
Iceland	14	47%	67%	26%	47%
Turkmenistan	14	47%	17%	61%	62%
Guyana	16	45%	36%	33%	67%
Qatar	16	45%	64%	18%	53%
Hong Kong	18	44%	70%	13%	50%
Germany	18	44%	49%	28%	56%
Denmark	18	44%	67%	20%	45%
Guinea	18	44%	28%	42%	61%
Guatemala	22	43%	46%	33%	51%
Trinidad and Tobago	22	43%	45%	25%	60%
Myanmar	22	43%	36%	40%	52%
Thailand	25	42%	73%	18%	36%

POTENTIAL DONORS

202 million adults in the US

60% give

121 million donors

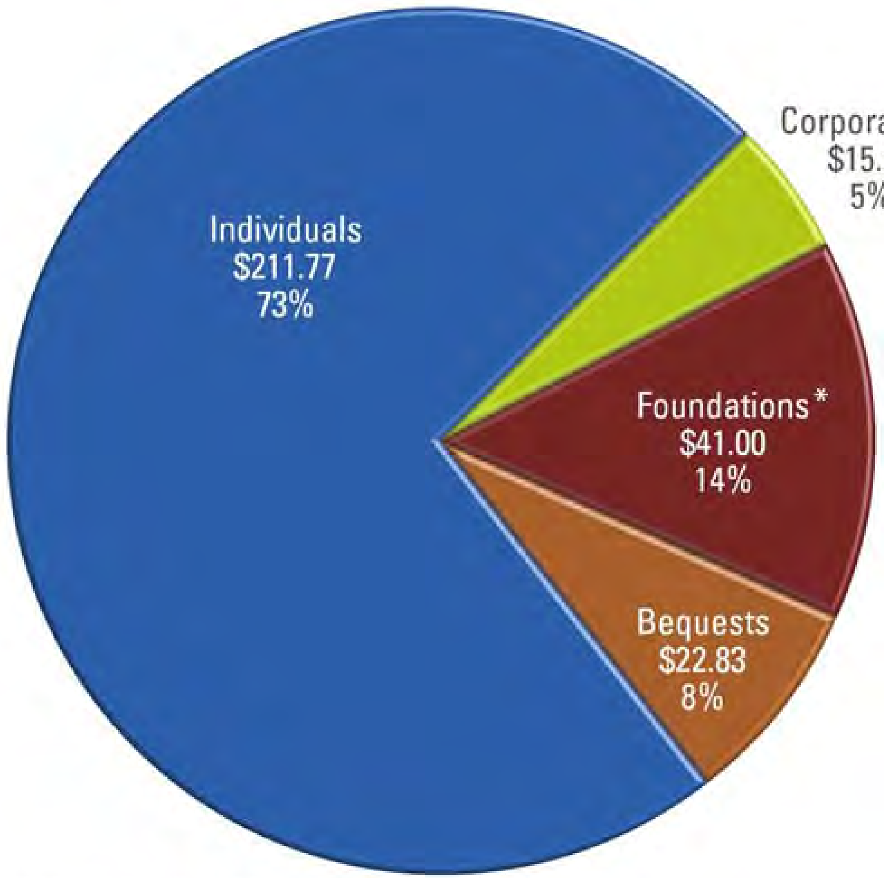
Unlikely to expand the pool of donors in the US

By Sector

Advocacy	7%	Health	42%
Animal Welfare	4%	Human Services	6%
Cultural	1%	Public Broadcast	3.5%
Environment	12%	International Relief	8%

2010 CHARITABLE GIVING TOTAL = $290.89 BILLION

($ in billions – All figures are rounded)



Includes rounding to get to 100%
*Estimate developed jointly by the Foundation Center and *Giving USA*

SOURCES OF CONTRIBUTIONS, 2010

Total giving = $290.89 billion.

Increase of 3.8 percent

Individuals remain the single most important source.

Individuals + charitable bequests = 81 percent of total.

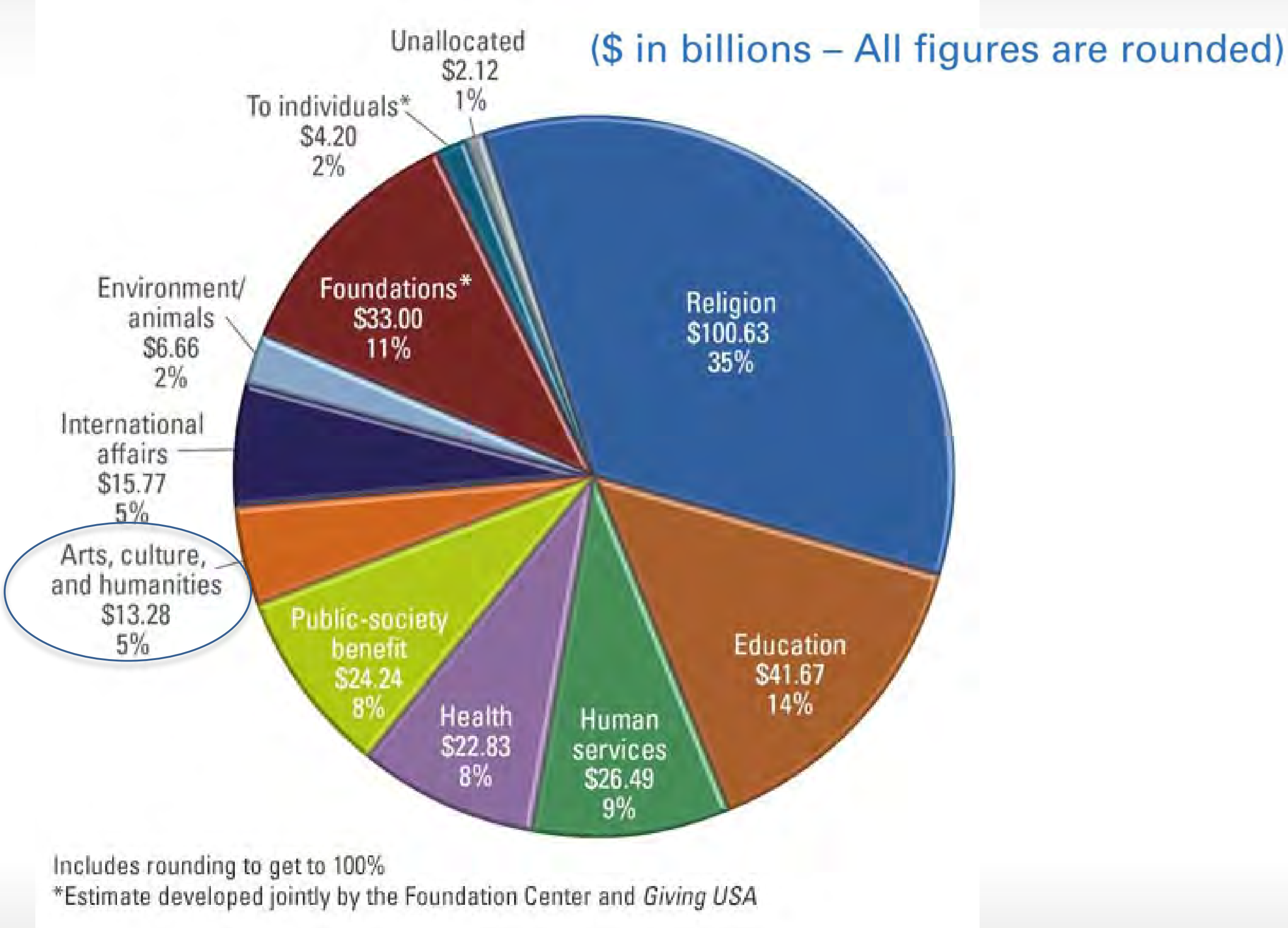
Foundation grantmaking = 14 percent of the total.

- About three-fifths of independent foundation giving is from family foundations.

Individual + Bequest + Family Foundations = **87 percent**.

Corporate giving is an estimated 5 percent of the total.

TYPES OF RECIPIENTS OF CONTRIBUTIONS, 2010
TOTAL = $290.89 BILLION



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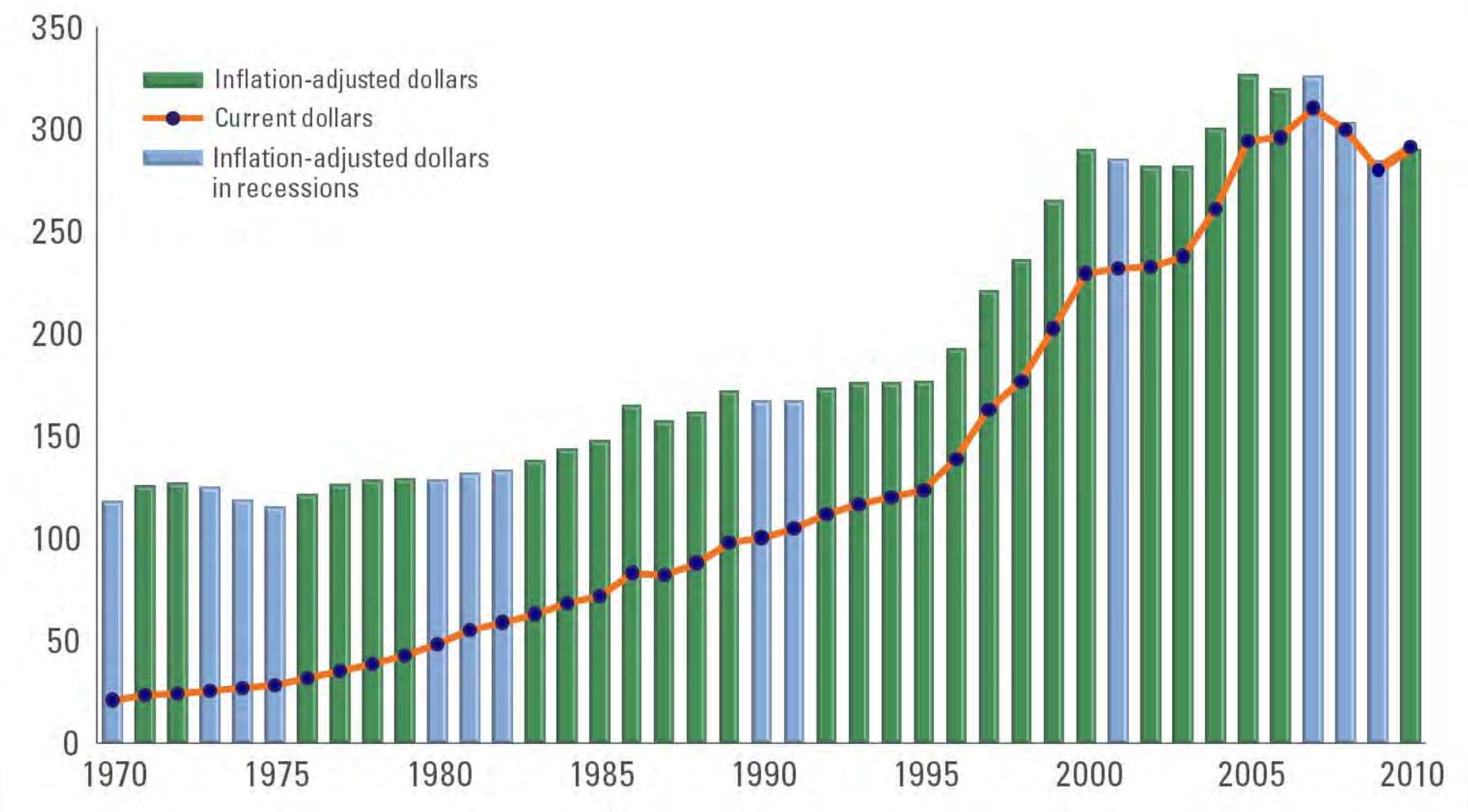
TOTAL GIVING, 1970–2010

($ in billions)



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TOTAL GIVING, 1970–2010

Giving grows more slowly—or declines adjusted for inflation—in recession years.

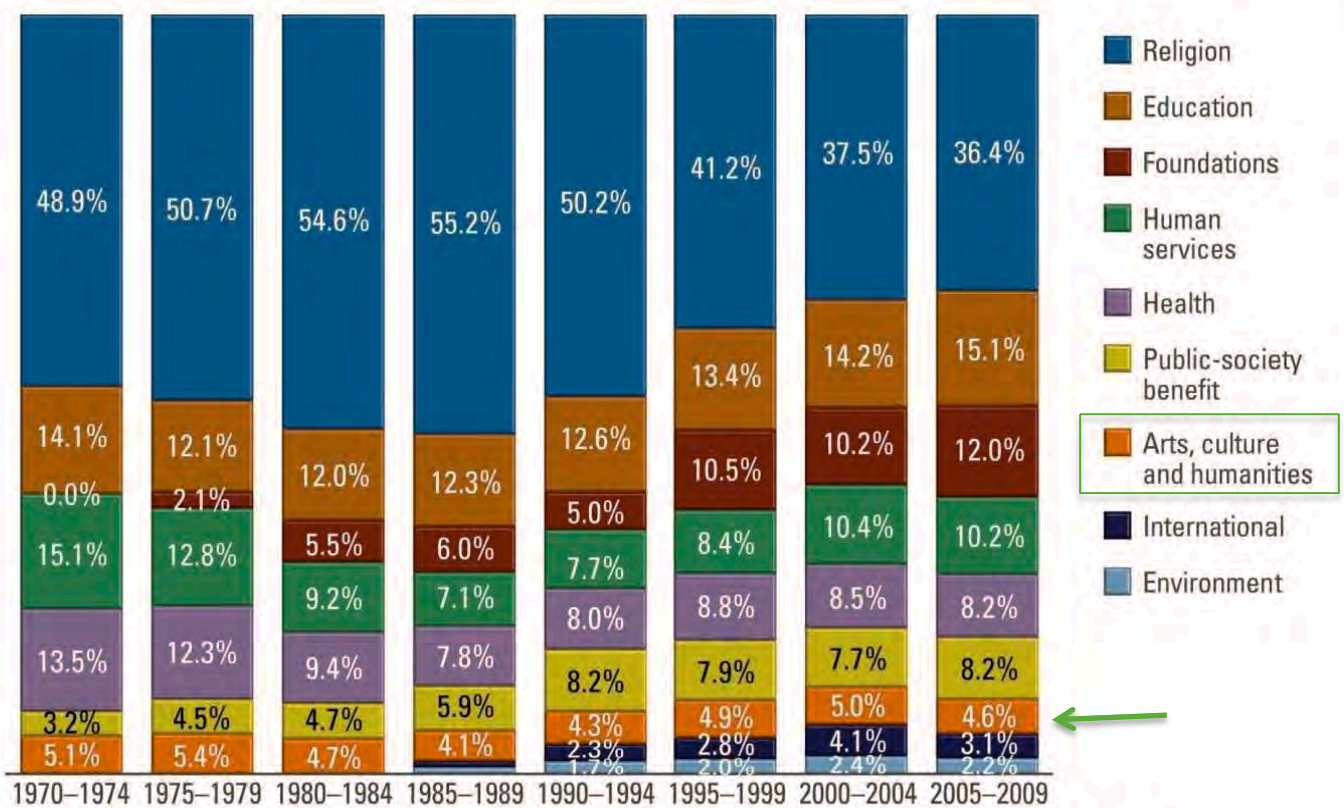
In 2008, total giving fell 7.0 percent adjusted for inflation. This is the worst result on record; 2009 follows with a decline in total giving of 6.2 percent, adjusted for inflation.

2010's inflation-adjusted increase of 2.1 percent is promising but does little to address the overall drop of approximately 13 percent in giving (adjusted for inflation) **over the years of the current recession.**

History suggests giving will increase as the economy improves.

SHARE OF TOTAL GIVING.

Giving by type of recipient as a percentage of total giving Five-year spans; does not include "unallocated"



Note: Data began in 1978 for foundations and in 1987 for environment/animals and international affairs.

Source: *Giving USA Foundation*™ / **Giving USA 2010**

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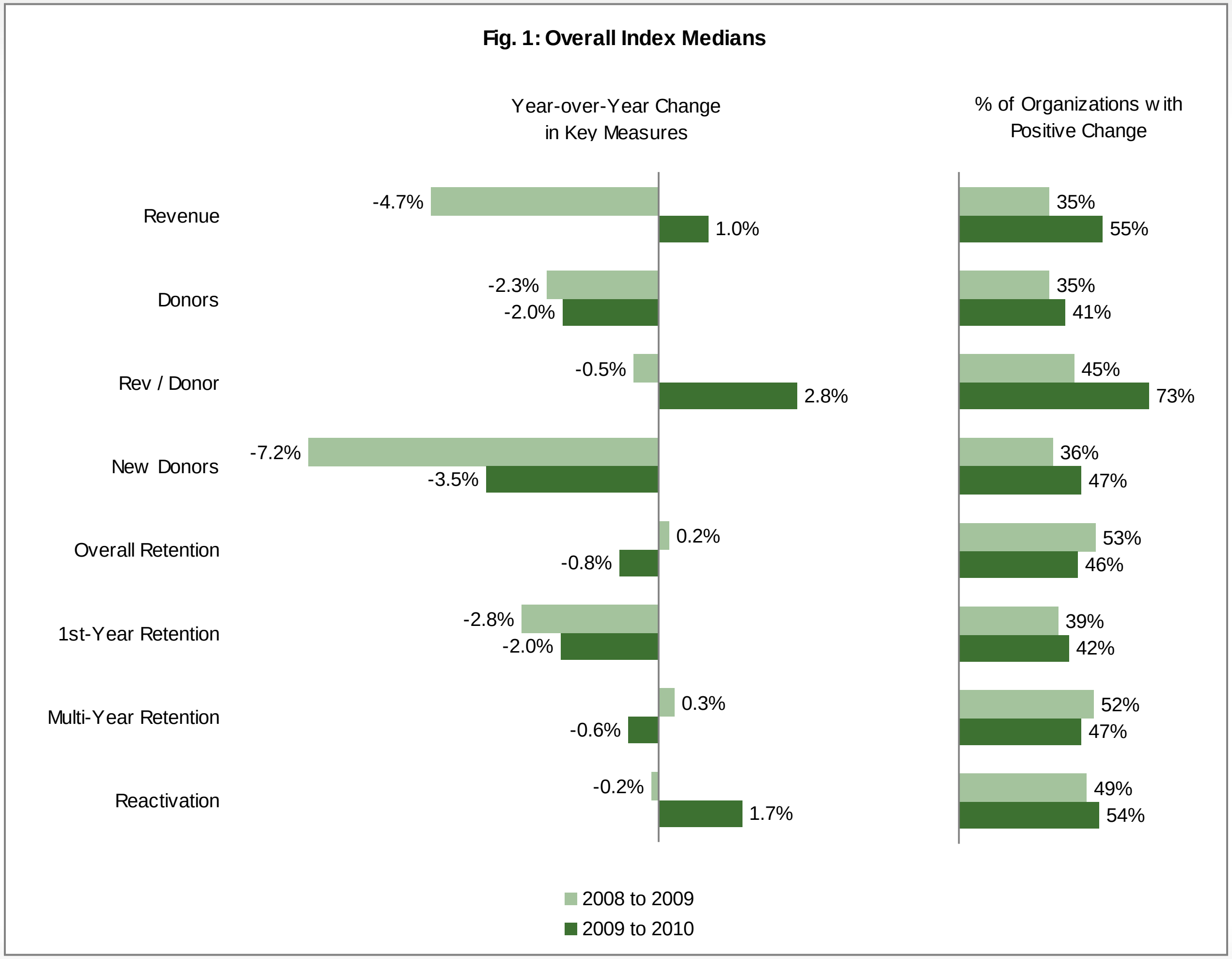
WHERE ARE WE IN 2011?
– THE FUNDRAISING LANDSCAPE IN THE LAST 12 MONTHS

Index of National Fundraising Performance

- 80+ national non-profit organizations
- Organizations have 100,000+ active (0-12 month) donors
- Direct marketing giving (mail, telemarketing, web, canvassing – not events)
- High dollar gifts excluded
  - Calendar Year 2010 – gift cap of $5,000
  - Calendar Year 2011 – gift cap of $10,000
- Robust data set
  - Calendar Year 2010 – 39 million donors and more than 81 million gifts totaling over $2.5 billion in revenue

2010 NATIONAL INDEX



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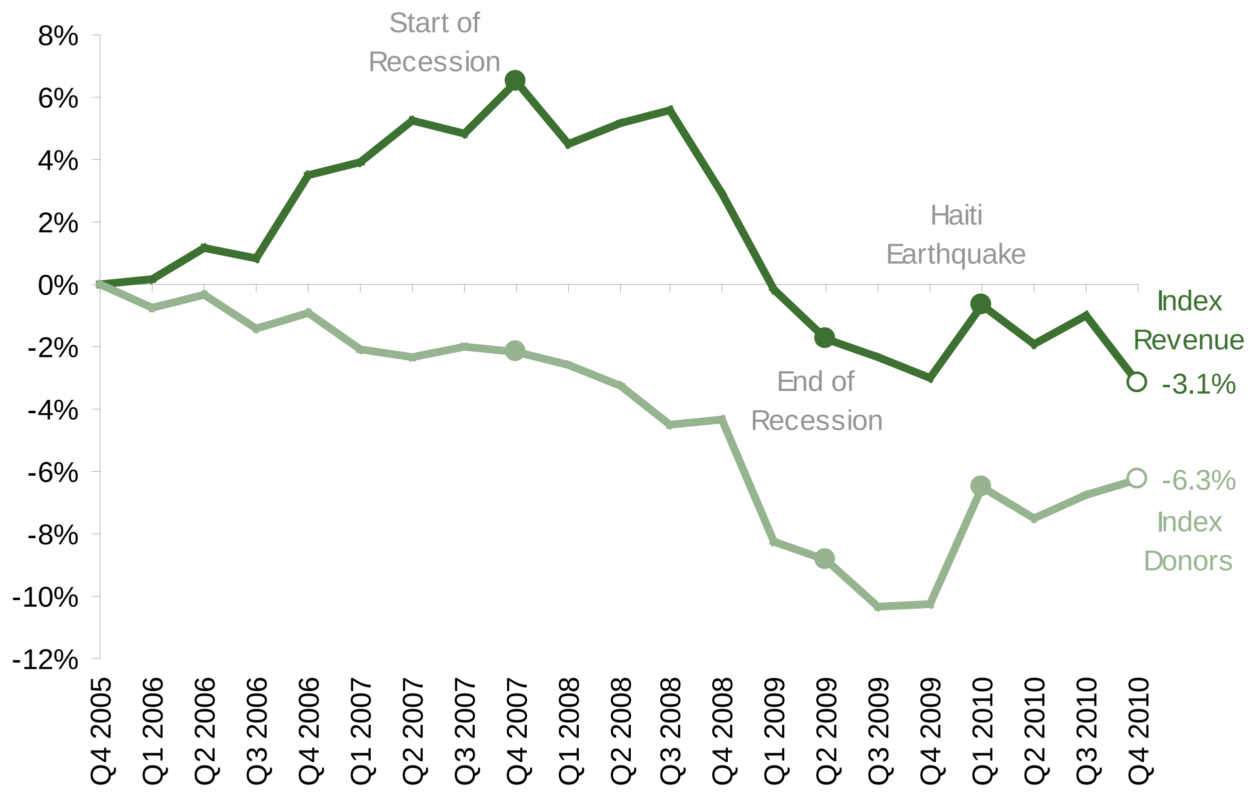
2010 NATIONAL INDEX

Fig. 4: Five-Year Overall Index Revenue and Donor Trends
Cumulative Rolling 12-Month Median Change from Q4 2005



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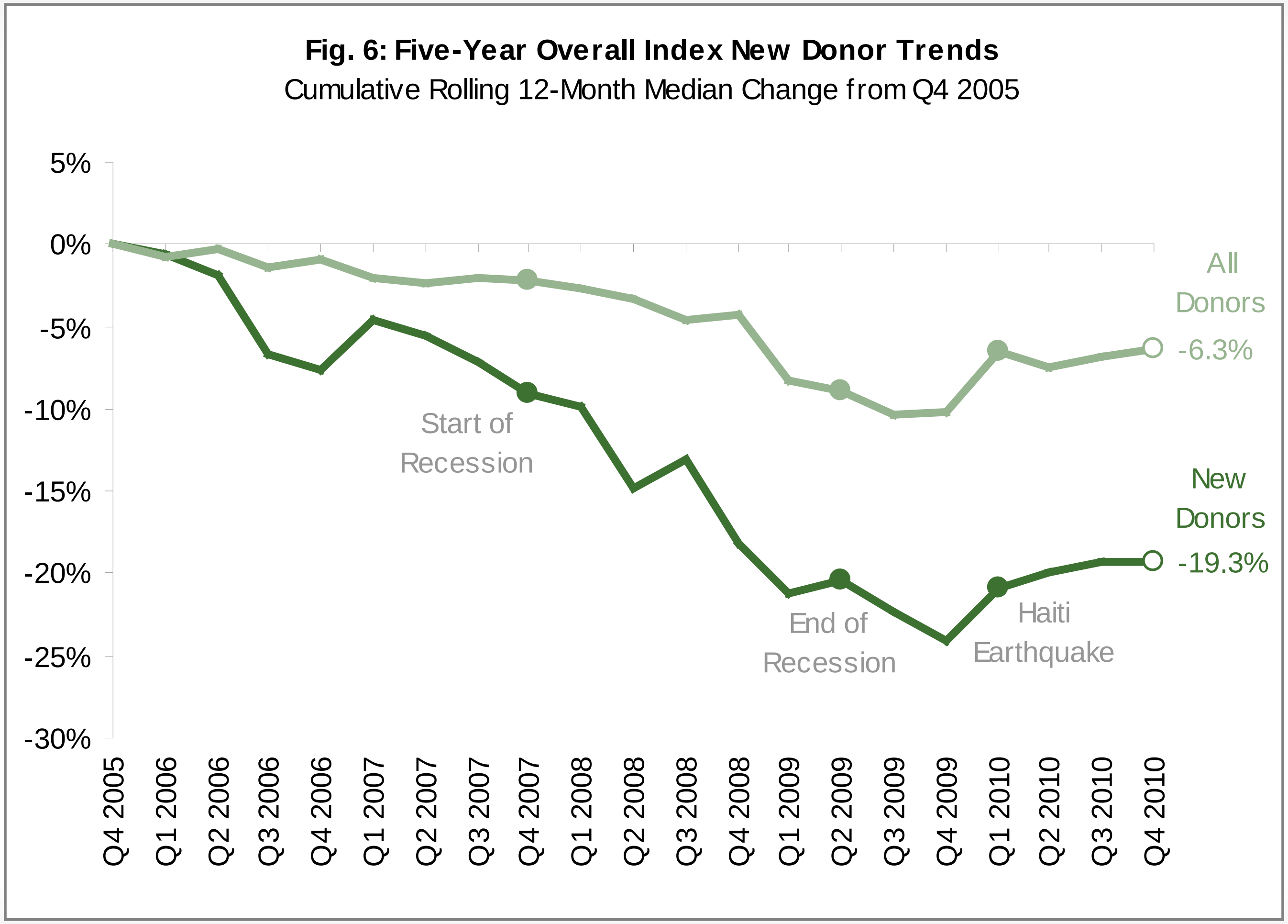
2010 NATIONAL INDEX



2010 NATIONAL INDEX

Fig. 24: Arts & Culture Sector Medians
Year-to-Date Change in Key Measures

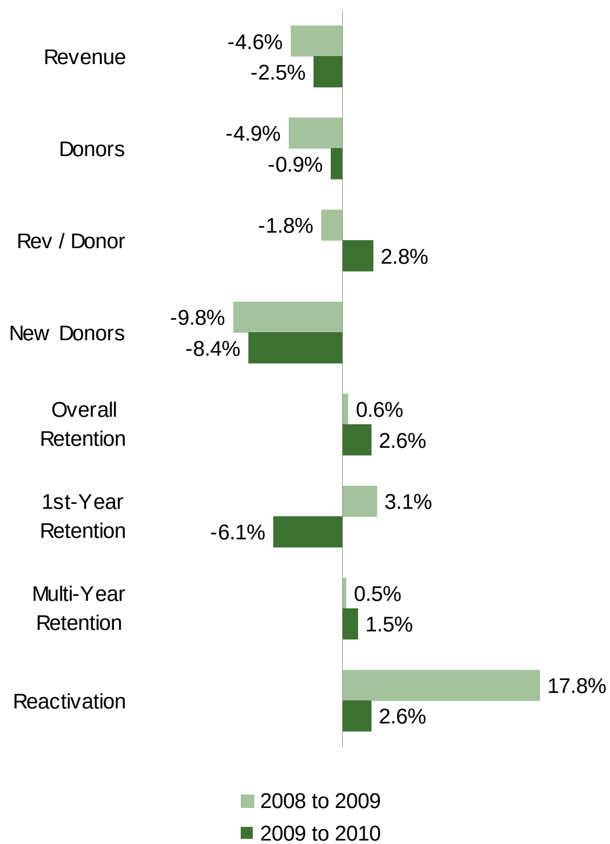
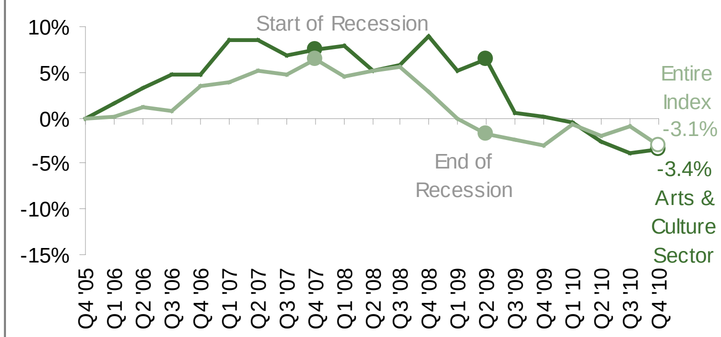
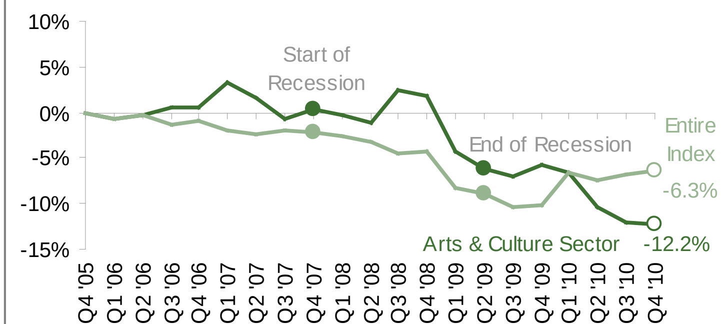


Fig. 25: Five-Year Arts & Culture Revenue Trends
12-Month Quarter-End Median Change from Q4 2005



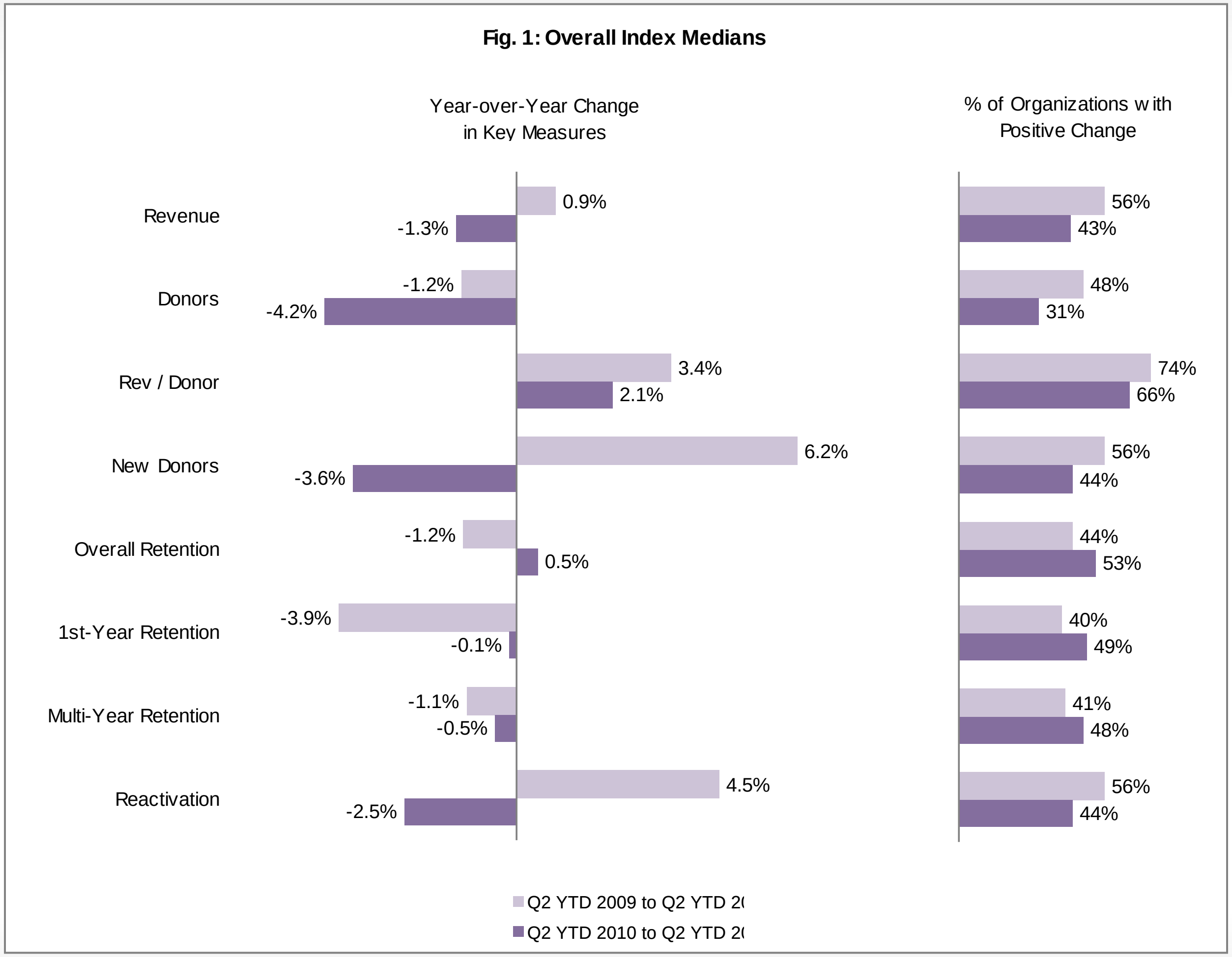
Each data point is the median change in revenue for the 12 months ending in that quarter from the 12 months ending in Q4 2005.

Fig. 26: Five-Year Arts & Culture Donor Trends
12-Month Quarter-End Median Change from Q4 2005

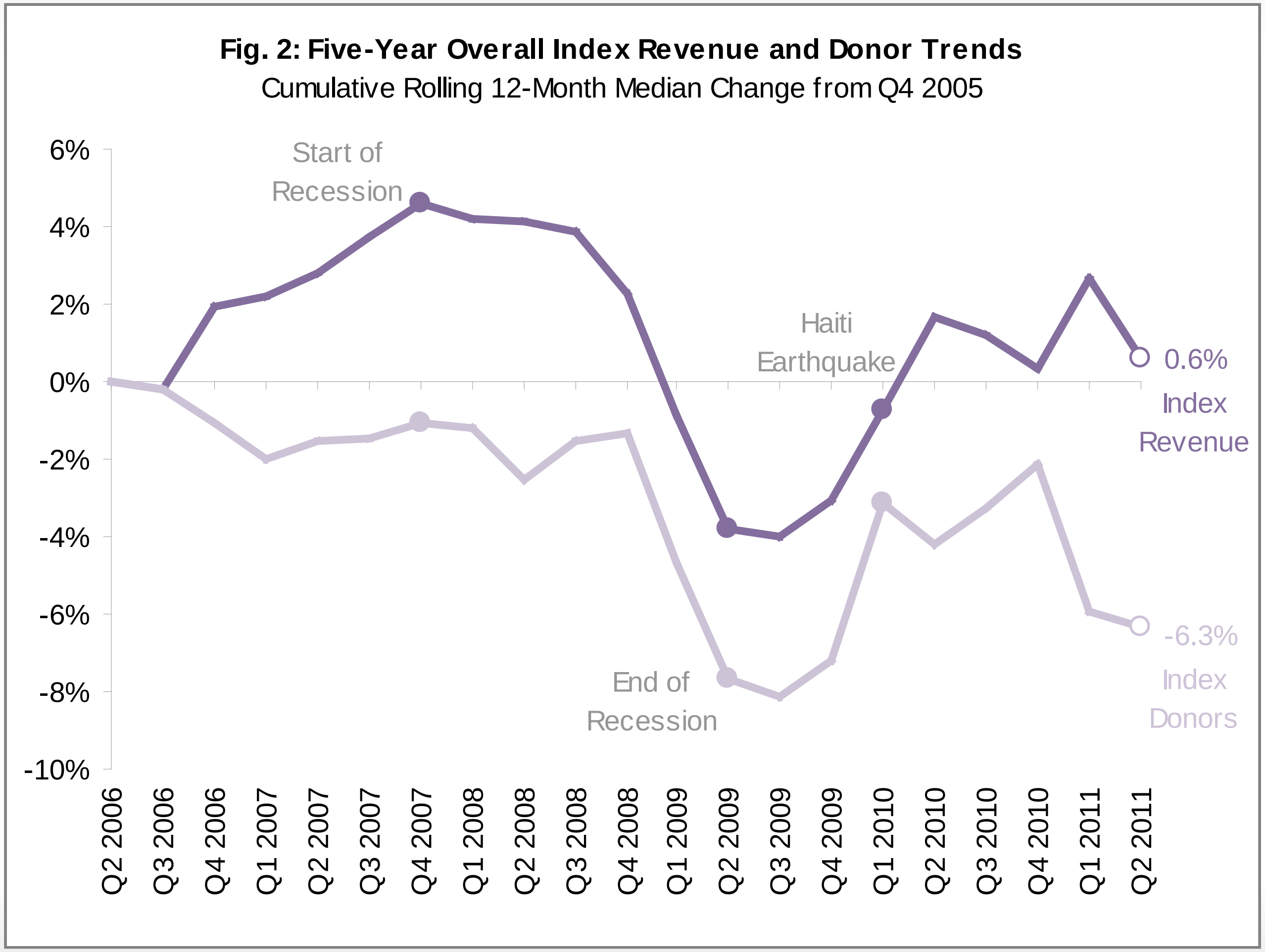


Each data point is the median change in donors for the 12 months ending in that quarter from the 12 months ending in Q4 2005.

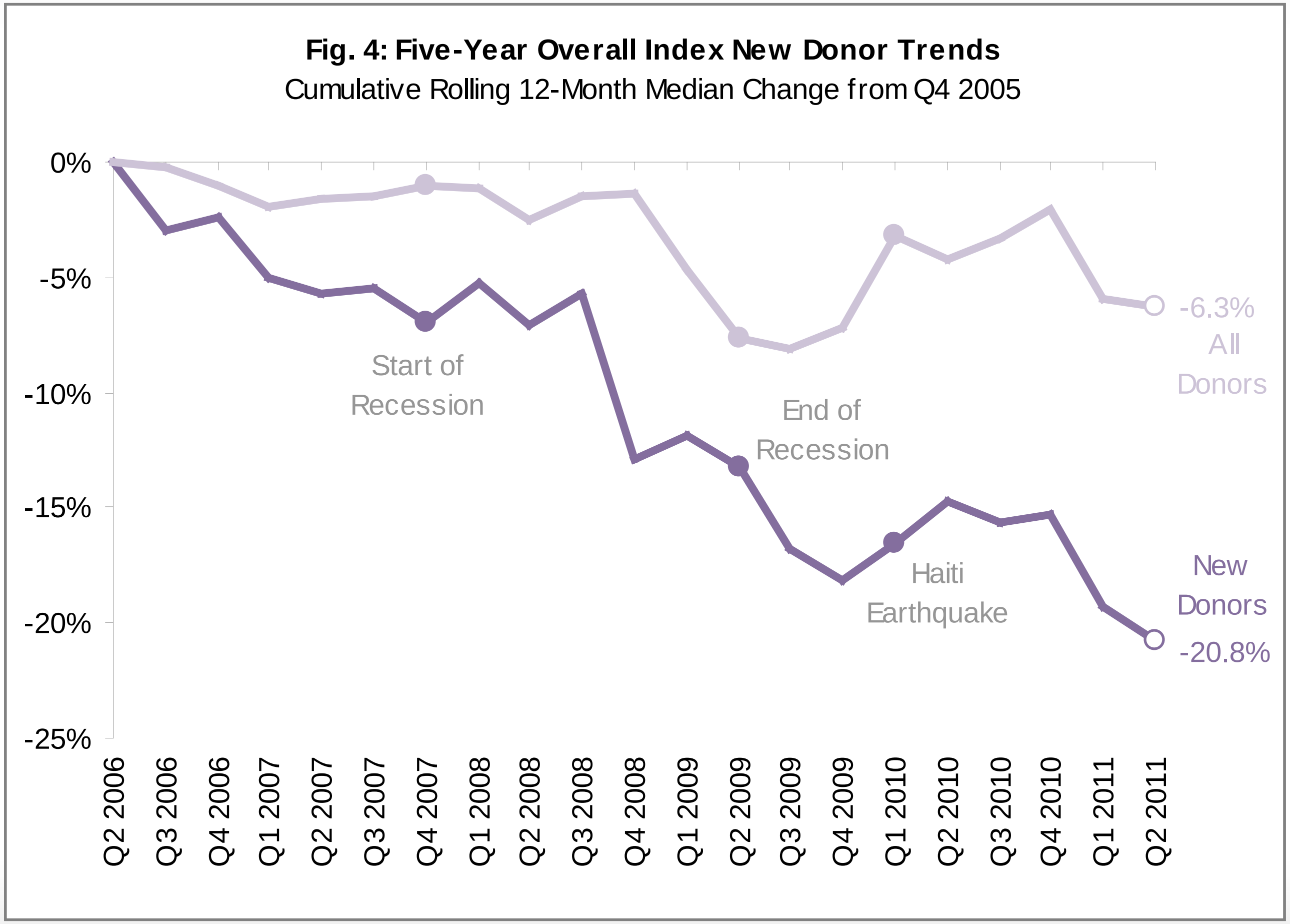
2011 NATIONAL INDEX THROUGH JUNE



2011 NATIONAL INDEX THROUGH JUNE



WHERE ARE WE IN 2011? – THE FUNDRAISING LANDSCAPE IN THE LAST 12 MONTHS



2011 NATIONAL INDEX THROUGH JUNE

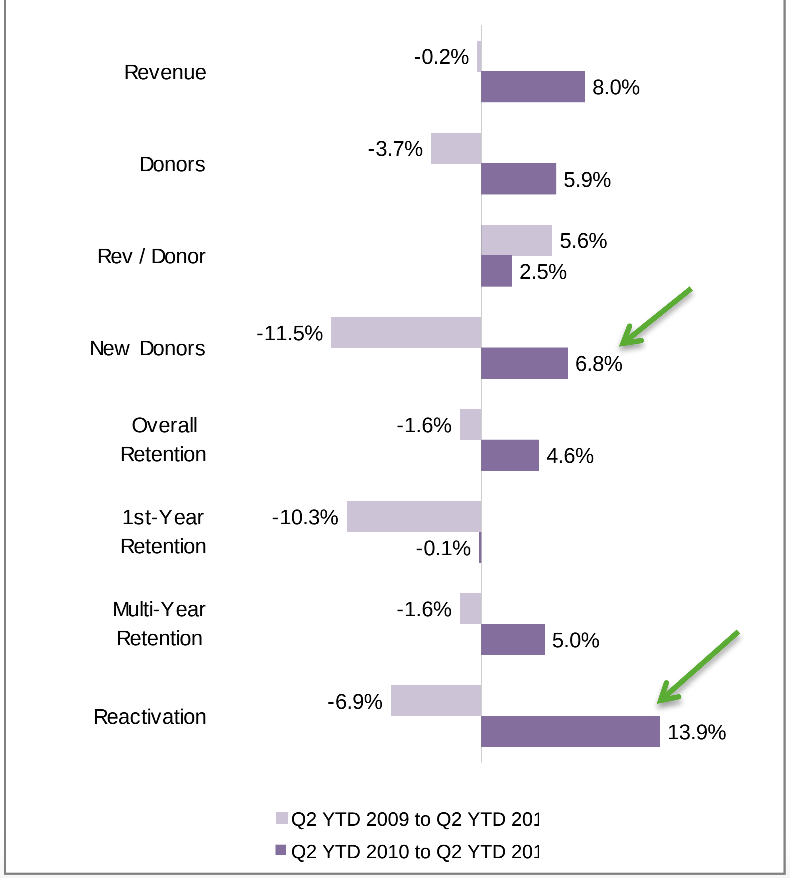


Fig. 12: Arts & Culture Sector Medians
Year-to-Date Change in Key Measures

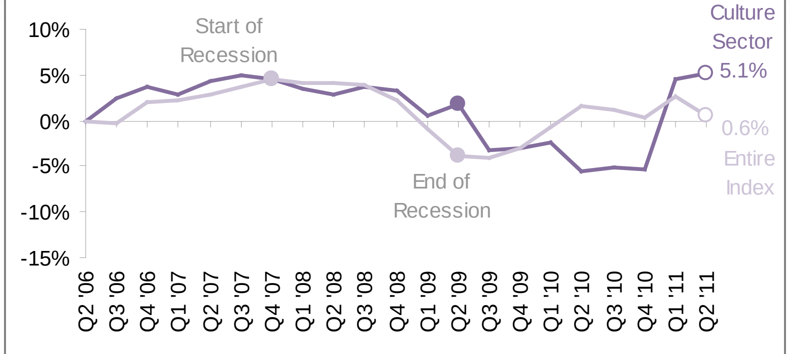


Fig. 13: Five-Year Arts & Culture Revenue Trends
12-Month Quarter-End Median Change from Q2 2006

Each data point is the median change in revenue for the 12 months ending in that quarter from the 12 months ending in Q2 2006.

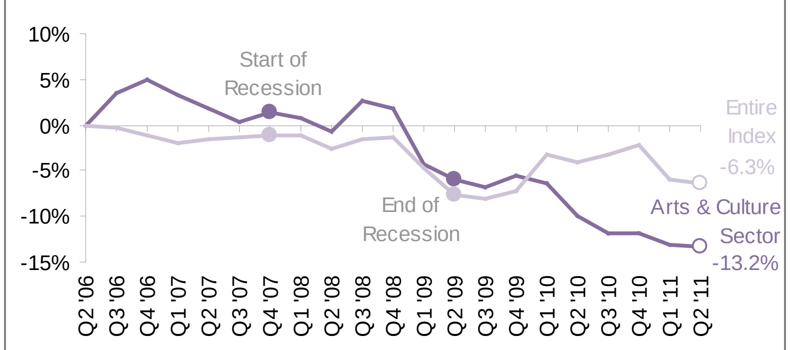
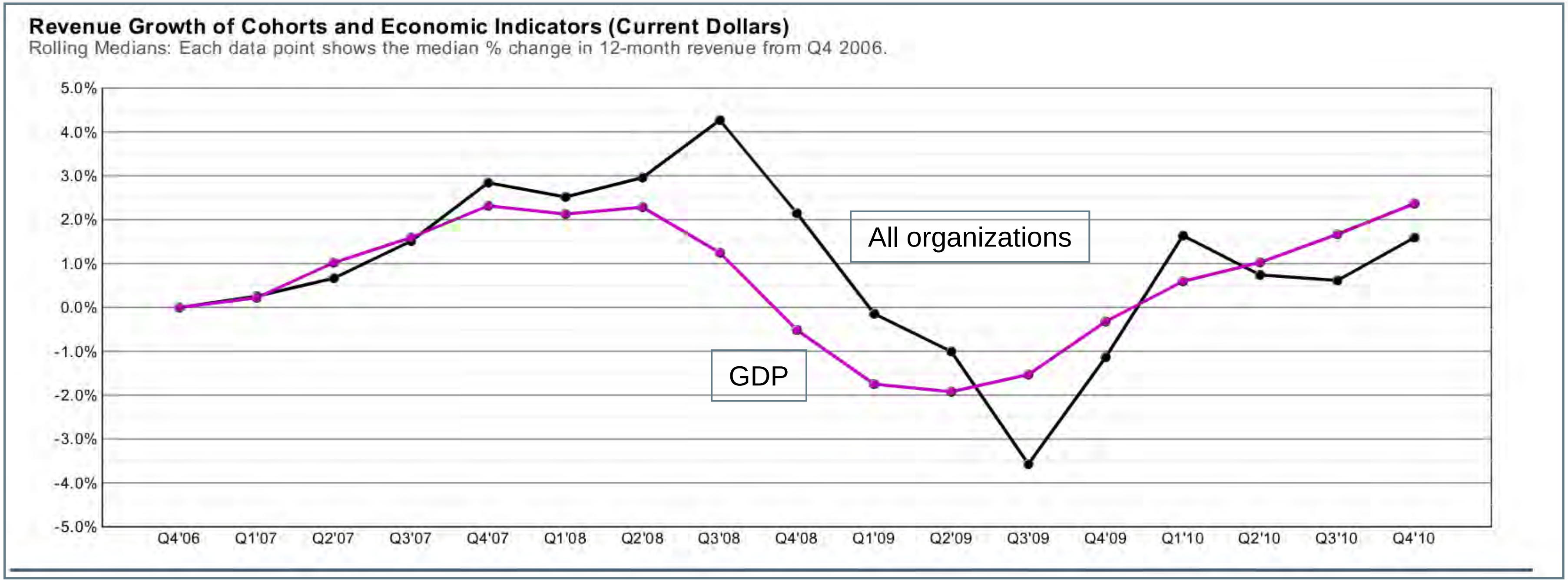


Fig. 14: Five-Year Arts & Culture Donor Trends
12-Month Quarter-End Median Change from Q2 2006

Each data point is the median change in donors for the 12 months ending in that quarter from the 12 months ending in Q2 2006.

ECONOMIC INDICATORS



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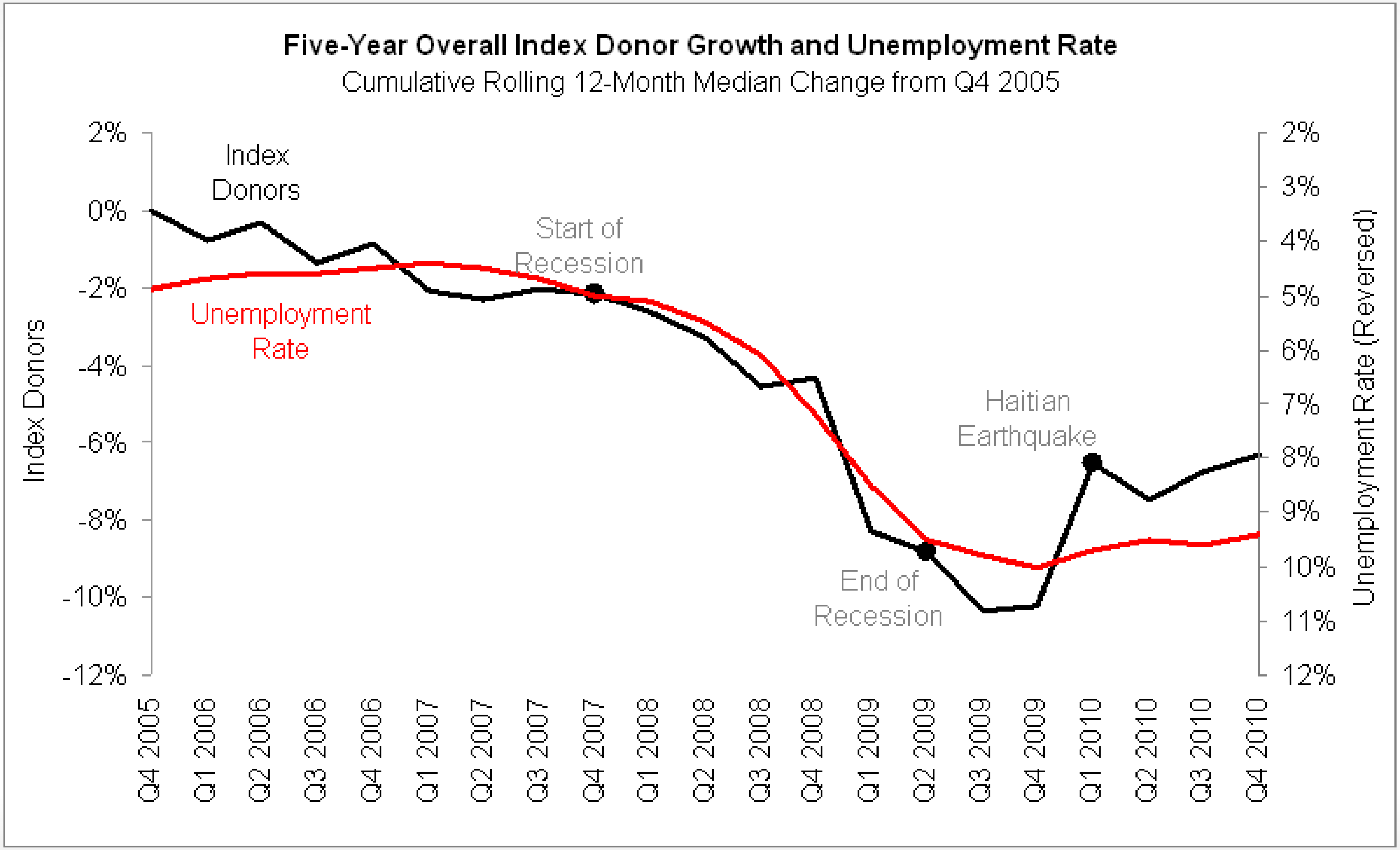
ECONOMIC INDICATORS



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ECONOMIC FORECAST DATA

Global MONITOR

the coming together of
Henley Centre HeadlightVision
and Yankelovich

Drivers, impacts and uncertainties

Given that many countries seem to be in a fairly fragile state of low-speed recovery, we need to focus our attention on the risk factors that could exert most influence on the future outlook. Sustained recovery could still be derailed by any one or combination of the following drivers of change:

1. Financial instability of the Eurozone
2. Economic fallout from the Japanese disaster
3. Higher oil prices
4. Tightening of monetary policy

ECONOMIC FORECAST DATA

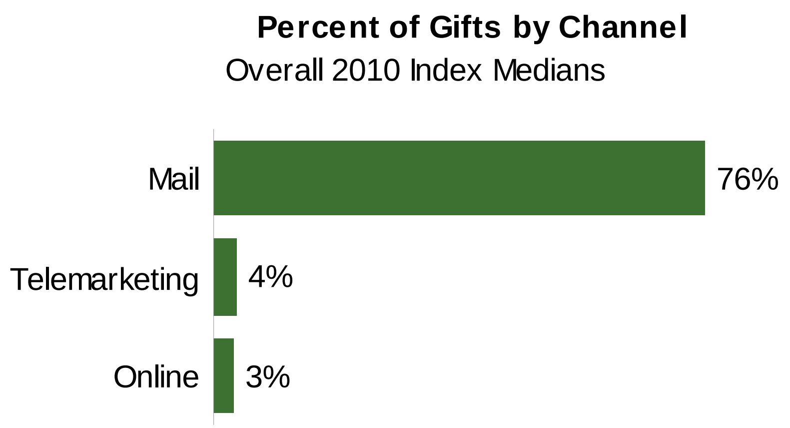
Driver	Impact on ...	Score 1-10
Financial instability of the Eurozone	Eurozone economies Global economy	10 10
Economic fallout of the Japanese disaster	Japan Global economy	10 5
Rising oil prices	Global economy	9
Tightening of monetary policy	Global economy	7

ECONOMIC FORECAST DATA – SEPTEMBER 2011

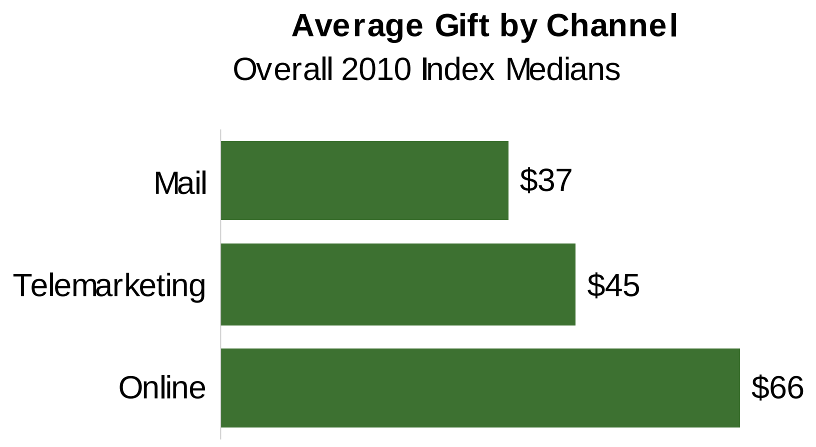
USA

- Revised GDP figures indicate a much weaker economy than previously thought.
- Growth of 1.3% (at an annual rate) was recorded in quarter two 2011.
- Dealing with the debt burden will be a key priority for policymakers. We have lowered our forecast for growth to 1.8% in 2011 and 2.3% in 2012 and 2013.

SOURCES OF GIVING



All other channels combined made up 17% of gifts in 2010.



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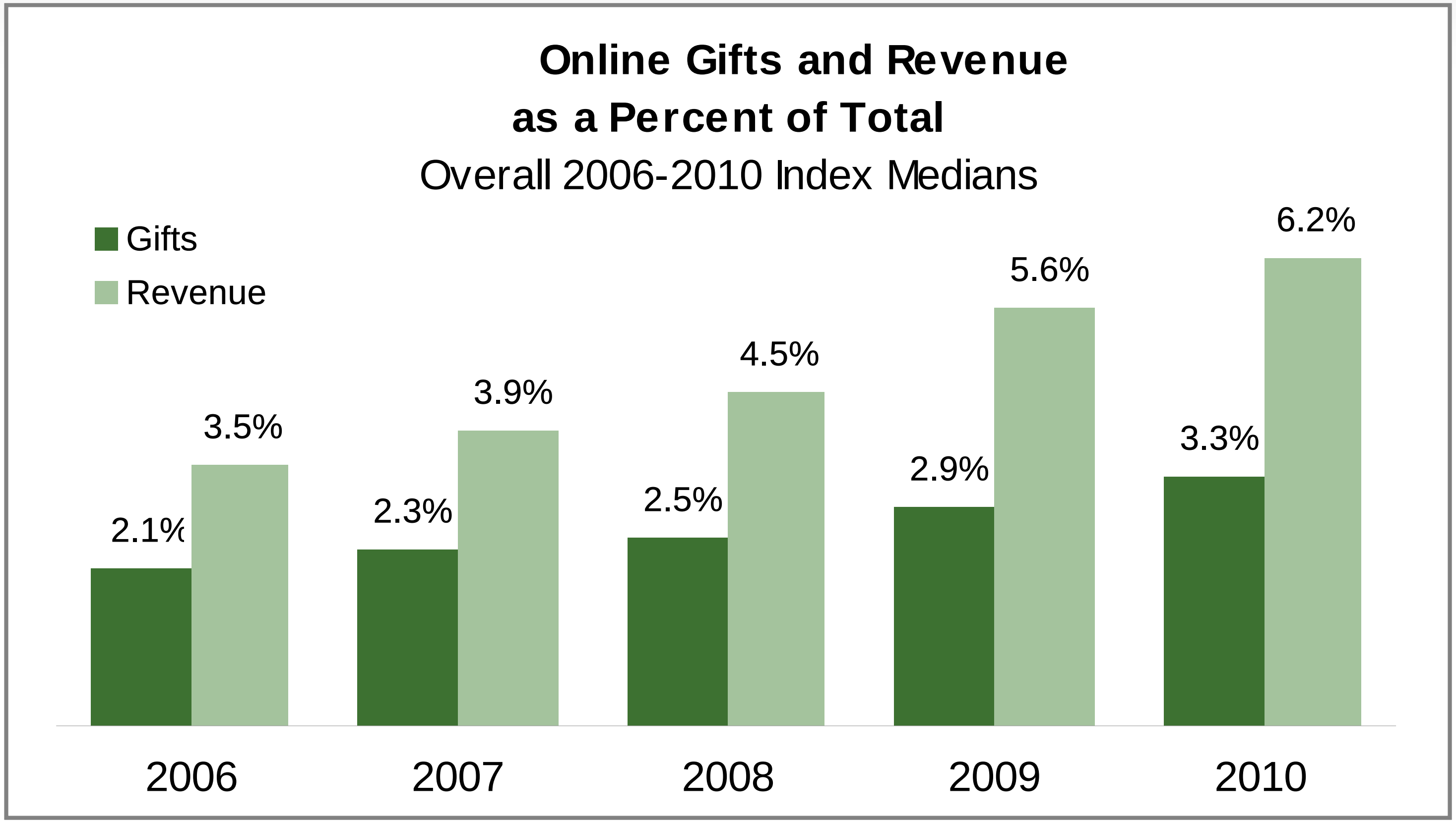
SOURCES OF GIVING



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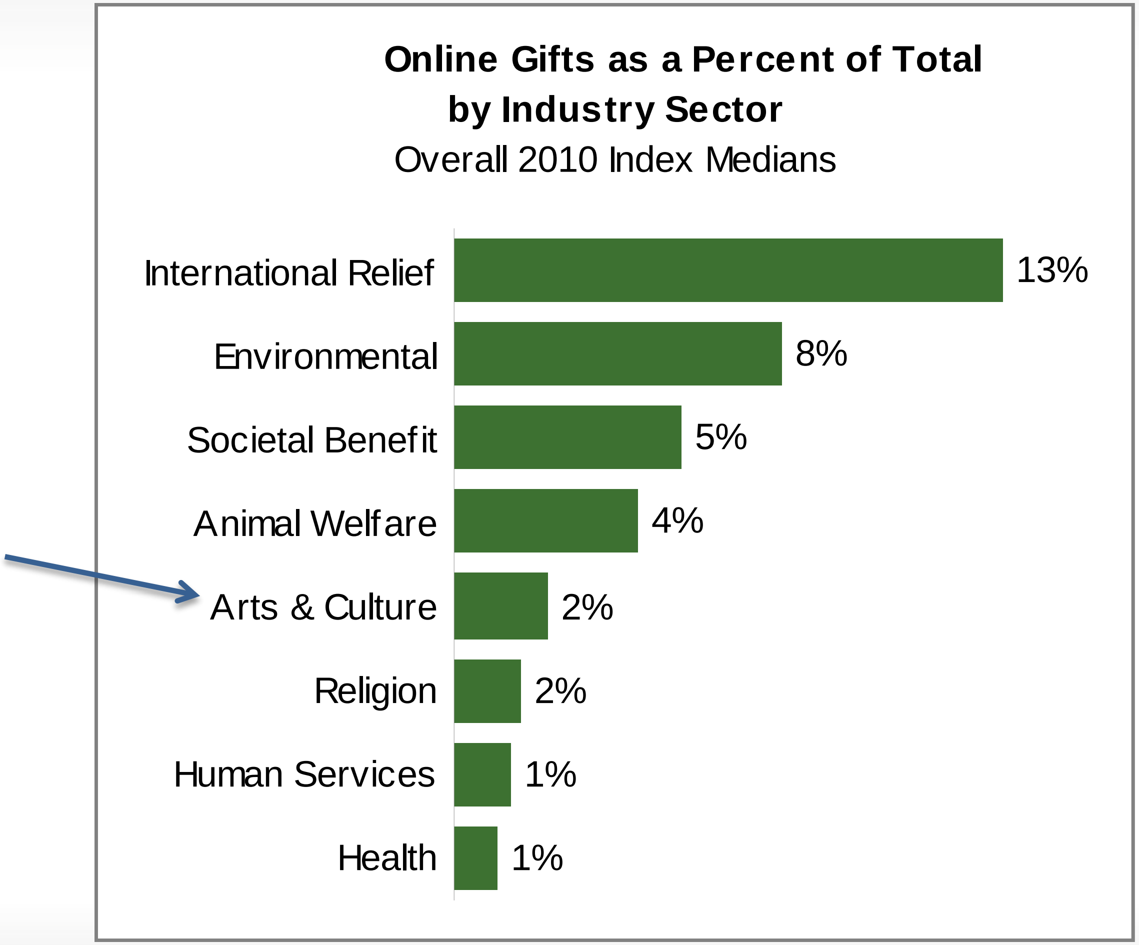

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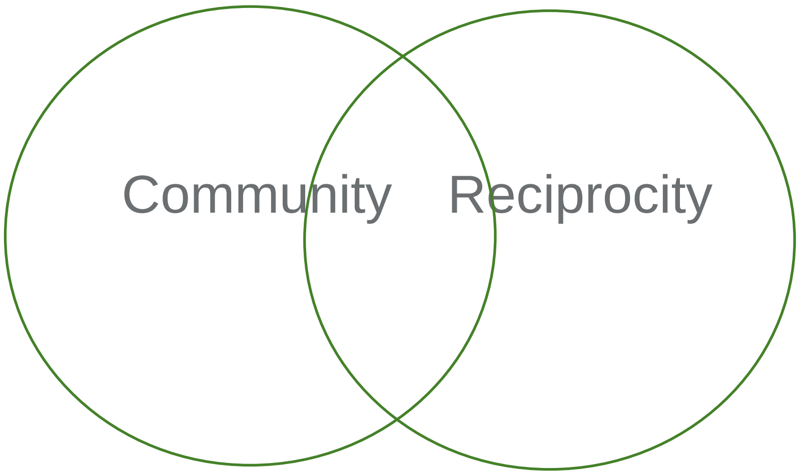
WHY PEOPLE GIVE

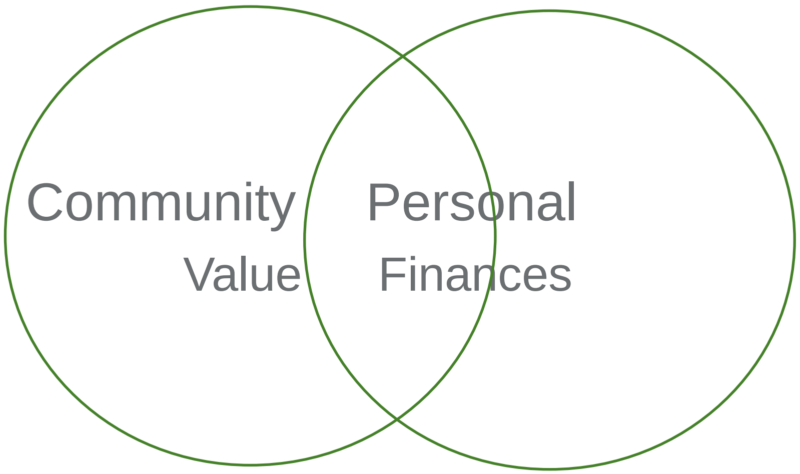
- Most donors fall into one of two categories (or both)
  - Reciprocity
    - Museum membership
    - Disease charity
    - Hospital
    - University
  - Communal Good
    - Museums
    - Library
    - Relief
    - Human Services



  - Non-donors would be reciprocal givers

HOW THEY DECIDE HOW MUCH TO GIVE

- Most donors fall into one of two categories
  - Public good
    - Value of the organization
    - Value of the work
    - Value to community
  - Personal budget
    - How much I can afford
    - Price for membership
    - How much I use – personal value



  - Non-donors would give for benefits

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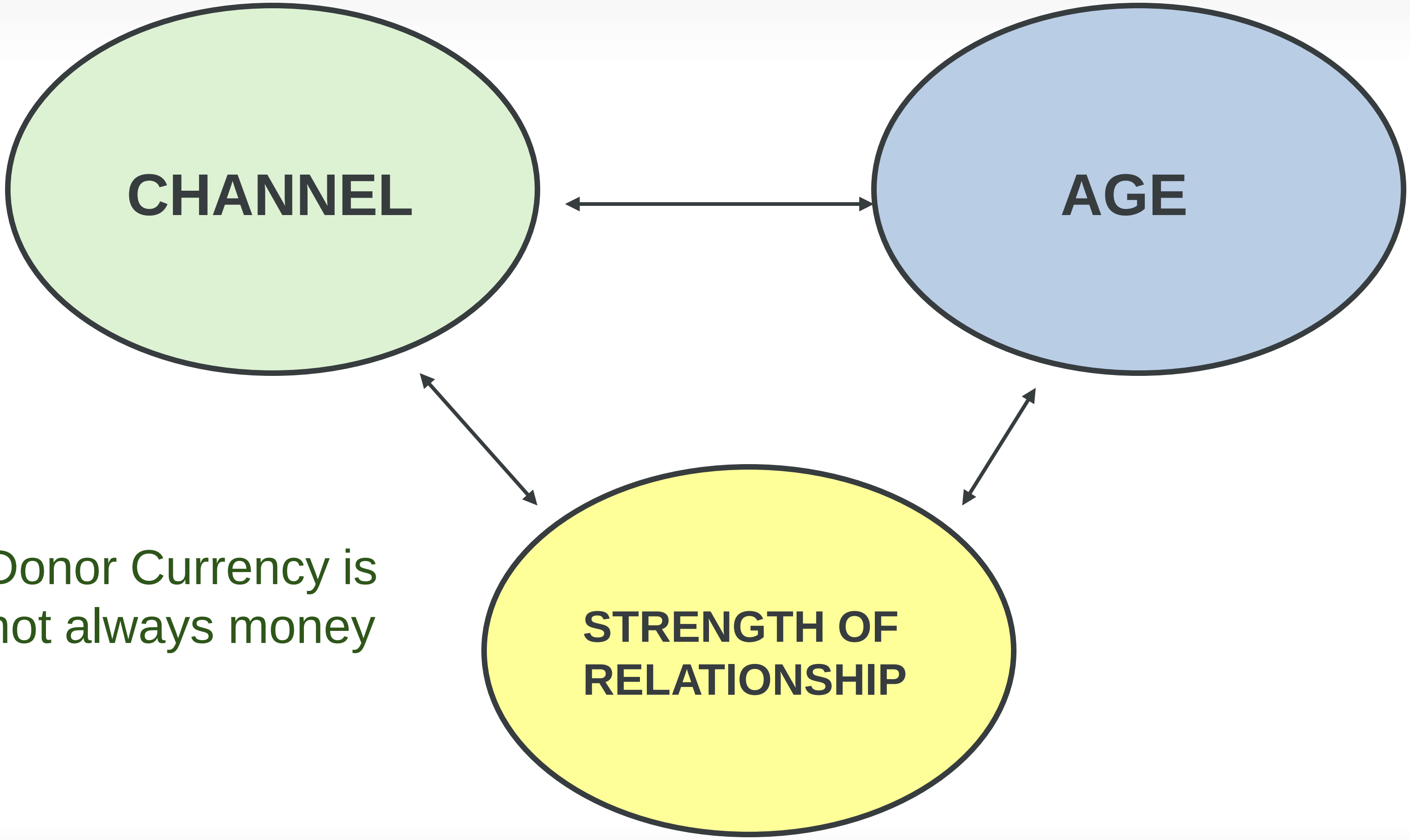
A CRITICAL THREE-WAY INTERPLAY



Donor Currency is not always money

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GENERATIONS

MATURES (Greatest and Silent)

- Born between 1925 – 1942 (Silent)
- Age range today: 66+ years

Boomers

- Born between 1943 - 1960
- Age range today: 51 – 65

XERS

- Born between 1961 - 1981
- Age range today: 30 – 50

Millennials

- Born between 1982 – 2000
- Age range today: 11 – 29

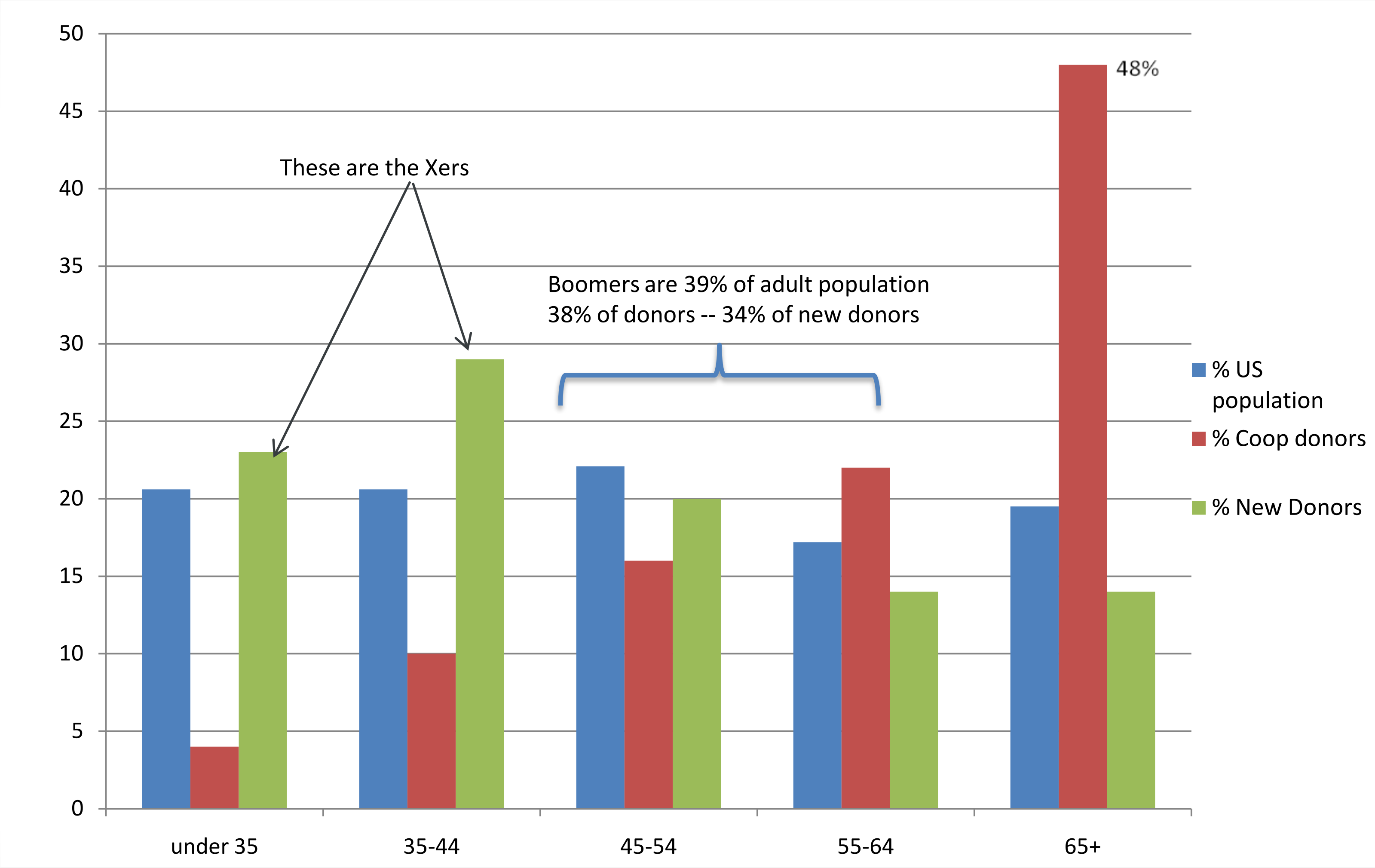
DEFINITIONS

	Matures	Boomers	XERS	Millennials
Defining Idea	*DUTY*	*INDIVIDUALITY*	*DIVERSITY*	*GLOBALISM*
Celebrating	**Victory**	**Youth**	**Savvy**	**Enjoyment**
Style	**Team Player**	**Self-absorbed**	**Entrepreneur**	**Laid back**
Reward Because	**You've earned it**	**You deserve it**	**You need it**	**You are special**
Work Is	**An inevitable obligation**	**An exciting adventure**	**A difficult challenge**	**A means to support lifestyle**
Education Is	**A dream**	**A birthright**	**A way to get there**	**Necessary**

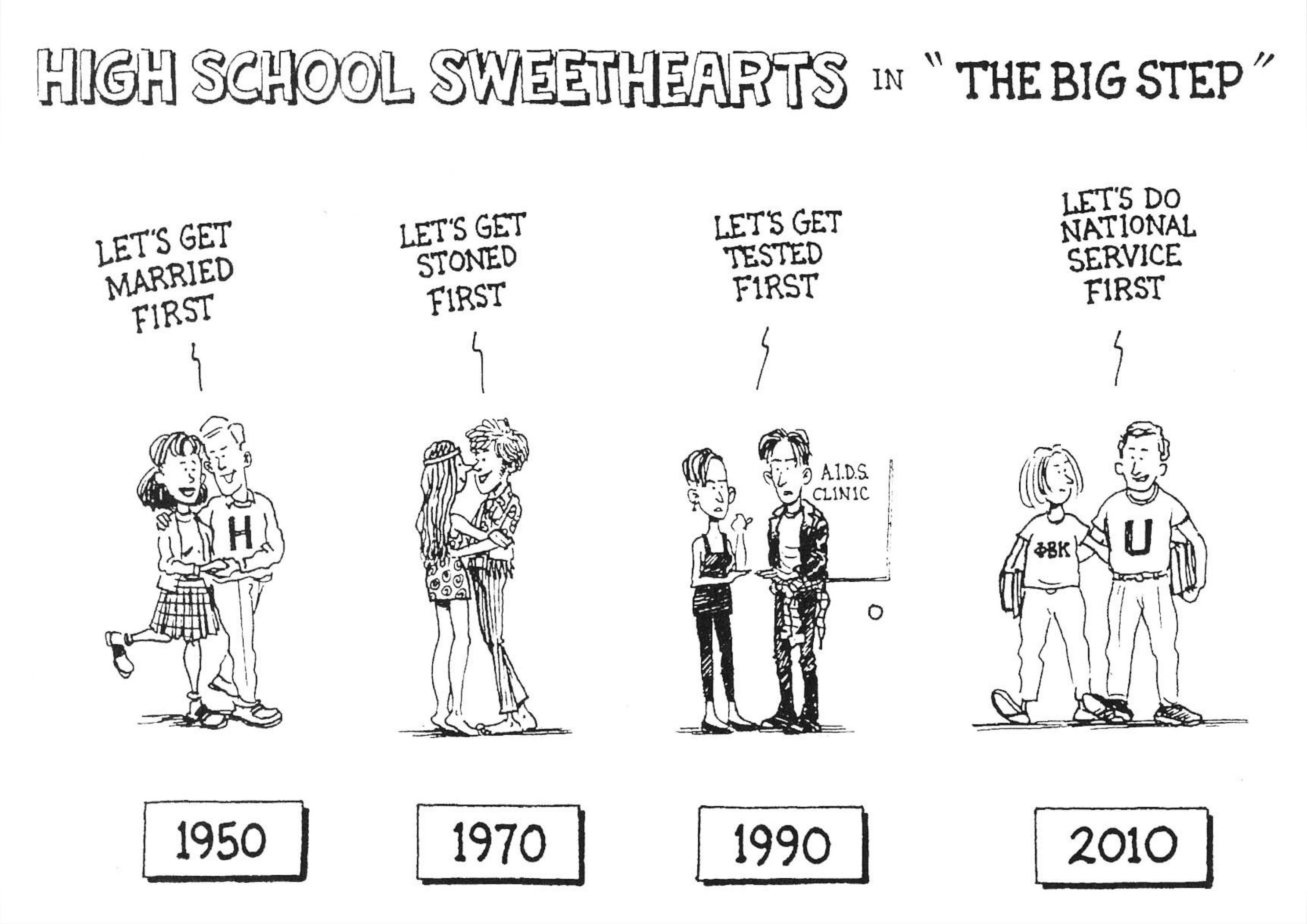
GENERATIONAL MARKETING

Generations	Giving Patterns
Millenials	Involvement, feedback, control
Xers	In on the plan, concrete giving, report on their gifts
Boomers	Make a better world, transparency
Matures	Institutional, what makes America great

WHO ARE THE DONORS NOW?



GENERATIONAL DIFFERENCES



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PARADIGMS ARE CHANGING

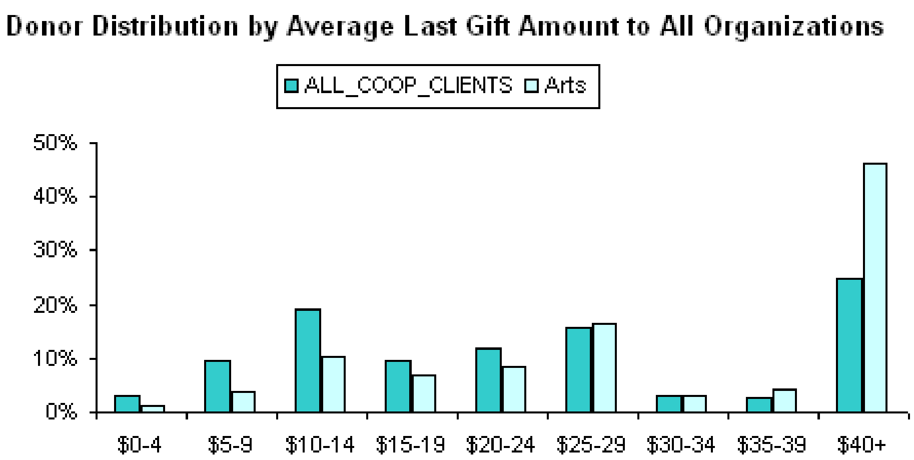
- Used to be that age was a controlled variable at 50+ donor gene switched on
- Now…
  - How acquired matters more
  - Where should the relationship be built
  - Much more donor accountability
  - Different kind of stewardship
  - Use the database to target marketing instead of mass appeals
  - Need to know who the donors are

TARGET COOP

Museum Clients Profile

- Over 80 million households
- Based on giving <$500
- Giving from all sources in the past 24 months
- Over 400 organizations

AVERAGE GIFTS

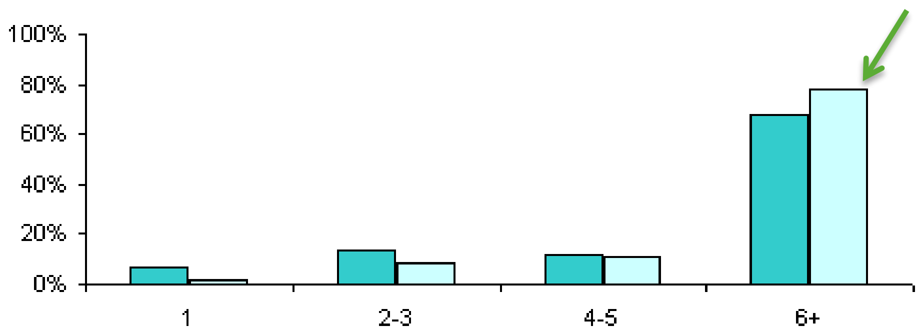


Average Last Gift Amt for All Organizations and Loyalty Shares

	Coop Member Average	Arts	Index
Avg Last Amount	$ 34.71	$ 56.08	162
% Most recent gift to profile organization	37%	0%	0
% Largest share of gifts to profile organization	27%	0%	0

DISTRIBUTION OF GIVING

Donor Distribution by Total Number of Organizations



Average Number of Organizations

	Coop Member Average	Arts	Index
Health Charities	5.26	4.79	91
Public Broadcasting	0.46	0.78	169
Advocacy	0.87	1.22	141
Environmental	1.55	1.73	112
Animal Welfare	0.53	0.41	77
Cultural/Museums	0.12	0.40	324
Domestic Relief	0.97	0.98	102
International Relief	1.16	1.23	106
Total Organizations	12.97	14.16	109

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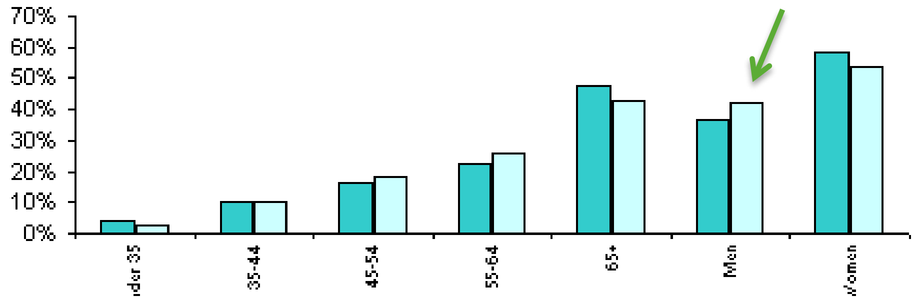
DEMOGRAPHICS

Donor Distribution by Head of Household Age and Gender



County Size and Income

	Coop Member Average	Arts	Index
Large, Urban	51%	72%	142
Smaller, Urban	30%	20%	66
Suburban	12%	5%	42
Rural	6%	2%	31
Income $100k+	23%	41%	180

Loyalty Insights

Loyalty Insights from Target Analytics illustrate how donors view you by comparing their giving behaviors to you with other non-profit organizations they support.

LOYALTY INSIGHTS OVERVIEW

Tippers - Single gift donors to you and in the Coop

Constant Low Dollar - Low dollar donors to you and in the Coop

Not That Into You - Highly philanthropic donors to the Coop who have given only a few gifts to you over many years

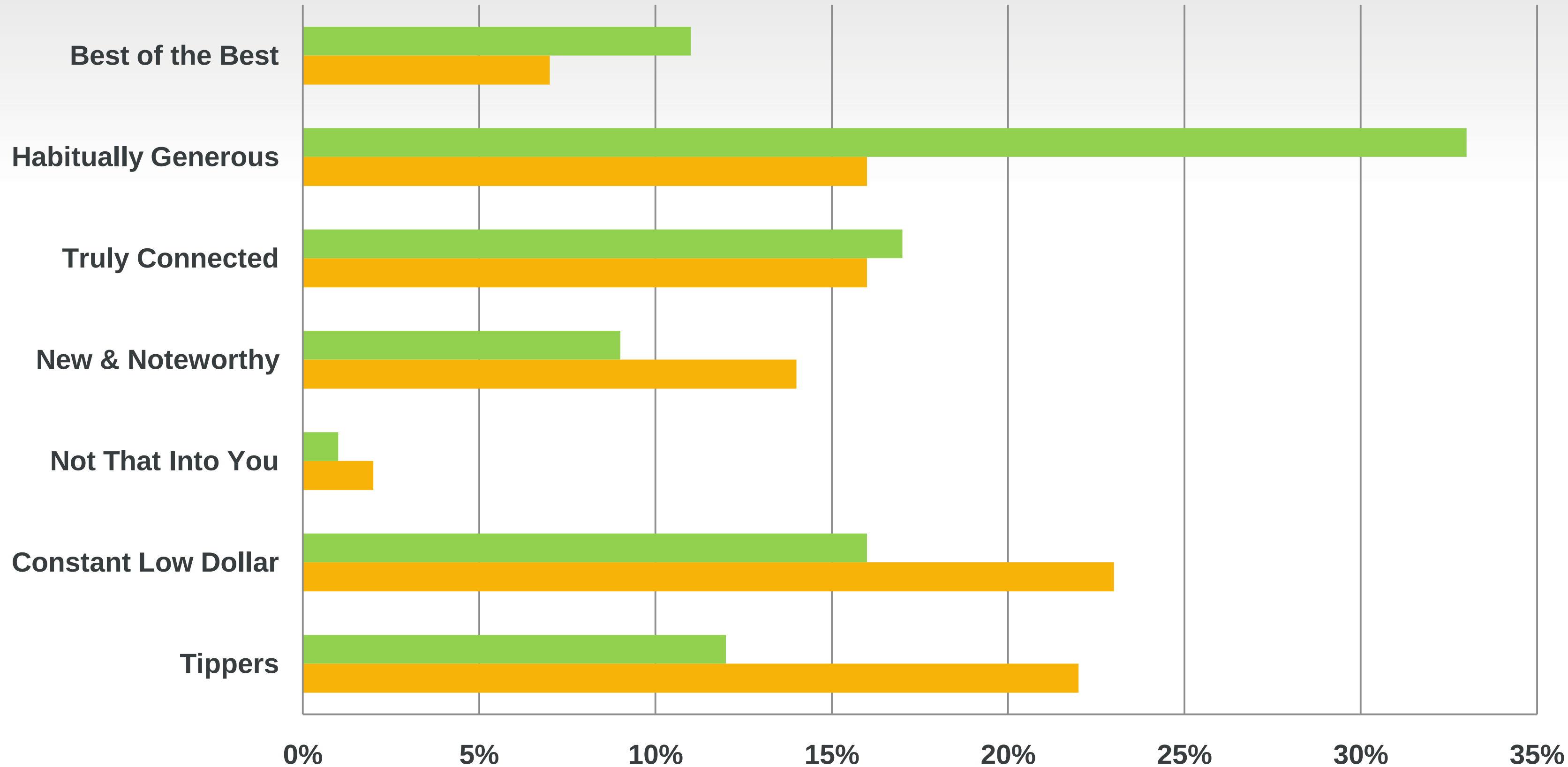
New & Noteworthy- Newer donors who have given you fewer gifts but are highly philanthropic Coop and give a higher than average gift size

Truly Connected- Give to very few Coop organizations and give twice as many gifts to you

Habitually Generous - Highly philanthropic to you and in the Coop but no noticeable preference for you compared to other organizations

Best of the Best- Highly philanthropic to you and in the Coop but give you twice as much money annually as they give to other organizations

Target Analytics Loyalty Insights



	Tippers	Constant Low Dollar	Not That Into You	New & Noteworthy	Truly Connected	Habitually Generous	Best of the Best
Cultural	12%	16%	1%	9%	17%	33%	11%
Average Organization	22%	23%	2%	14%	16%	16%	7%

HABITUALLY GENEROUS

Highly philanthropic to you and in the Coop, but **no noticeable preference for you** compared to other organizations

	Tippers	Constant Low Dollar	Not That Into You	New & Noteworthy	Truly Connected	Habitually Generous	Best of the Best
Number of Orgs Supported (lifetime)	10.51	15.41	13.36	13.13	6.32	19.15	22.97
Average gift Amount (last 24 months)	$44.12	$30.17	$66.44	$76.83	$59.64	$53.71	$50.75
er of Orgs Supported (last 24 months)	4.03	5.82	4.55	4.91	2.04	6.64	7.38
Average Number of Gifts per Org	3.32	4.13	4.79	4.91	4.11	7.05	6.3

GROWING PHILANTHROPY SUMMIT RECOMMENDATIONS

1. Redefine relationships from donor relationships to individual relationships- required greater donor research
2. Re-orient toward longer term measures of fundraising performance
3. Enhance focus on retention and building supporter loyalty
4. Develop a more integrated approach to fundraising – people support the mission not the campaign
5. Break down organizational silos and encourage greater collaboration
6. Give supporters greater control over the relationship
7. Tackle high turnover rates in the fundraising profession
8. Educate the public and journalists about the nature of the nonprofit sector
9. Develop measures of performance that look to efficacy not cost to raise a dollar

GROWING PHILANTHROPY SUMMIT RECOMMENDATIONS

Growing Philanthropy Summit Recommendations

10. Regular Giving – build monthly donor programs
11. Encourage asset-based giving
12. Develop expertise in broadening participation in giving – bring non-traditional groups to the table
13. Improve bequest fundraising 80% give and 8% leave a planned gift
14. Engage younger people
15. Invest in fundraising research
16. Encourage the development of academic qualifications for fundraising
17. Educate boards about how fundraising

GROWING PHILANTHROPY SUMMIT RECOMMENDATIONS

Growing Philanthropy Summit Recommendations

There were 32 recommendations in total

In summary,

We need to stop asking for money and instead ask individuals to reflect on their own philanthropic identity.

CHALLENGES

- Failure to hand down the traditions of philanthropy through social institutions such as church and school
- Superficiality of social contact – less connected
- Lack of understanding nonprofits have about their supporters
  - Who they are
  - How they express themselves through giving
  - Differences in giving behavior
  - Motivations
- New donors are Millennials – tech-savvy, care more about friends and lifestyle than about a career, not loyal to institutions but want to make a difference and make the world a better place. They are sometimes called Echo-Boomers
- Organizational silos are holding back growth

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