Nonprofit Fundraising Survey—Special Report about Annual Funds

July 2014

A study from

Acknowledgements

The Nonprofit Research Collaborative (NRC) thanks all respondents who took the survey in July and August 2013. Your willingness to share information about your organization makes it possible for this report to appear.

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

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Nonprofit Fundraising Survey-Special Report on Annual Funds
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Key Findings

70% Seventy percent of organizations in this study have an annual fund. Larger organizations ($250,000 budgets and greater) are more likely to have annual funds than smaller organizations.

- **Organizations with an annual fund are more likely to be meet their fundraising goals** than those without:

  77% with an annual fund are meeting goals versus
  57% without an annual fund.

  The increased rate of meeting goal with an annual fund holds true even when organization size is considered.

50% Organizations that retain 50 percent or more of their prior year's donors are **more likely to be meeting fundraising goals** and **more likely to raise more** than they did the prior year.

5% Organizations where more than 5 percent of donors give a higher amount than they did in the prior year are more likely to meet fundraising goals and more likely to raise more this year than last year in their annual fund.

Gift Clubs

Organizations with **budgets of $1 million meet their fundraising goals more often** when they recognize gift amounts with named gift clubs. In this study, gift clubs alone are not helpful for smaller organizations.

- **79% of $1 million+ organizations with gift clubs are meeting goal** compared with 65% without gift clubs.
- **Gift club benefits, when offered, were not associated with meeting** fundraising goals. Having different giving levels matters but offering benefits makes little difference for this study.
- Organizations most often offer **special events for donors only** (56% of the 42% of organizations that offer any type of benefit).
- Despite their frequency, **donor–only events were not associated with reaching fundraising goals**, raising more funds through the annual fund, having higher renewal rates, or higher upgrade rates

Note: Organizations should consider all aspects of fundraising, including staffing levels, communications, and board engagement, and discuss gift clubs with key donors before making changes in their programs.

Introduction

In this report, the Nonprofit Fundraising Survey from the Nonprofit Research Collaborative (NRC) looks especially closely at the links between having an official annual campaign—a fundraising drive to raise funds for the current year's operating expenses—and overall fundraising success, measured by meeting, or being on track to meet, fundraising goals.

Prior NRC reports have focused on the association between meeting fundraising goals and other elements of development:

- Donor engagement, including thank you notes and other activities (April 2013);
- Engaging the board in fundraising (September 2012); and
- Having paid fundraising staff (March, 2011).

To this evidence we add the value of having a deliberate fundraising initiative under the general heading of annual fund or annual campaign. The report is based on a survey of 945 nonprofit, charitable organizations in the United States and Canada that were asked about their fundraising results and specific practices related to the annual fund, including retention rates and the frequency of upgraded gift amounts, gift clubs, offering benefits, and what types of benefits.

Context

Before exploring how annual funds help, or not, in meeting fundraising goals, we asked survey participants how their fundraising overall was going as of June 2013, compared with January through June 2012. A majority of charities (58%) in this survey saw increased funds raised in the first half of 2013, compared with a year earlier.

> "We are in a very aggressive campaign and are exactly on track to achieve those goals. Income for annual fund is keeping pace also, which is a change from last year when many annual fund dollars migrated to the special campaign."
>
> Large Midwestern organization
> in the Public-Society Benefit subsector

Findings about Annual Fund Campaigns

7 in 10 of responding organizations have annual fund drives

This round of the Nonprofit Fundraising Survey asked if organizations have an annual fund campaign. The question defined an annual fund campaign as an effort to raise funds expressly for the current year's operating expenses.

Among all respondents 70 percent reported they do have an annual fund drive. Annual funds are more common as organizational size increases up to the $10 million and greater budget range, as shown in **Error! Reference source not found.**.

Table 1: Percentage with an annual fund campaign or equivalent

Organizational budget, 2012	% with annual fund
Budget amount not available (n = 27)	44%
< $250,000 (n= 86)	62%
$250,000 - $999,999 (n = 146)	67%
$1M to $2.99M (n = 175)	72%
$3M to $9.99M (n = 223)	77%
$10M and greater (n = 204)	68%
Total	70%

This study suggests that having an annual fund is associated with being "on track to meet the current year's fundraising goals."

It is likely that there is also a relationship between planning for fundraising and having an annual fund. A prior NRC study found a connection between having a board-developed fundraising plan and meeting fundraising goals.[1]

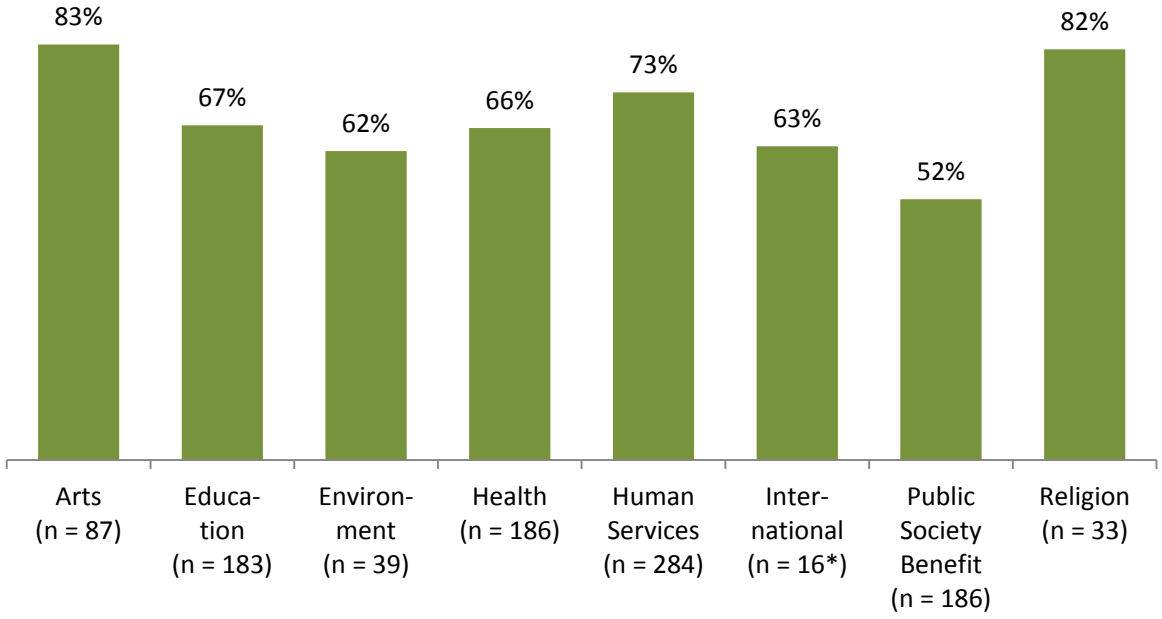
While annual funds are more common as organizational budget amount increases, there is also variation by subsector, which is shown in Figure 1.

More than 80 percent of arts organizations and religious organizations have annual fund campaigns, compared with just 52 percent of organizations in the public-society benefit (PSB) subsector. The PSB subsector includes:

- United Ways and other combined or federated fundraising programs;
- Entities advancing civil rights or voter education;
- Social science and scientific research institutes;
- Freestanding sponsors of donor-advised funds such as Fidelity Charitable Gift Fund or the National Philanthropic Trust; and
- Foundations, including community foundations, which are studied in this survey.

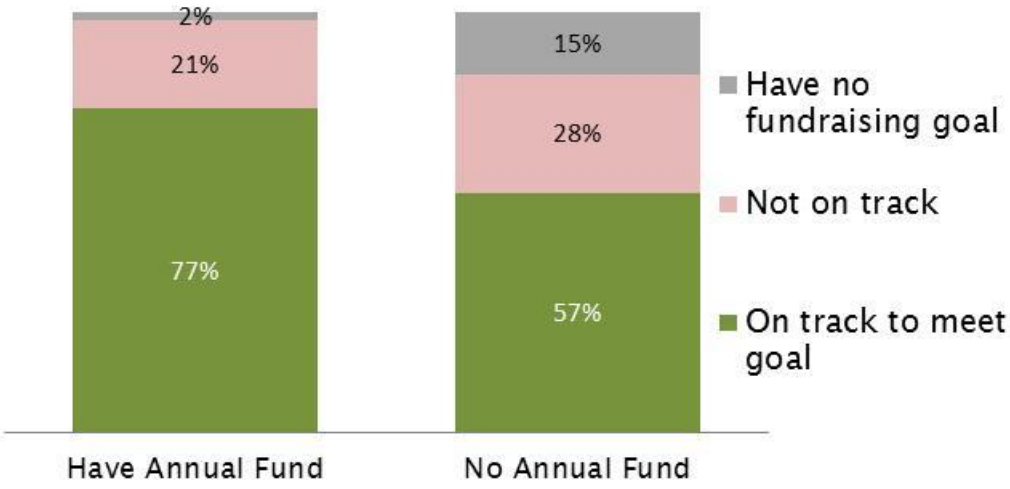
[1] Nonprofit Research Collaborative. 2012. Special Report on Board Engagement in Fundraising, page 9. http://npresearch.org/special-report-on-board-engagement-in-fundraising-september-2012.html

Figure 1: Percentage of respondents with an annual fund by subsector



Having annual fund was associated with being "on track" to meet fundraising goals, as shown in Figure 2. Of the organizations in this study with an annual fund, 77 percent were on track to meet their fundraising goal, a markedly higher share than the 57 percent that did not have an annual fund.

Figure 2: Is organization on track to meet the current year's fundraising goal?



When looking within organizational size groups, the finding held – those with an annual fund were more likely to be meeting their fundraising goals than those without.

Retention Rates

The Fundraising Effectiveness Project shows declining renewal rates among all donors, annual fund and otherwise, in 2,840 organizations participating through 2012.[2] The FEP collects data from donor fundraising software programs (see page 16 for a comparison of this study with FEP results).

In contrast, this survey asked respondents specifically about renewal rates in annual fund giving, which is a subset of all giving, and about the direction of change in receipts within the annual fund. There is an association between higher renewal rates and the percentage of organizations that are seeing increased contributions in their annual fund as of June 2013.

Among respondents to the NRC survey, 88 percent of those with an annual fund reported tracking renewal rates among annual fund donors.

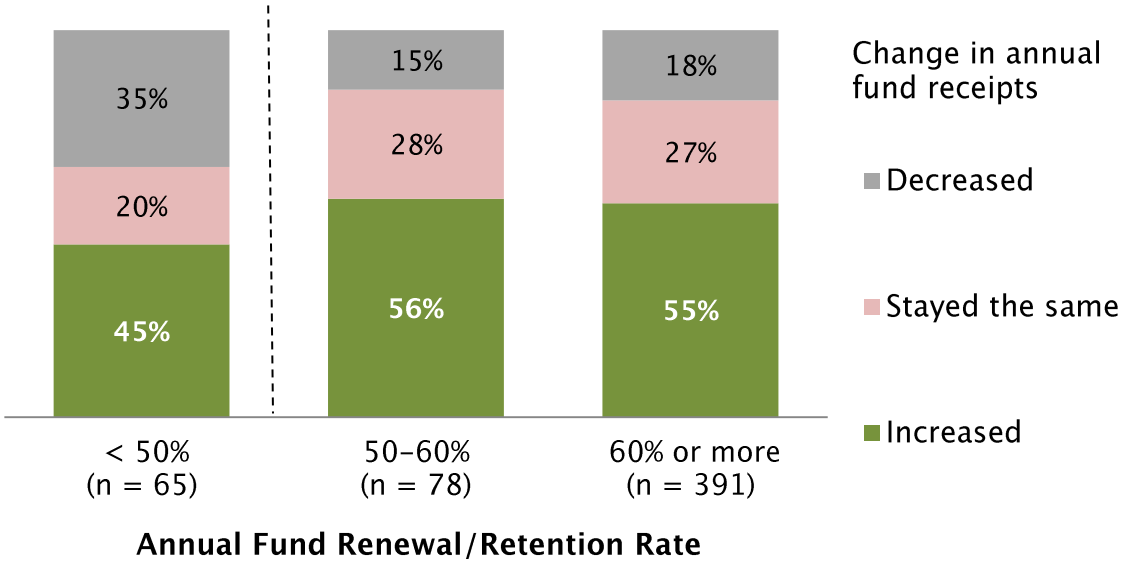
> 12 percent of all respondents reported less than 50 percent renewal rate;
> 13 percent of all reported renewals between 50 and 60 percent;
> 63 percent of all respondents said that 60 percent or more of their organization's donors renewed their annual fund gift in the most recent fiscal year.

Note that these renewal rates for annual fund donors only are exceptionally high, based on data from the Fundraising Effectiveness Project. This different result suggests that organizations that participate in the Nonprofit Fundraising Survey differ in material ways from the FEP participants.

High renewal rates, not surprisingly, are associated with seeing increased contributions to the annual fund overall, as shown in Figure 3. Organizations with a renewal rate of less than 50 percent of last year's donors have a markedly lower probability of seeing increased funds raised this year.

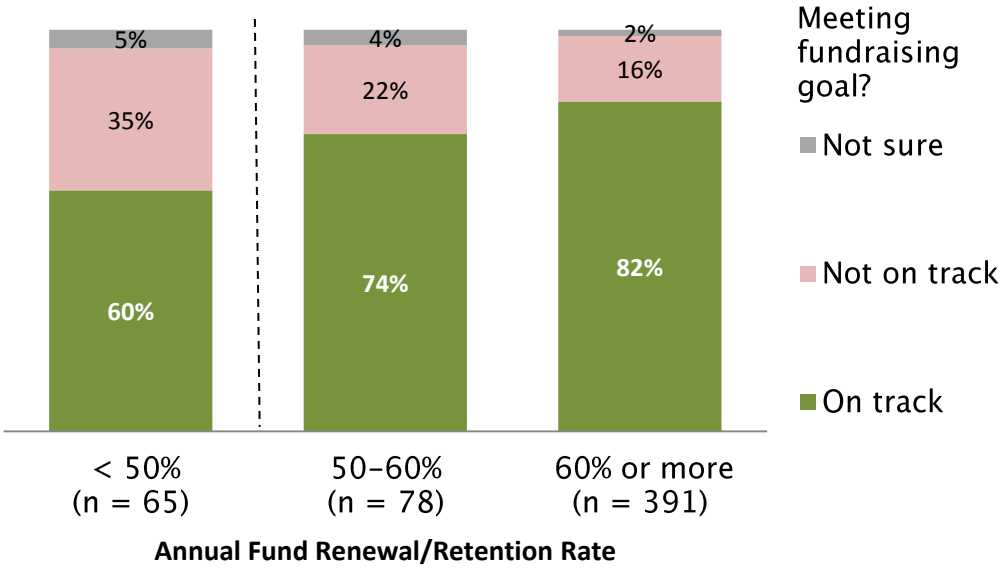
[2] Association of Fundraising Professionals and the Urban Institute. 2013. Fundraising Effectiveness Project Report for 2012. http://www.afpnet.org/Audiences/ReportsResearchDetail.cfm?ItemNumber=20015

Figure 3: Annual fund renewal/retention rates and change in annual fund receipts, June 2013



For organizations that have an annual fund, the overall fundraising goal will likely include the amount sought from that set of appeals. Thus, it is not a surprise that there is an association between having a higher renewal rate (and increased gifts, as shown above) and being on track to meet fundraising goals, as shown in Figure 4.

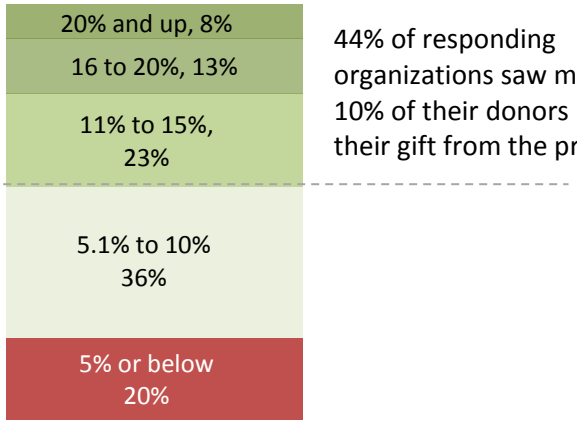
Figure 4: Renewal rates in the annual fund and whether organization is on track to meet fundraising goals, June 2013



Annual Fund Upgrades

This survey asked respondents whether their organization tracked upgrades (gifts this year that were higher than the amount received from the same donor last year). More than three-quarters (78%) of those with an annual fund reported that they do track this. Of those, the largest share (36%) reported that between 5 and 10 percent of their donors upgraded gifts in the prior year, as shown in Figure 5.

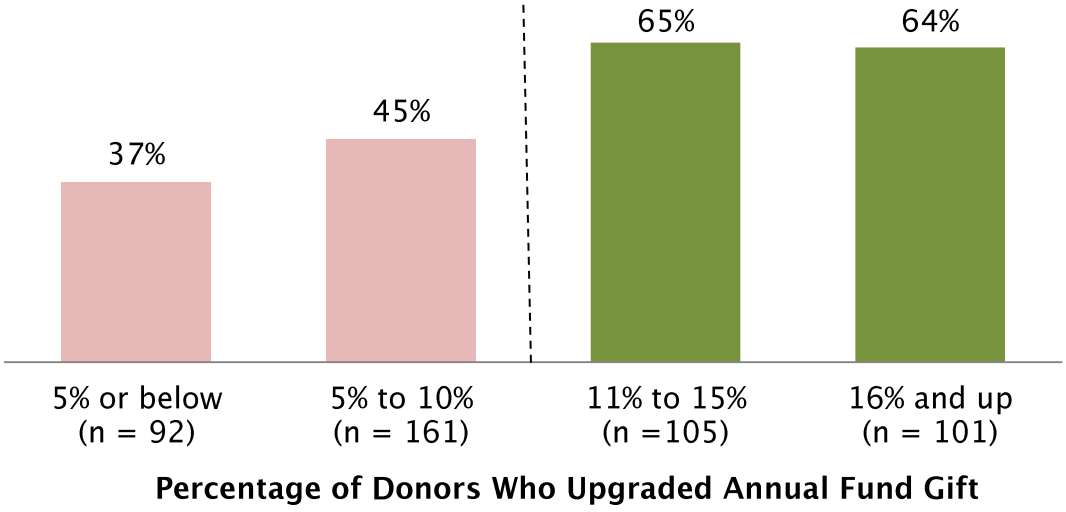
Figure 5: Share of organizations by percentage of annual fund donors upgrading



For those with upgrade rates of 5.1 percent and up, more than half of organizations see growth in amounts received. This result is shown in Figure 6.

Organizations where five percent or fewer donors upgrade their gifts were less likely to report an increase in annual fund receipts.

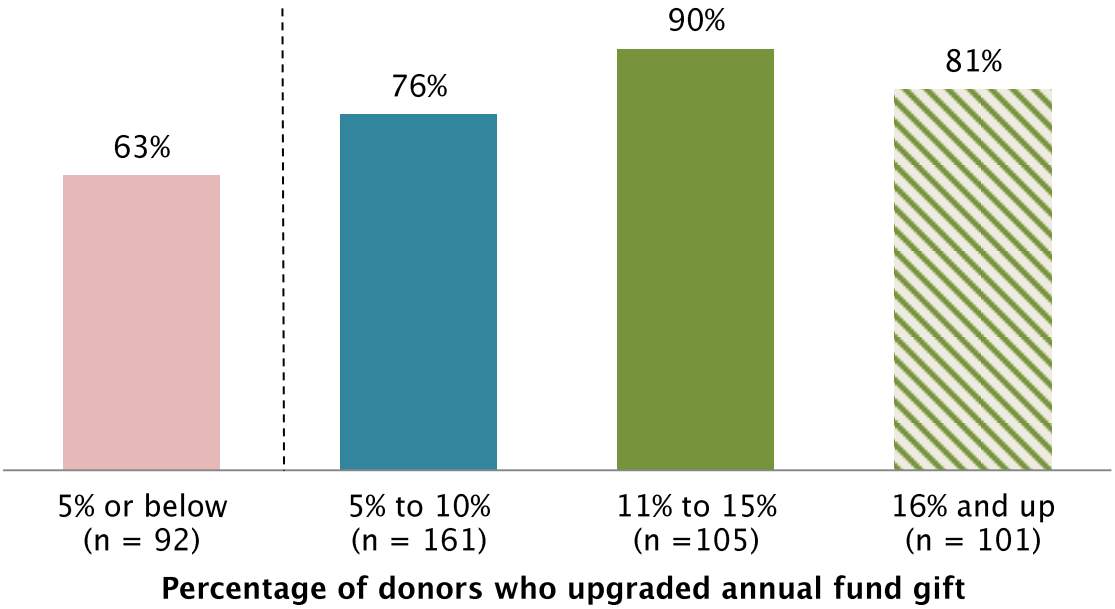
Figure 6: Percentage seeing annual fund increases based on share of donors that upgraded their gift



The red bars at left compared with each other are not statistically significantly different. The green bars at right compared with each other are not significantly different. However, there are statistically significant differences across the colors: the values in the red bars to the left of the dotted line are lower than the green bars on the right.

However, when even a few percentage points more donors increase their annual fund gift, the organization is more likely to be on track for meeting its fund raising goals. The breakpoint in this study was at 5 percent. When above 5 percent of last year's donors upgrade their gift amount, the organization is more likely to be on track to meet the current year's fundraising goal, as shown in Figure 7.

Figure 7: Organizations on track to meet fundraising goal based on percentage of upgrades in the annual fund, June 2013



The red bar at the left of the dotted line is statistically significantly different from the other three. The green bar, compared with the teal bar (90% compared with 76%), is significantly different. However, 81% is not statistically significant from 90% or from 76% so that bar blends green and grey to indicate this lack of difference.

More research is needed before developing additional ideas, beyond gift upgrades, about why 90% of organizations in this study that had upgrade rates of 11% to 15% of donors were on track to meet fundraising goals.

Key Findings about Renewals and Upgrades

In this survey, higher rates of renewal and upgrade are associated with raising more funds through the annual fund and with being on track to meet fundraising goals. The key benchmarks are a renewal rate of 50% or higher and more than 5% of donors upgrading their gift.

Gift Clubs Help, Sometimes

Sixty-five percent of responding organizations reported having different donor levels or named gift clubs. Having a gift clubs appears to be associated with greater probability of being on track to meet fundraising goals for this fiscal year.

Table 2: Percentage of organizations with gift clubs by whether they are on track or not to meet fundraising goals

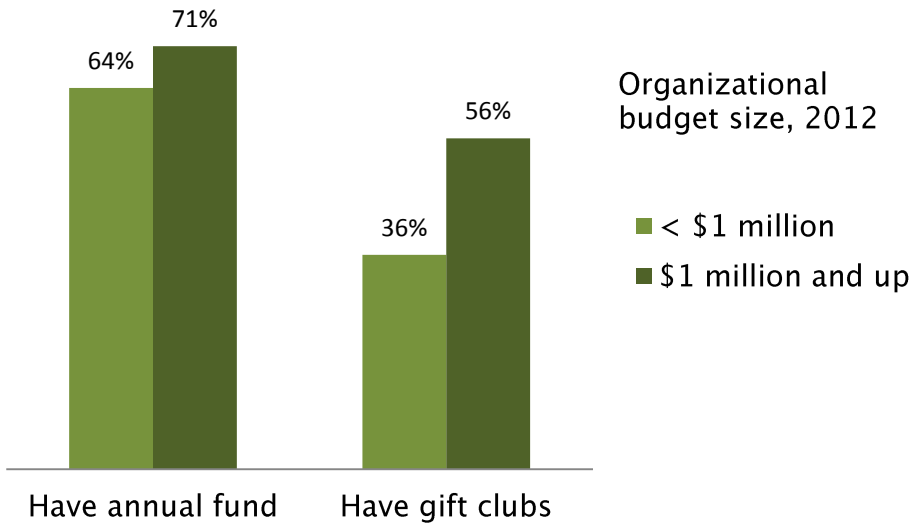
	Gift Club Offered = 613	
On track	**Yes** N = 325	**No** N = 288
Yes	79%	64%
No	15%	23%
No goal	<1%	3%
Not sure	6%	8%
Total	100%	100%

Being on track to meet fundraising goals is also associated with having a fundraising goal. The table here suggests that when there are gift clubs, there is less likely to be "no goal" for fundraising. Among those with an annual fund but no gift club, 3 percent report not having a fundraising goal, which – while still a small number – is three times higher than the less than 1 percent of those with a gift club.

Budget Size Linked to Gift Club Success

Larger organizations, by budget, are more likely to have annual fund, more likely to have gift clubs, and if they have both, more likely to be on track to meet goals.

Figure 8: Frequency of annual fund and gift clubs, by budget size



While just over one-third (36%) of small organizations with an annual fund ALSO have gift clubs (or about 20% of all small organizations), there is no statistically significant difference in reaching their goal with or without giving clubs or levels for these respondents with $1 million or less in total revenue.

Table 3: Percentage on track to meet goal by gift club, with or without benefits, by budget size

Budget size	< $1 million*	$1 million and up*
Has gift club with benefits and on track to meet goal	67%	83%
Has gift club, no benefits and on track to meet goal	58%	81%
Does not have gift club and on track to meet goal	59%	41%**

* Across columns, all results are statistically significant—that is the percentage of organizations on track to meet goal was consistently higher in larger organizations, except among the large organizations without a gift club.

** Within columns, the only statistically significant result is that among organizations with a total budget of $1 million or more and that did not have a gift club. In that group, 41% were on track to meet their goal, compared with 81% of the same size of organizations that do have a gift club. For smaller organizations, the difference between 59% and 64% is not statistically significant at this sample size.

It is possible that smaller organizations have other challenges in meeting fundraising goals, rather than whether or not they have gift clubs. These could include too few paid staff for fundraising; less engagement by board members; staff members who are newer to the fundraising profession so still "learning the ropes," or a higher-than-usual percentage of funding from government, foundation grants, or other sources not connected to individual fund drives.

Ideas for Implementing Findings about Gift Clubs

Organizations with operating budgets of less than $1 million were not more or less likely to meeting their fundraising goal when they had a gift club. Those that offered benefits had the same probability of meeting goal as those with no benefits. However, the fact that larger organizations were always more likely to meet goal than smaller organizations suggests that factors OTHER than gift clubs are likely at work.

Smaller organizations that want to keep fundraising costs low might consider offering low-cost, high-experience opportunities for greater donor engagement, which is shown in other research to build donor loyalty. Ideas include:

> A small neighborhood center arranges a holiday season party in a potluck or covered-dish format, with a program of seasonal song and dance put on by children the agency serves.
>
> A broadcast organization offers tours of the studio with on-air hosts available to educate donors further about the demands of the role.
>
> An environmental organization recruits volunteers for a Saturday morning to assist with removal of invasive plant species from a public park and posts photos to Facebook or other social media.

Organizations with budgets of $1 million or more in this study were more likely to meet their goal when promoting gift clubs (different, named giving levels). The impact is much less clear, however, when benefits were offered. If an organization already offers benefits, changing the benefit structure will require careful discussion with donors because strong traditions are associated with some types of benefits, whether preferential seating at events or donor recognition activities.

Meeting goals in any organization might reflect other factors, rather than the gift club itself. These can include staffing levels or experience, other investment in fundraising, or board engagement, all of which are also associated with meeting goals.

Before implementing gift clubs, with or without benefits, organizations at any funding level should consider carefully the costs in terms of staffing and premiums, benefits in terms of potential additional funds raised, and alternatives for other fundraising investments.

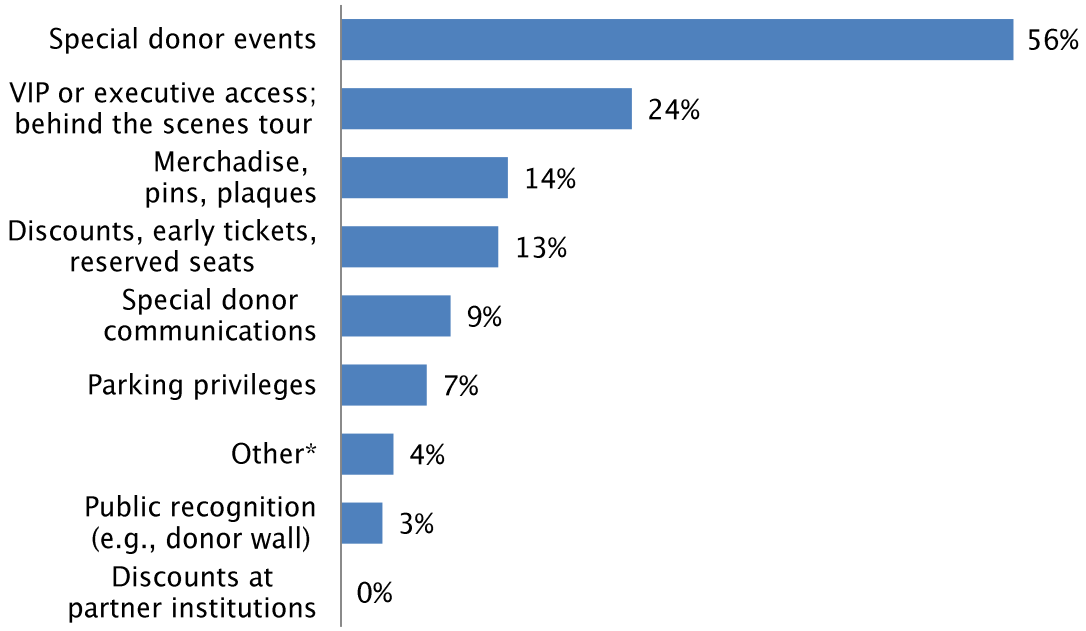
Gift Level Benefits Offered

Just over 250 respondents with annual funds, or 42 percent, offered donor benefits based on giving level. These respondents came from among all subsectors:

- 24% from education;
- 23% from health;
- 20% from human services;
- 14% from arts; and
- 19% from a mix of religion, public-society benefit, international, and environment.

The most frequent benefit was special events organized exclusively for donors (often donors above a certain level). This was mentioned by 56 percent of the organizations offering giving club benefits. The next-most frequent benefit (24%) consisted of exclusive or privileged access to leadership or personnel at the organization. This included concierge service at health facilities; one-on-one meetings with a president or chief executive officer; meeting performers or faculty; or a behind the scenes tour.

Figure 9: Benefits offered by organizations offering any donor benefit
(n = 251. Respondents could select all that applied. Total will not equal 100%)



* Other included continuing education courses; volunteer opportunities; eligibility for prize drawings; invitation to serve on a site visit team; and jobs bank access. Discounts at partner institutions are a membership benefit offered and discussed below.

In this group of respondents, those that offered activities coded as a "special event for donors" were not more or less likely to be meeting fundraising goals than those that did not offer special donor events. Nor were they more likely to see higher rates of donor renewal or donor upgrades.

This finding needs much more research, as donor events are often the opportunity for significant donor education about the organization's work, its impact, and its use of funds. The coding, based on what people wrote in, did not differentiate between program-related events, site tours, special dinners or parties, or opportunities to travel. A larger, more rigorous study may find differences not apparent in this smaller dataset comprised of people who were interested enough in the topic to take the survey.

Membership Benefits, Separate from Gift Clubs

In addition to gift clubs, some organizations offer membership. While memberships can help raise funds, they are not considered philanthropic gifts under tax law in most cases. They also may provide direct benefits to members, whether admission (e.g., to a museum), a publication, or other privileges. This survey asked about member benefits and explored whether there are linkages between offering benefits to members and philanthropic giving results. In this exploratory study, no linkages appeared.

Among this study's respondents:

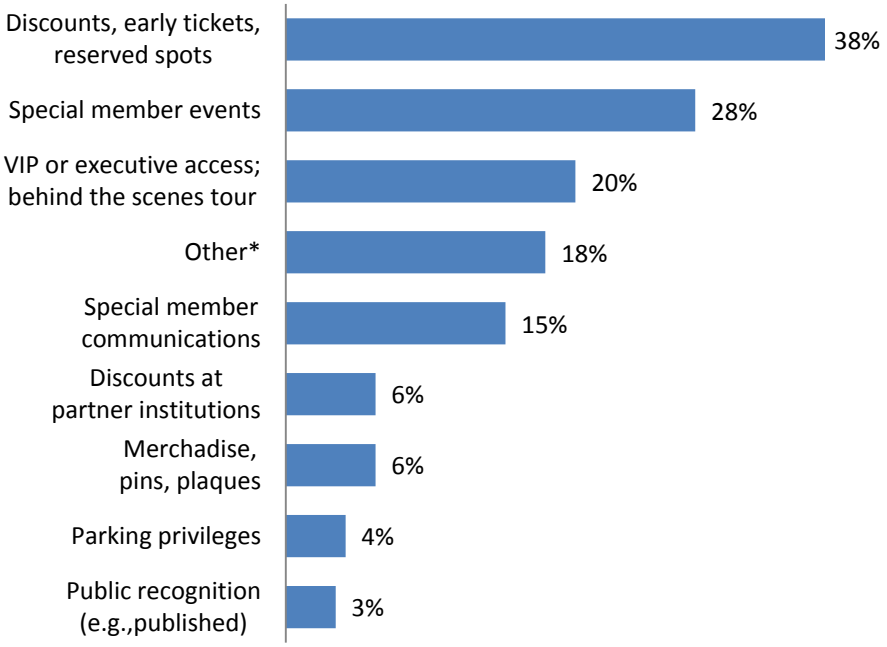
- Just under a quarter (24%) that had an annual fund (not all of which have gift clubs) also offered MEMBERSHIPS with benefits. This included 57% of arts organizations with an annual fund and 54% of environmental organizations with an annual fund. In other subsectors, the percentage offering membership benefits ranged from 7% of religious organizations with an annual fund to 35% of public-society benefit organizations with an annual fund.

- Among 251 organizations offering gift club benefits, 54 organizations ALSO offered membership levels. Art institutions have the largest share with both membership and giving clubs.

The NRC examined organizations with membership benefits and those who offered membership but did not provide specific benefits to assess whether membership benefits are associated with being more likely to reach a fundraising (philanthropic gift) goal. Membership itself typically does not count toward a philanthropic goal, but it is possible that members feel more (or less) likely to support an institution with a charitable gift, in addition to the membership dues.

Benefits offered ranged from discounts for organizational activities to opportunities to tangible items such as pins, plaques, tote bags, etc. as shown in Figure 10.

Figure 10: Frequency of membership benefits offered
(n = 144. Respondents could select all that applied. Total will not equal 100%)



* Other includes voting rights; free service from the organization (research, training course, etc.); opportunities to use space (e.g., exhibit in a gallery, hold an event on-site; put artistic work on sale for commission in organization shop); and two instances where the list was so long it could not be coded.

There is no clear relationship between offering membership benefits and being more or less likely to meet philanthropic (fundraising) goals. Among all organizations offering membership, 65 percent of those offering member benefits were meeting fundraising goals, compared with 60 percent of those with no benefits tied to membership.

Even when split by organizational size (< $1 million in expenses or $1 million and up), offering membership benefits had little impact on meeting philanthropic fundraising goals. While membership dues revenue is often very important, in this study benefits associated with membership did not correlate in any way with gift revenue.

Offering membership benefits may help attract more members but it is not linked here with fundraising results, whether meeting goals, raising more money, donor retention, or donor upgrades.

Implications of Findings about Offering Benefits

While some donors express a desire for something tangible in exchange or recognition for their financial support, this survey finds that organizations that offer benefits, either for donors or for members, do not necessarily improve their fundraising results, compared with organizations without benefits.

The data in this non-representative sample indicate that smaller organizations (< $ 1 million in total revenues) that offer donor benefits do not see increased retention rates or rates of higher gifts (upgrades), nor are they more likely to meet fundraising goals, compared with small organizations without donor benefits.

Even among larger organizations, the differences in retention rates and meeting revenue goals for organizations that offer donor benefits, versus those that do not, are relatively small.

Membership benefits, when offered by organizations that also conduct annual funds, have no measurable impact on annual fund results when considering whether the organization meets its goals, raises more funds, or improves retention.

These findings need to be tested with additional research. Before implementing sweeping changes, a nonprofit organization should review options, discuss ideas with groups of key donors, and consider alternatives.

It is clear from this research and other studies that donor retention rates and upgrade rates are important in driving total amounts raised. Adrian Sargeant, Penelope Burk and others focus on other aspects of donor loyalty, specifically the donor's overall experience with the organization, the level of attention to details such as donor records and how the donor's name appears, and not sending too many solicitation requests in a year.

Good stewardship practices may be as important, or even more important, in supporting annual fund results than are tangible items or even experiential benefits such as donor-only events.

How Do NRC Findings about Retention Compare with the Fundraising Effectiveness Project (FEP)?

This study finds that 63 percent of organizations report that 60 percent or more of their donors renew. This is very different from the Fundraising Effectiveness Project (FEP). The data uploads in FEP find a median renewal rate overall of 39 percent, meaning that half of organizations saw renewal of 39 percent or less, for the year or fiscal year 2012. Data for the FEP for 2013 are being collected and analyzed in summer 2014.

These different findings might reflect any one—or a combination—of factors. These include, but are not limited to:

- The FEP limits its definition of renewal to a 12 -month period whereas some organizations might take a longer-term view, counting a gift within more than 12 months (say 15 or 18) as a renewal.

- Survey respondents might over-estimate the retention rates at their organization when completing the NRC survey.

- Organizations where staff members take time to answer surveys might be different, or have different fundraising activities, from the general population of charities included in the FEP.

Still, the overall trend of the two studies is the same. Lower retention rates and lower upgrade rates are associated with lower fundraising results. The findings from this research and from the FEP can both be used to help an organization determine what renewal rates to seek, rather than investing more in acquisition.

Conclusion

The NRC special report on annual funds finds that having an annual fund is associated with a greater probability of meeting fundraising goals. The 70 percent of organizations with organized annual fund drives were more likely to be on track for meeting fundraising goals than were similar organizations without an annual fund drive. This was true for all sizes of organizations.

Among those with annual funds, 65 percent offer gift clubs, defined as recognition (and sometimes benefits) based on the amount contributed. Organizations with gift clubs and budgets of $1 million or more were highly likely to be on track for meeting fundraising goals (with more than 80% reporting that they anticipated meeting their 2013 goal) This might reflect higher or more consistent investment in fundraising generally in the larger organizations, rather than the impact of gift clubs themselves.

In smaller organizations, there was no link between having gift clubs and meeting fundraising goals. This suggests that just starting a gift club is not likely to be enough. Other approaches might be considered first, such as staffing for fundraising, refining stewardship and donor communications, and engaging the board in fundraising.

Among organizations with gift clubs, 42 percent offered premiums or benefits to donors. Most of those offering benefits were in the arts and education fields. When looking at different types of benefits, the most frequent activity was special "donor-only" events. Other premiums or benefits, including material items, parking privileges, and event tickets, were each comparatively rare. This survey, however, finds that offering benefits of either type (donor-only events or anything else) had no measurable association with whether or not an organization was on track to meet its goals or whether it was raising more than in the prior year. Other studies have shown that thanking donors and engaging them in activities to help them connect with the organization's mission build donor loyalty.[3]

While the results of the *NRC Special Report on Annual Funds* can help inform development professionals about their fundraising practices and methods, it may also highlight corollary circumstances—one being that organizations that have an annual fund and gift clubs tend to be larger, and most likely have more experienced and larger development staffs.

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[3] P. Burk. 2003. *Donor–Centered Fundraising*. Hamilton, ON: Burk & Associates, Ltd.; A. Sargeant and E. Jay. 2011. *Building Donor Loyalty*. San Francisco: Jossey-Bass. Nonprofit Research Collaborative. 2013. Nonprofit Fundraising Survey. Released April 2013. www.NPResearch.org.

Methodology

The survey invitation was sent by email and through social media postings beginning on July 16, 2013. The online-only survey response remained open through September 5, 2013. Invitations were sent to several distinct groups:

- Prior participants in NRC surveys
- 5,000 randomly selected members of the Association of Fundraising Professionals
- Members of Partnership for Philanthropic Planning
- More than 4,800 organizations on the mailing list of Campbell Rinker
- People who have signed up for e-newsletters from CFRE International

Reminders were sent at least once, and sometimes twice or three times, to people in the established mailing lists.

In addition, members of the NRC sent messages through their own email systems, in newsletters, and via social media outlets to recruit additional survey participants.

By source of list, response numbers are as shown.

List source	Sample size	Number of Respondents	Percentage of all respondents	Response rate within sample
AFP (includes Canada) sample	5,000	117	12%	2.3%
CFRE International	Mailing list	116	12%	n/a
Campbell Rinker	Mailing list	70	7%	1.4%
Giving USA	Convenience			n/a
Melissa S. Brown & Associates	Convenience	16	2%	n/a
Partnership for Philanthropic Planning	Mailing list	36	4%	N/a
Urban/NCCS	Convenience	68	7%	n/a
Other	Convenience	522	55%	n/a
Total	Unknown	945	100%*	n/a

* May not equal 100 exactly due to rounding

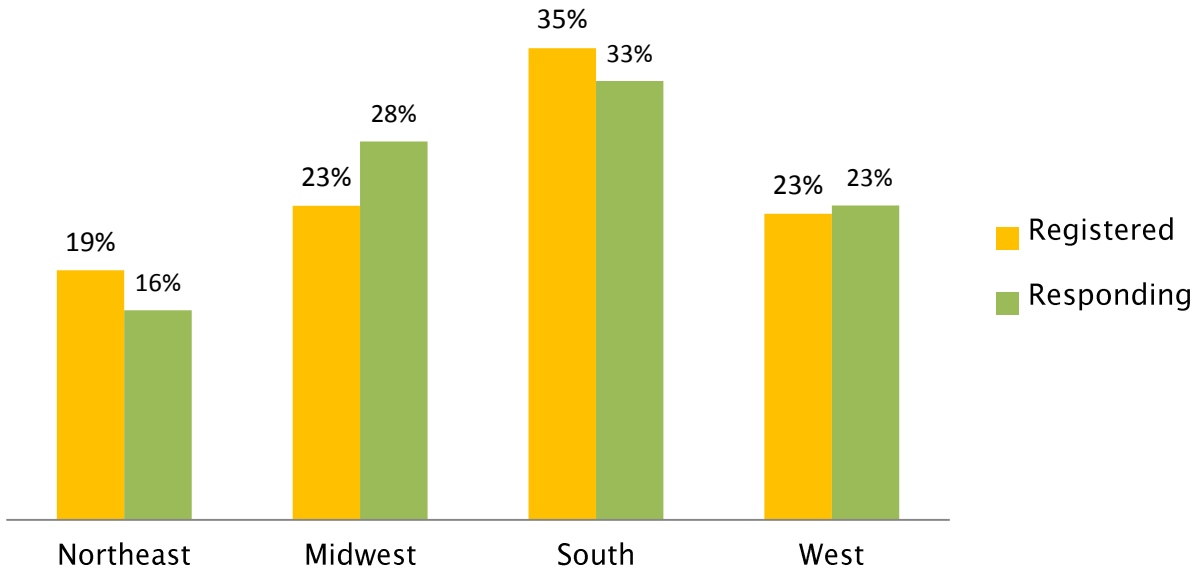
Where we can calculate a response rate based on the sample or membership list number, it is shown at the far right as a percentage of the sample size in the second column.

The Summer *2013 Nonprofit Fundraising Survey* received a total of 945 non-duplicated complete responses representing organizations with more than $40 billion in expenditures in 2012 (based on IRS Form 990s. Excludes Canadian respondents).

In this file of responding charities, regions defined by the Census Bureau are roughly equally represented based on the number of registered charities within each. Overall, respondents came to approximately 0.1% of all registered charities in the United States (871 U.S. respondents of 1,081,891 registered as of the end of 2012).

Figure 11: Percentage of responding charities by Census region compared with registered charities IRS and Business Master File, July 2013

(The sum is 100 by region—that is, add North, South, Midwest, and West for any of the categories of charity to get 100. All yellow bars together = 100, for example.)

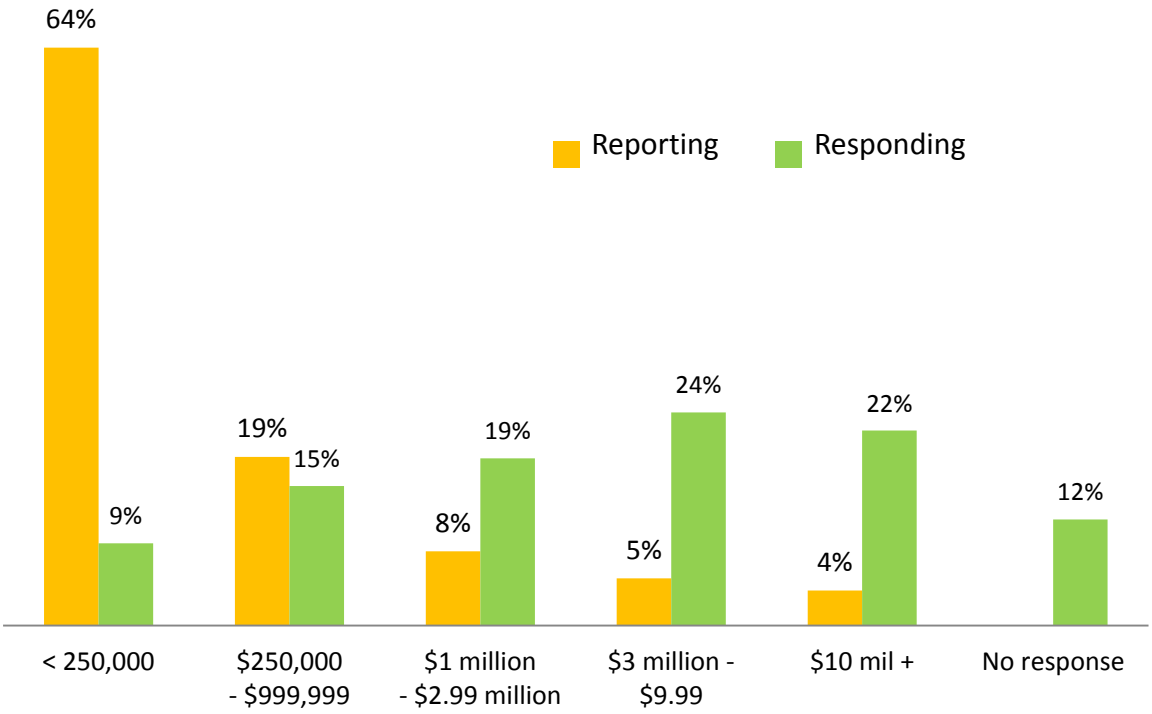


Registered = In the IRS Business Master File as of mid-2013. Regions are as defined by the U.S. Bureau of the Census.
Responding = Response provided in this survey.

This survey also received responses from 74 Canadian charities, or approximately 0.1% of all charitable organizations in Canada.

This study used reported expenditure amounts on IRS Forms 990 to categorize charities by size, after matching responding charities by Employer Identification Number (EIN) to the record maintained by the National Center for Charitable Statistics that draws from IRS Forms. Thus only reporting charities, which provide expenditure information to the IRS, could be coded for size using official data. Other organizations were coded based on their self-report of total expenditures for 2012.

Figure 12: Responding charities by 2012 expenditure total, compared with reporting charities filing IRS forms

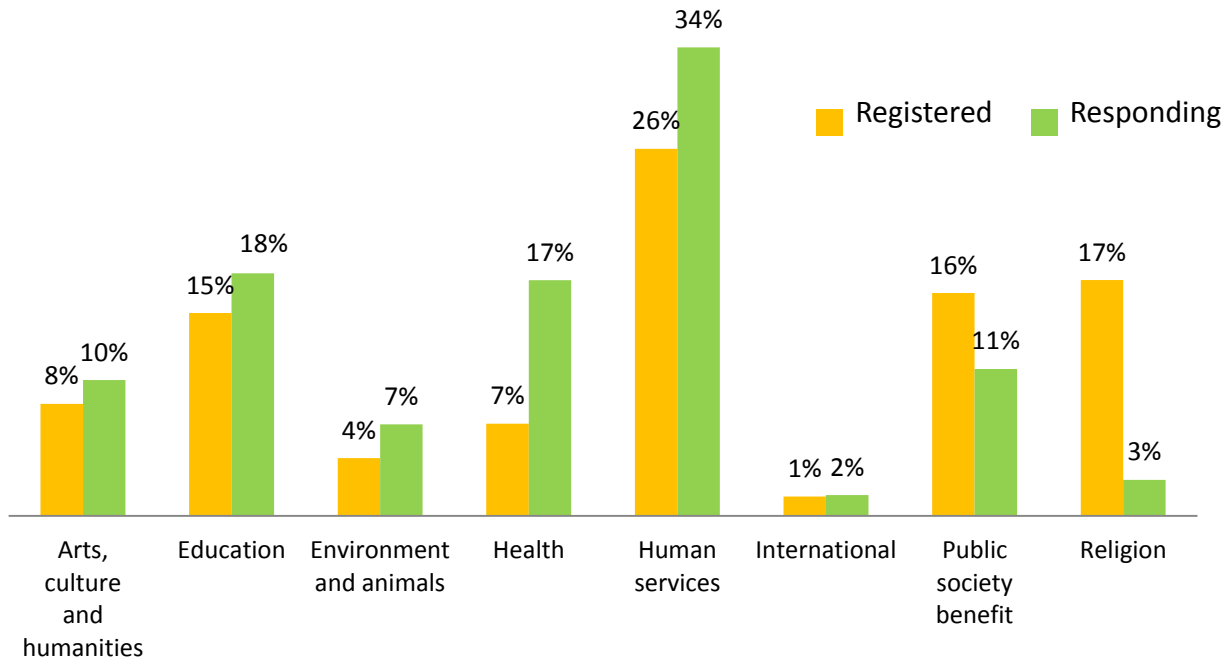


Reporting = filing an IRS Form 990 or Form 990EZ or 990-N ePostcard. Only non-religion registered charities with revenue of $50,000 or more are required to report. Expenditure information for non-reporting charities is not available at a national level for registered nonprofit 501(c)(3) organizations.

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

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

Figure 13: Responding charities by subsector compared with charities registered with the IRS



Registered = In the IRS Business Master File as of mid-2011. Charities in the BMF are coded by major category of the National Taxonomy of Exempt Entities (NTEE). Major categories are grouped here into "subsectors" as defined by *Giving USA*.
Responding = Response provided in this survey

Statistical significance

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

About the Nonprofit Research Collaborative

Several organizations formed the NRC. These entities have a decade or more of direct experience collecting information from nonprofits concerning charitable receipts, fundraising practices, and/or grantmaking activities. The collaborating partners are:

- Association of Fundraising Professionals, which surveyed members for an annual state of fundraising study from 2002 through 2010.
- Association of Philanthropic Counsel, an international professional association of consultants whose members survey nonprofit organizations as part of their services.
- CFRE International, which encourages research that helps fundraising professional achieve the highest standards of professional competence and ethical practice.
- Campbell Rinker, which publishes the bi-monthly Donor Confidence Report and conducts numerous studies among nonprofit donors and nonprofit professionals.
- Giving USA Foundation, which has published the *Giving USA Annual Report on Philanthropy* for nearly 60 years.
- The Partnership for Philanthropic Planning, which conducts research, education, advocacy, community dialogue and the setting of standards and best practices in philanthropic planning.
- The National Center for Charitable Statistics at the Urban Institute, which tracks the finances and activities of nonprofit organizations and prepares *The Nonprofit Almanac* and other publications and resources.

The collaborative effort reduces the burden on charities, which receive fewer requests for survey participation. Survey respondents will form a panel over time, allowing for trend comparisons among the same organizations. This approach provides more useful benchmarking information than repeated cross-sectional studies.

The Nonprofit Research Collaborative (NRC) conducts surveys twice a year. Melissa S. Brown & Associates manages the NRC. She can be reached at Melissa@NPResearch.org or at 530-690-5746.