

Helping Hand

A Fundraising Newsletter to Help Those
Who Help Others

Alexander Haas
TRANSFORMING INSTITUTIONS THAT TRANSFORM LIVES

First Things First



July 2, 2020

www.fundraisingcounsel.com



from the Carolina office of
Jerry W. Henry | Managing Partner for Faith-Based & Human Services

Let's Address the Elephant in the Room

The **Giving USA 2020** report chronicling the giving estimates compiled for calendar year 2019 was released earlier this month. The report shows that giving rose 2.4 percent last year, when adjusted for inflation, for a total of \$449.6 billion. Causes that gained the most in 2019 were public-society benefit (11.1%), arts, culture & humanities (10.6%), education (10.2%), environment, animals (9.3%), health (4.9%) and human services (3.1%). Three subsectors were below 1% : gifts to foundations (0.6%) , religion (0.5%), and gifts to individuals (0.4%) while international affairs was the only subsector to show a decline in giving.

It is safe to say that today these groups are facing the challenges of a recession, a global pandemic and health crisis, and racial-equity issues.

So, the big question on our minds – the *elephant in the room* – given what has occurred in the first quarter of 2020 and which continues today, does this report have relevance for us? The answer is a bit complicated.

Clearly to make the case that we can project continued growth in 2020 because we had growth in 2019 would be a stretch. There are a few valuable insights we can gain from this year's **Giving USA** report.

- First, total giving to US nonprofit organizations increased, at least through 2019, and the bulk of that giving continues to come from individual donors.
- Second, we now have a clear picture showing two full years of data coming on the heels of the 2017 tax law changes. Many of us had anxiety that the increase in the standard deduction would cause tens of millions of donors to stop giving. Because of that, we feared that total giving would decrease. The data now shows that a massive decrease did not occur.

So, those are both good takeaways from the Giving USA 2020 Report data. It's fair to say, you'd rather go into a challenging year like 2020 after a strong growth year

like 2019 as opposed to a year that was already on the downturn. For those organizations who were able to set aside a reserve from the 2019 philanthropic gains, perhaps that wise planning has helped to buffer the incredibly negative impact they surely have experienced in the past few months.

What impact will the pandemic, the economic hardship and the social tensions have on giving? No one is willing to make a prediction on the impact at this point. Could we see a spike in giving as donors direct their gifts to areas of health and human services or to the other subsectors with missions touching on frontline support? Or will any perceived increases in giving among our organizations be the fact that donors are shifting their giving from one subsector to another?

And what about other instances of the possible migration of giving to groups such as the **Center for Disaster Philanthropy** who are, in turn, making large grants to address the pandemic?

Additionally, **recent reports are pointing to increased giving** to bail funds related to the racial unrest in many local communities, as well as a surge **in major gifts from corporations and foundations** focusing on support of racial justice. All of this points to the potential increased competition for the philanthropic dollar.

What can we do to help position our organizations for the coming months?

1. Continue clear communications focusing on your mission but importantly also on your organization's role in addressing issues related to the pandemic or anti-racism.
2. Focus on donor retention by heightening your stewardship efforts. Your organization may not be able to attract new donors right now, but you must retain those who have supported you in the past.
3. Make plans now for how you'll emerge once the crises have subsided. While many organizations had 3-year and 5-year plans, consider developing 1-month, 3-month, and 6-month plans given the fluidity and uncertainty of the pandemic as well as economic issues.

Giving USA 2020 highlighted the broad-based growth in most areas of charitable giving during the last calendar year. While none of us could have predicted the challenges we have encountered over the past three months, and we certainly don't know exactly what the recovery will look like, we know that charitable giving has recovered from past recessions and challenges....and it will do so again in the future.

Give Us 30 Minutes & We'll Give You Focus

While your eyes are focused on your organization, your staff and those that you serve during these times of the COVID-19 pandemic, our eyes are focused on YOU:

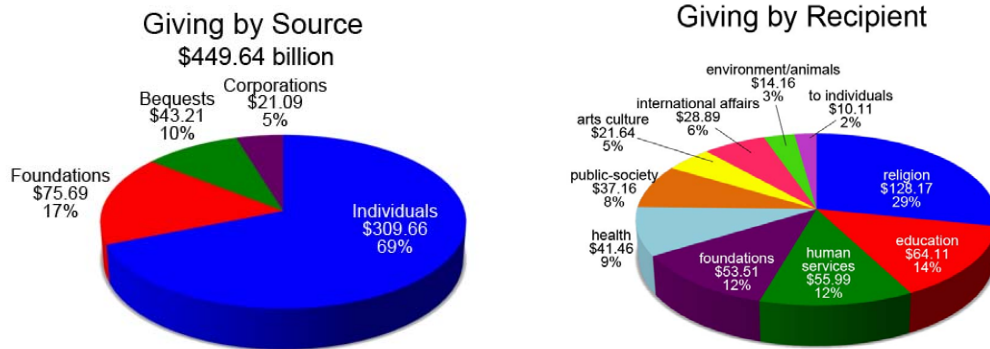
- Nonprofit organizations that are needed now more than ever.
- Nonprofits that have had to close their doors during this quarantine.
- Nonprofits that are struggling to keep providing services.
- Nonprofits that are seeing a drastic fall in donations.
- Nonprofits that struggling to adapt to the new normal.
- And even nonprofits that are seeing both volunteers and donors step up and lend increased support.

If you are any of those organizations, we are here to help you navigate this new world. We would like to offer you 30 minutes of consulting time at no charge to help you better understand and steer your fundraising efforts. We can help.

SCHEDULE YOUR FREE CONSULTATION NOW

A Snapshot of Giving in 2019

Giving USA 2020: The Annual Report on Philanthropy for the Year 2019, was released in June, and amid a complex climate, charitable giving showed solid growth, climbing to one of the highest years for giving on record at \$449.64 billion.

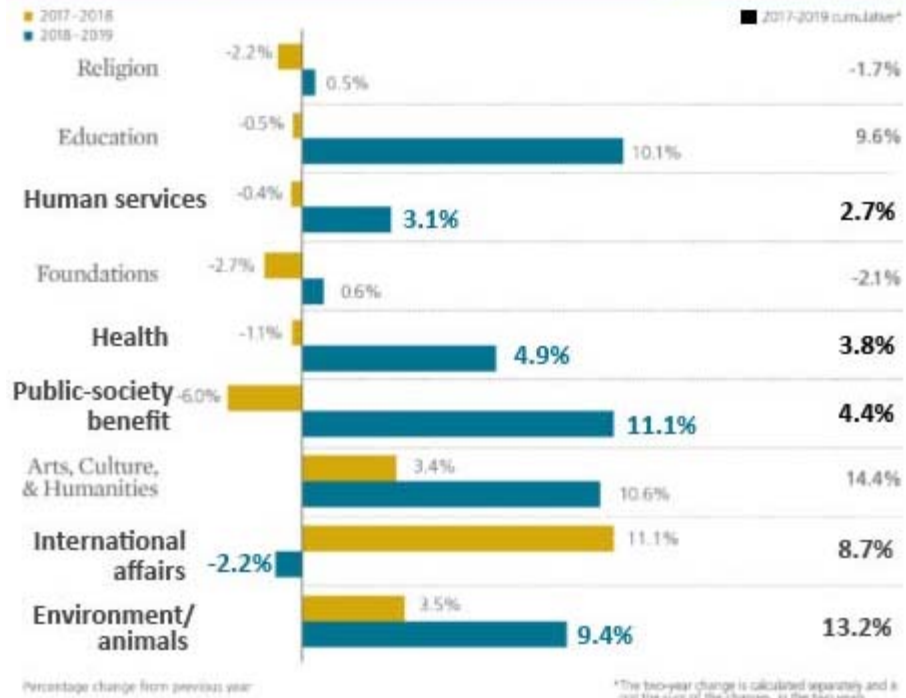


Selected Highlights

- Giving by **individuals** achieved the second-highest total dollar amount on record at \$309.66 billion, rising 4.7% in 2019.
- Giving by **foundations** had a record-breaking year, reaching its highest-ever dollar amount at an estimated \$75.69 billion.
- Giving by **corporations** was estimated to have increased by 13.4% in 2019, totaling \$21.90 billion. The growth is indicative of this type of giving, and is highly responsive to changes in corporate pre-tax profits and GDP.
- Giving by **bequest** was essentially flat with a growth rate of 0.2% over 2018 at \$43.21 billion in 2019.

Data for Helping Hand Sectors

Changes in giving by recipient: 2017-2018, 2018-2019, 2017-2019 cumulative (inflation-adjusted dollars)



- **Human services** organizations ranked third in total gifts received, at 12% of charitable dollars in 2019. In current dollars, giving to human services increased 2.0% between 2017 and 2018, and increased 5.0% between 2018 and 2019. Cumulatively, current-dollar giving to human services increased 7.1% between 2017 and 2019.
- The **health** subsector ranked fifth in total gifts received, at 9% of charitable dollars in 2019. In current dollars, giving to health increased 1.3% between 2017 and 2018, and increased 6.8% between 2018 and 2019. Cumulatively, current-dollar giving to health increased 8.3% between 2017 and 2019.
- **Public-society benefit** organizations received 8% of total giving in 2019. Giving to public-society benefit decreased 3.7% in current dollars between 2017 and 2018. Between 2018 and 2019, current-dollar giving to public-society benefit increased 13.1%. The cumulative change in giving to public-society benefit between 2017 and 2019 is 8.9% in current dollars.
- The **international affairs** subsector ranked seventh in total gifts received, amounting to 6% of charitable dollars in 2019. Giving to international affairs increased 13.8% in current dollars between 2017 and 2018. Between 2018 and 2019, current-dollar giving to international affairs was flat at -0.4%. The cumulative change in giving to international affairs between 2017 and 2019 is 13.4% in current dollars.
- Comprising the ninth-largest share of charitable dollars in 2019, the **environment/animals** subsector received 3% of total gifts. In current dollars, giving to environment/animals increased 6.1% between 2017 and 2018, and increased 11.3% between 2018 and 2019. Cumulatively, current-dollar giving to environment/animals increased 18.1% between 2017 and 2019.

News of Interest

First Quarter 2020 Giving Drops, But Early Signs of Uptick

Individual giving declined 6% in the first quarter of this year compared with last year, a trend that would lead to \$25 billion in lost revenue for nonprofits if it continues throughout 2020, according to a new survey.

Data shows the first two months of the year were good ones for fundraisers, followed by an 11% decline in March compared with March of 2019. However, there are early signs of a second-quarter rebound. At the end of March, data began to tick up. "I would be surprised if the 11% drop in March was anything that's going to hold," said Michael Nilsen, vice president of marketing, communications, and public policy at the Association of Fundraising Professionals.

Another bright spot: Donations under \$250 rose 6%. The 2017 tax law means that by a margin of millions, fewer people see any tax benefit from giving. But, Congress voted to allow people who don't itemize to deduct up to \$300 in cash charitable giving for one year only (on their 2020 taxes). According to research, the first-quarter fundraising has been declining year over year for several years across all categories of donors, so an increase in small-dollar donations was a surprise. More [here](#).

Foundations to Increase Debt to Give More Now

The **Ford Foundation** and other top U.S. grant makers plan to give away substantially more this year and next with a plan that includes something exceedingly rare: issuing bonds to boost grant making.

Ford plans to issue \$1 billion in debt in the form of 30- and 50-year notes, allowing it to distribute at least 10 percent of its assets over the next two years. The foundation had planned before the crisis to give about \$550 million in grants this year.

"We cannot do the minimum when faced with the overwhelming threat to the survival of nonprofits and, by extension, our democracy. Foundations must use the full arsenal of tools and assets at our disposal, including our flexibility, ingenuity, and longevity. Imagine if each of our institutions distributed three or four extra pennies on the dollar. The impact would be significant," said Darren Walker, president of the Ford Foundation.

Many foundations have responded with additional funds and flexibility for grantees already. A new report from the Center for Effective Philanthropy found that most nonprofits that receive grants are seeing steady or increasing support from foundations. *COP, 6-11*

We'd Like You to Know...

Transforming Institutions



We are proud to continue our counsel with our Client Partner, the **Girl Scouts of Central Maryland** in Baltimore.

For more than 30 years, Alexander Haas has been a fixture in the nonprofit community. We are honored to have worked with some of the largest, and some of the smallest, organizations that help make our country a better place to live.

[See our comprehensive list of client partners...](#)

Our Transformational Services

Alexander Haas offers a wide range of fundraising consulting services for organizations of all sizes. Our priority is to help transform institutions that transform lives. Whether you are readying for a capital campaign or need to assess your annual fund, our services are tailored to each individual client.

[What can we help you with?](#)

Alexander·Haas

TRANSFORMING INSTITUTIONS THAT TRANSFORM LIVES

3520 Piedmont Road | Suite 450 | Atlanta, GA 30305
404.525.7575



This email was sent to: gingerchakalall@me.com

This email was sent by: Alexander Haas
Piedmont Place, 3520 Piedmont Road, N.E., Ste. 450 Atlanta, GA 30305

We respect your right to privacy - [view our policy](#)

[Manage Subscriptions](#) | [Update Profile](#) | [Unsubscribe](#)