

blackbaud®

The Blackbaud Index

Overall Giving, Online Giving,
and Foundation Index Trends

PRESENTED BY CHUCK LONGFIELD, CHIEF SCIENTIST, BLACKBAUD

WITH A CLOSER LOOK BY TODD COHEN, FOUNDER, PHILANTHROPY NORTH CAROLINA



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THE BLACKBAUD INDEX—OVERALL GIVING

Based on data from 5,170 charities that raised more than \$17 billion in the prior 12 months, The Blackbaud Index reports that overall charitable giving decreased 0.5 percent for the 3 months ending June 2015, compared to the same period a year earlier.

2014 Overall Giving Distribution by Month by Sector

Sector	June '14	July '14	Aug '14	Sep '14	Oct '14	Nov '14	Dec '14
Arts and Culture	5.5%	9.3%	9.5%	8.3%	10.0%	1.7%	2.2%
Environment, Animals	3.4%	0.0%	4.0%	-0.6%	11.6%	8.7%	9.7%
Faith-Based	0.2%	1.3%	2.3%	3.3%	3.1%	3.8%	4.2%
Healthcare	2.0%	-2.0%	0.6%	-0.9%	-0.7%	-0.7%	2.3%
Higher Education	12.0%	15.3%	10.3%	11.6%	8.8%	4.8%	9.1%
Human Services	10.8%	6.5%	9.9%	4.7%	-0.3%	-0.1%	4.1%
International	17.1%	17.3%	10.6%	5.7%	4.0%	-4.6%	8.5%
K-12	3.4%	4.9%	4.5%	-2.6%	-3.1%	3.9%	3.4%
Medical Research	6.9%	8.5%	5.7%	7.4%	9.2%	7.2%	-0.4%
Public Society	13.0%	10.3%	1.7%	4.5%	13.3%	4.1%	7.1%
All Sectors	6.2%	6.0%	5.3%	4.3%	4.4%	2.4%	5.1%

2015 Overall Giving Distribution by Month by Sector

Sector	Jan '15	Feb '15	Mar '15	Apr '15	May '15	June '15
Arts and Culture	2.1%	3.2%	3.2%	8.7%	9.9%	0.4%
Environment, Animals	7.7%	5.5%	-1.3%	9.5%	1.0%	-5.8%
Faith-Based	3.6%	6.5%	5.4%	4.4%	5.4%	0.5%
Healthcare	6.5%	10.8%	0.3%	2.9%	4.8%	-4.4%
Higher Education	5.0%	4.5%	3.3%	4.3%	2.9%	1.7%
Human Services	-3.6%	-3.5%	-2.3%	2.0%	0.3%	1.3%
International	5.7%	12.1%	0.4%	2.3%	0.9%	3.5%
K-12	-2.2%	0.3%	-3.3%	-4.2%	-0.2%	-0.7%
Medical Research	-2.6%	2.8%	4.7%	4.4%	-3.8%	-0.2%
Public Society	6.3%	7.6%	7.8%	6.7%	-8.1%	-9.8%
All Sectors	3.1%	5.3%	2.9%	4.0%	2.6%	-0.5%

THE BLACKBAUD INDEX—ONLINE GIVING

Among 3,786 charities that raised over \$2 billion online in the prior 12 months, online giving grew 13.8 percent in the same 3-month period, compared to the same period a year earlier.

2014 Online Giving Distribution by Month by Sector

Sector	June '14	July '14	Aug '14	Sep '14	Oct '14	Nov '14	Dec '14
Arts and Culture	12.8%	16.6%	11.7%	6.6%	0.1%	10.1%	14.2%
Environment, Animals	8.0%	15.9%	16.3%	16.1%	9.1%	10.6%	13.1%
Faith-Based	13.2%	9.0%	12.8%	19.5%	15.3%	12.7%	9.4%
Healthcare	15.8%	17.1%	17.2%	10.8%	15.5%	8.4%	10.9%
Higher Education	9.1%	11.0%	15.2%	21.2%	19.0%	17.2%	16.0%
Human Services	6.3%	8.1%	11.7%	7.0%	9.4%	8.4%	11.8%
International	4.8%	4.8%	13.7%	10.9%	10.0%	-7.9%	-5.1%
K-12	8.2%	18.7%	22.5%	11.8%	8.7%	9.8%	14.9%
Medical Research	4.3%	6.6%	14.1%	12.3%	11.3%	10.4%	6.0%
Public Society	2.7%	1.9%	9.1%	10.4%	14.7%	3.8%	13.8%
All Sectors	9.5%	9.7%	13.7%	13.4%	12.5%	7.5%	8.6%

2015 Online Giving Distribution by Month by Sector

Sector	Jan '15	Feb '15	Mar '15	Apr '15	May '15	June '15
Arts and Culture	11.2%	10.9%	13.8%	12.7%	9.0%	1.3%
Environment, Animals	13.9%	16.1%	13.8%	10.6%	8.2%	13.1%
Faith-Based	6.5%	11.1%	11.3%	15.0%	16.8%	17.2%
Healthcare	11.0%	12.4%	15.2%	8.8%	14.6%	16.6%
Higher Education	16.3%	12.5%	11.9%	16.4%	16.5%	13.3%
Human Services	9.5%	10.4%	2.6%	9.9%	9.3%	11.2%
International	-4.9%	7.6%	7.3%	17.4%	12.5%	16.1%
K-12	14.5%	6.2%	6.5%	8.5%	19.0%	14.4%
Medical Research	3.6%	6.0%	4.2%	6.1%	1.9%	2.7%
Public Society	10.7%	13.0%	10.0%	13.4%	9.4%	13.2%
All Sectors	7.1%	10.6%	9.6%	13.0%	12.9%	13.8%

2014 Online Giving Distribution by Month by Sector

Sector	June '14	July '14	Aug '14	Sep '14	Oct '14	Nov '14	Dec '14
Foundations	-1.2%	7.3%	-3.9%	7.4%	-9.1%	6.2%	-1.2%

2015 Overall Giving Distribution by Month by Sector

Sector	Jan '15	Feb '15	Mar '15	Apr '15	May '15	June '15
Foundations	-1.5%	0.2%	0.9%	9.1%	11.1%	4.7%

A CLOSER LOOK AT FOUNDATION INDEX TRENDS: KEY FINDINGS ABOUT GIVING TO FOUNDATIONS FROM THE BLACKBAUD INDEX

BY TODD COHEN, FOUNDER, PHILANTHROPY NORTH CAROLINA

The Blackbaud Index this month introduces a new foundation index that tracks revenue from giving to foundations. This brings the number of specialty indices up to 11, including: Arts and Cultural, Environment and Animal Welfare, Faith-based, Healthcare, Higher Education, Human Services, International Affairs, K-12 Education, Medical Research, Public and Society Benefit, and now, Foundations. Blackbaud also publishes a giving index for Canada.

While the Blackbaud Index tracks data on giving to all those other sectors, which receive contributions, gifts, and grants from individuals, corporations, and foundations, it has not until now tracked giving

to foundations. *Giving USA*, the annual report from the Giving USA Foundation on charitable giving in the United States, does track giving by foundations, but only on an annual basis.

"We will now finally have a monthly number for the giving to foundations," said Chuck Longfield, Blackbaud's chief scientist and creator of the Index.

Blackbaud's new Foundation Index is based on data from 96 foundations that received over \$414.6 million in giving over the most recent 12-month period.

The new index includes—but does not track as separate categories—giving to community foundations, corporate foundations, private foundations (including family foundations), and operating foundations. “Over time, with growth in the number of foundations the Index tracks, and in giving to those foundations, the Foundation Index likely will break out giving to separate categories of foundations,” Longfield explained.

The first overall index that Blackbaud introduced in 2010 tracked 1,400

nonprofits representing \$2.2 billion in annual revenue. That index now, 5 years later, tracks over 5,000 nonprofits representing over \$17 billion in annual revenue.

“Unlike Blackbaud’s other specialty indices, which track both overall giving and online giving to each sector, the new Foundation Index tracks only overall giving to foundations because online giving to them is not significant,” Longfield said.

A CLOSER LOOK AT THE NEW FOUNDATION INDEX

Overall giving to 96 foundations representing over \$414.6 million in annual revenue grew 4.7 percent in the 3 months ending in June 2015, compared to the same period in 2014.

Giving to those foundations grew 7.6 percent in the 6 months ending in June 2015, compared to the same period a year earlier. In comparison, overall charitable giving to 5,170 nonprofits representing over \$17 billion in annual giving grew 1.4 percent in the 6 months ending in June 2015, compared to the same period in 2014.

Giving to those 96 foundations in 2014 grew 6 percent from 2013. In comparison, overall charitable giving to nonprofits in 2014 grew 2.1 percent from 2013.



SERVING DONORS

AN INTERVIEW WITH GREATER KANSAS CITY COMMUNITY FOUNDATION

While the financial markets gradually have recovered since they crashed in 2008, a focus on providing good customer service to donors has helped generate annual giving of roughly \$300 million a year over the past 5 years to the Greater Kansas City Community Foundation.

“The market plays a huge role, probably the biggest role,” said Brenda Chumley, senior vice president of foundation relations and operations at the Foundation. But the biggest factors driving annual giving, which grew to \$393 million in 2014, are “the services you offer and the flexibility of your foundation,” she said.

INVESTMENT OPTIONS

A flexible service that donors value is the Foundation’s practice, which it adopted roughly 10 years ago, that gives donors the option of using their own investment managers to manage the investment of the charitable funds they create at the Foundation.

“Outside managers now manage roughly 70 percent of the \$2.5 billion in assets at the Foundation, which was founded in 1978. Investment returns on funds managed by outside managers are generally

comparable to those of the Foundation’s pooled funds that are managed by our own investment managers,” Chumley said.

DONOR RELATIONS

Unlike many community foundations with separate departments for developing new donors and for providing services to existing donors, the Greater Kansas City Community Foundation operates with a single donor relations department that works with prospective and existing donors. So the donor relations officer who works with a donor to make a first gift continues to work with that same donor.

“The key to the work of the donor relations staff members is developing a one-on-one relationship with donors,” Chumley said. “Each donor has a personal contact at the Foundation, and each donor relations officer meets at least once per year with each donor about his or her portfolio unless a donor prefers to have no contact. Whether the meetings are in person, over the phone, or not at all, the goal is to be respectful of the donor’s needs and make sure we are fulfilling them,” Chumley said.

The Foundation offers a graduated fee schedule based on assets in

the fund. “We treat every donor equally from a service perspective,” Chumley said. “It’s one donor at a time, and whatever their needs are, it is those we will service.”

STAFFING AND TECHNOLOGY

To best serve donors, the Foundation has made significant investment in technology and, over the past five years, has slowly increased the size of its donor relations staff to seven from five.

Donors can use an online donor portal to review their charitable funds, make grants, look at their investment earnings, or print out a fund statement. And for the past 10 years, the Foundation has used separate software to help it manage data from outside investment managers selected by donors who opt to use them.

STAFF EXPERTISE

The Greater Kansas City Community Foundation does not operate with a separate staff for gift planning. Each donor relations officer is responsible for working with donors on a broad range of gifts. And the Foundation’s corporate counsel, who handles planned gifts and serves on the donor relations staff, supports other donor relations officers in working with donors on more complex gifts.

TYPES OF GIFTS

“Cash and stock are the most popular types of gifts to the Foundation, and donor advised funds are the most popular type of fund,” Chumley said. The Foundation is also seeing a lot of gifts of real estate and closely-held business entities.

“People are looking at their entire portfolio and deciding what makes the most sense for them to give,” she said. “Sometimes it’s an illiquid asset they can turn into a liquid asset.”

The Foundation has a lot of experience in accepting complicated gifts, particularly as a result of the gift of the Kansas City Royals baseball team that it received in 1994 and sold in 2000.

DONOR EDUCATION

As part of the services it offers to donors, the Foundation hosts three to four education sessions a year. Typically held at lunch and attracting

25 to 30 donors, the sessions focus on topics such as preserving donor intent or working with successive generations. “We try to keep the sessions informal and fun for attendees,” Chumley explained.

For several years in a row, for example, the Foundation delivered cupcakes to all its donors with a note thanking them for having a fund with the Foundation and offering them “a treat on us.”

“We work really hard to make giving easy and fun,” Chumley said.

PROFESSIONAL ADVISERS

The Foundation works strategically with lawyers, accountants, financial planners, and other professional advisers, meeting with them one-on-one, hosting education events, providing printed and online information, and materials they can use in working with their clients, and serving as a resource whenever needed. “We’ve made it easy to quickly set up a donor-advised fund or other fund at year-end,” Chumley said.

The Foundation also hosts two lunches a year that feature advisers who talk about their work with the Foundation, as well as its own staff.

COMMUNICATIONS

Operating with a communications staff of two people, the Foundation targets selective communications about philanthropy and about its work and impact.

For example, when the Kansas City Royals played in the World Series last year, the Foundation’s President and CEO, Debbie Wilkerson, wrote an opinion column for the local newspaper about the gift of the team to the Foundation, and the impact of the gift on the community.

The Foundation places some advertising on its local National Public Radio station, which also occasionally interviews members of the Foundation’s staff for its programs. “When appropriate, we do outreach in that area,” Chumley said. “But we don’t just constantly try to get stories in the paper.”

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“The key to the work of the donor relations staff members is developing a one-on-one relationship with donors.”

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— Brenda Chumley, Senior Vice President of Foundation Relations and Operations, Greater Kansas City Community Foundation

TARGETED MARKETING

AN INTERVIEW WITH HERBALIFE FAMILY FOUNDATION

Working closely with Herbalife, the global nutrition company, the Herbalife Family Foundation raises money from Herbalife employees, customers, and Herbalife members who sell Herbalife throughout the world. The Foundation was created in 1994 by the late Mark Hughes, founder of Herbalife.

The Foundation uses the funds raised to support over 130 Casa Herbalife nutrition programs in 50 countries that serve over 100,000 children. Those programs focus on fighting obesity, malnutrition, and undernutrition.

With nearly \$7.9 million in assets, the Foundation works with people who sell Herbalife, known as “members,” to identify prospective nonprofit partners throughout the world and then invites those nonprofits to apply for support. It does not accept unsolicited requests for grants.

FOCUS ON EVENTS

The Foundation, which raised \$4.58 million in 2014 and made grants totaling \$2.69 million, generates 80 percent of its funds from events, including 5 social events that each attract from a few hundred to 1,200 guests as well as 3 fitness events that each attract 3,000 to 4,000 participants.

“Our Foundation markets to a targeted group,” said Robyn Browning, executive director of the Herbalife Family Foundation.

All seven members of the Foundation’s staff are employees of Herbalife, which supports their travel expenses and provides its own staff when needed to assist with planning and logistics for events.

EVENT MARKETING

The Foundation works with Herbalife through the company’s communications channels to reach its roughly 4 million members, its more than 7,000 employees, and its customers to invite them to participate in the Foundation’s social and fitness events.

Targeted to Herbalife’s top-producing members, the social events include a gala with a silent and live auction. “We focus on top earners, and they on average tend to give \$10,000 or more,” Browning said. “Most of our money comes from the top level—about 100 of those donors.”

The Foundation schedules most of its events to coincide with

Herbalife conferences and meetings, and it uses the company’s contact lists to identify and reach prospective guests and participants. “We are building our own relationships and sending invitations through our channels, mainly email,” Browning said. “We do follow up with phone calls to our top donors.”

TOP DONORS

The Foundation counts on Herbalife to help identify its top-producing members. “Herbalife usually supports galas by buying tables which range from \$6,000 to \$20,000. It also purchases auction items. At our last event the cheapest item was \$15,000,” Browning said.

“Our donors appreciate recognition, and having a live auction is a form of that. When donors raise their paddle and win an item, they are instantly recognized for their donation.”

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“Recognition is important. It’s a matter of knowing the audience, and this audience appreciates recognition.”

— Robyn Browning, Executive Director, Herbalife Family Foundation
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EMPLOYEES AND ONLINE GIVING

The Foundation counts on employees and online fundraising for the remaining 20 percent of its revenue. To engage its employees and members, it distributes a monthly e-newsletter that typically highlights a regional program supported by the Foundation, focuses on a recent event, recognizes donors, and includes a call to action, such as making a donation or registering for an event.

Since the Foundation launched it last November, the e-newsletter has generated about \$150,000 in contributions.

The Foundation also targets email messages, typically sending one each month that focuses on a different country or region. “We share what’s happening around the world in each region, programs of Casa Herbalife, and recognizing support,” Browning said. “We’re communicating in about 17 or 18 languages.”

NEW INITIATIVES

The Foundation is trying to build a monthly-giving program it launched last year that lets employees, members, and customers

sign up to make an automatic contribution each month through means such as payroll deduction. And it is using its e-newsletter to market an e-card program it offers through Blackbaud.

LESSONS

Key to the Foundation’s fundraising is providing the kind of recognition that is important to its top donors in Herbalife’s motivated corporate culture.

BUILDING COMMUNITY

AN INTERVIEW WITH THE COUNCIL ON FOUNDATIONS

“Public and private foundations increasingly are working to serve as ‘connecting’ institutions for communities defined by geography or a cause, partnering with donors to identify their communities’ needs, and developing and funding efforts to address them,” said Siobhan O’Riordan, senior vice president of engagement at the Council on Foundations.

Community foundations, for example, are “partnering with community leaders to listen and identify what key needs are and then partner with donors to meet needs,” O’Riordan said.

SHIFTING STRATEGIES

As a result of partnerships with foundations, donors are diversifying the strategies they use to make gifts.

“Perception is moving away from donor-directed funds. Instead of donors using community foundations as a service to allocate funds, donors are understanding that the Community Foundation has a vital role in meeting core needs so that they can begin giving to funds that meet their interests,” O’Riordan said.

Funds of interest typically have a specific area of focus, and community foundations aggregate those funds “and steward them and deliver impact on interest areas through grantees who are doing the work in the community,” O’Riordan said.

FOOD IN NORTHERN VIRGINIA

Lara Kalwinski, director of national standards and counsel at the Council on Foundations, said the Community Foundation for Northern Virginia in Arlington “sees part of its role as not just talking to donors but also to the community and nonprofits that serve community needs.”

This year, Capital Area Food Bank in Washington, D.C., which serves northern Virginia, asked the Community Foundation for

“Recognition is important,” Browning said. “It’s a matter of knowing the audience, and this audience appreciates recognition.”

The Foundation also works hard to make sure it thanks its donors promptly. It relies heavily on email to do that, and Browning personally thanks donors during her visits to about 13 countries a year that are home to Herbalife members and Casa Herbalife programs.

support in addressing hunger in Manassas, where few philanthropic dollars are available.

The Community Foundation, in turn, talked to its donors, including one who has a donor advised fund at the Foundation. It then agreed to fund a program at the food bank for one year “because of the connections that the Community Foundation has, not just the connections to money but to the community, responding to its needs, and knowing how to pool resources to address those needs,” Kalwinski said.

“When a community foundation is articulate on the needs of a community because they’ve listened to the community, they have the ability of connecting—where a donor might be interested—to what is actually happening,” she said. “Public foundations understand how to engage in that role. Any time they can have a better conversation with that donor, the likelihood of making a connection that leads to trust—and ultimately a gift—is greater.”

NEW TOOLS

O’Riordan notes that as community foundations increasingly play the role of connecting institutions, they are “diversifying the tools they fundraise with and the tools they partner with and they grant with.”

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— Lara Kalwinski, Director or National Standards and Counsel, Council on Foundations

“Foundations are moving beyond their traditional focus on philanthropy, donor advised funds, and money. There’s a more systemic understanding than the informal aspects of philanthropic success in the past: how do you build trust, sustain credibility, and embrace community leadership,” O’Riordan explained.

Community foundations are working with donors to create directed funds and field of interest funds to address specific causes and issues they care about. “They’re providing donors with greater opportunities to engage through community conversations. They are diversifying their strategies and their tools but they’re doing it because they really are anchoring themselves in what it means to be a community,” said O’Riordan.

Community foundations also are using impact investing that aims to address social and environmental problems by making alternative investments such as loans to nonprofits or allocations to socially responsible investments.

EXPERTISE AND TECHNOLOGY

Faced with the sophisticated technology available to donors from large commercial gift funds such as Fidelity Charitable, community foundations increasingly will need to emphasize their community connections and invest in user-friendly technology to differentiate themselves in the marketplace.

“There are opportunities to better use technology to leverage the community knowledge and connections that community foundations bring,” she said.

Community foundations also can use technology to make it easier for donors to give, particularly to relief efforts in the wake of natural disasters or in the face of crises that require a quick response.

DIVERSIFICATION AND DATA

With growing competition for donors, shrinking government funding, and rising community needs, community foundations also face the ongoing challenges of creating development plans that call for a diversified revenue mix and developing tools to evaluate and track their impact and those of their partnerships.

In addition to using the traditional strategy of donor advised funds community foundations increasingly are working with donors to create interest-area funds, endowments, and funds held by private foundations and corporate partners, according to O’Riordan. Community foundations also are creating “giving days” that invite donors to give online or through email on specific dates or to support specific causes.

Foundations are looking for ways to evaluate the effectiveness of the programs they fund and to measure the difference those programs make in the community.

Data and the stories they tell are critical for all foundations that want to move the needle on community issues, including foundations that pool resources so they can have a “collective impact” on important community issues. And technology can help gather and make sense of that data.

“If they position themselves as a backbone organization that is able to accept funds from different community stakeholders, and deliver on that, and do the evaluation and be able to assess and speak to the impact, they play a vital role in the community,” she said.

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— Siobhan O’Riordan, Senior Vice President of Engagement, Council on Foundations

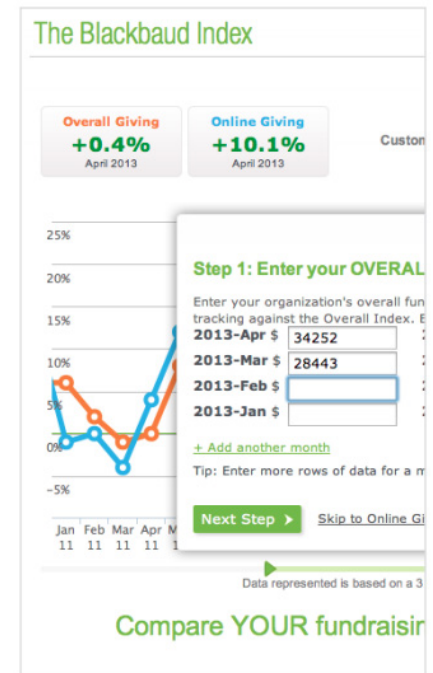
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HOW DOES YOUR FUNDRAISING MEASURE UP?

Plug your overall or online fundraising revenue, or both, into our interactive calculator to see how your organization is trending against The Blackbaud Index. You also can compare your organization by size or sector to industry benchmarks.

WANT SOME HISTORICAL FUNDRAISING PERSPECTIVE?

Take a look at archived fundraising data in The Blackbaud Index going back to January 2010. It's a great way to track longer-term fundraising trends and get a broader perspective on charitable giving in the United States.



- ▶ Visit www.blackbaud.com/blackbaudindex to benchmark your organization's performance against The Blackbaud Index, to view additional data, and to learn more about the methodology. You can also subscribe to free email or mobile alerts and access archive reports. Please share your feedback at bbindex@blackbaud.com.

About Blackbaud

Serving the nonprofit, charitable giving and education communities for more than 30 years, Blackbaud (NASDAQ:BLKB) combines technology solutions and expertise to help organizations achieve their missions. Blackbaud works in over 60 countries to support more than 30,000 customers, including nonprofits, K12 private and higher education institutions, healthcare organizations, foundations and other charitable giving entities, and corporations. The company offers a full spectrum of cloud and on-premise solutions, and related services for organizations of all sizes, including nonprofit [fundraising and relationship management](#), [eMarketing](#), [advocacy](#), [accounting](#), [payment](#) and [analytics](#), as well as [grant management](#), [corporate social responsibility](#), [education](#) and other solutions. Using Blackbaud technology, these organizations raise, invest, manage and award more than \$100 billion each year. [Recognized as a top company](#), Blackbaud is headquartered in Charleston, South Carolina and has operations in the United States, Australia, Canada, Ireland and the United Kingdom. For more information, visit www.blackbaud.com.

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