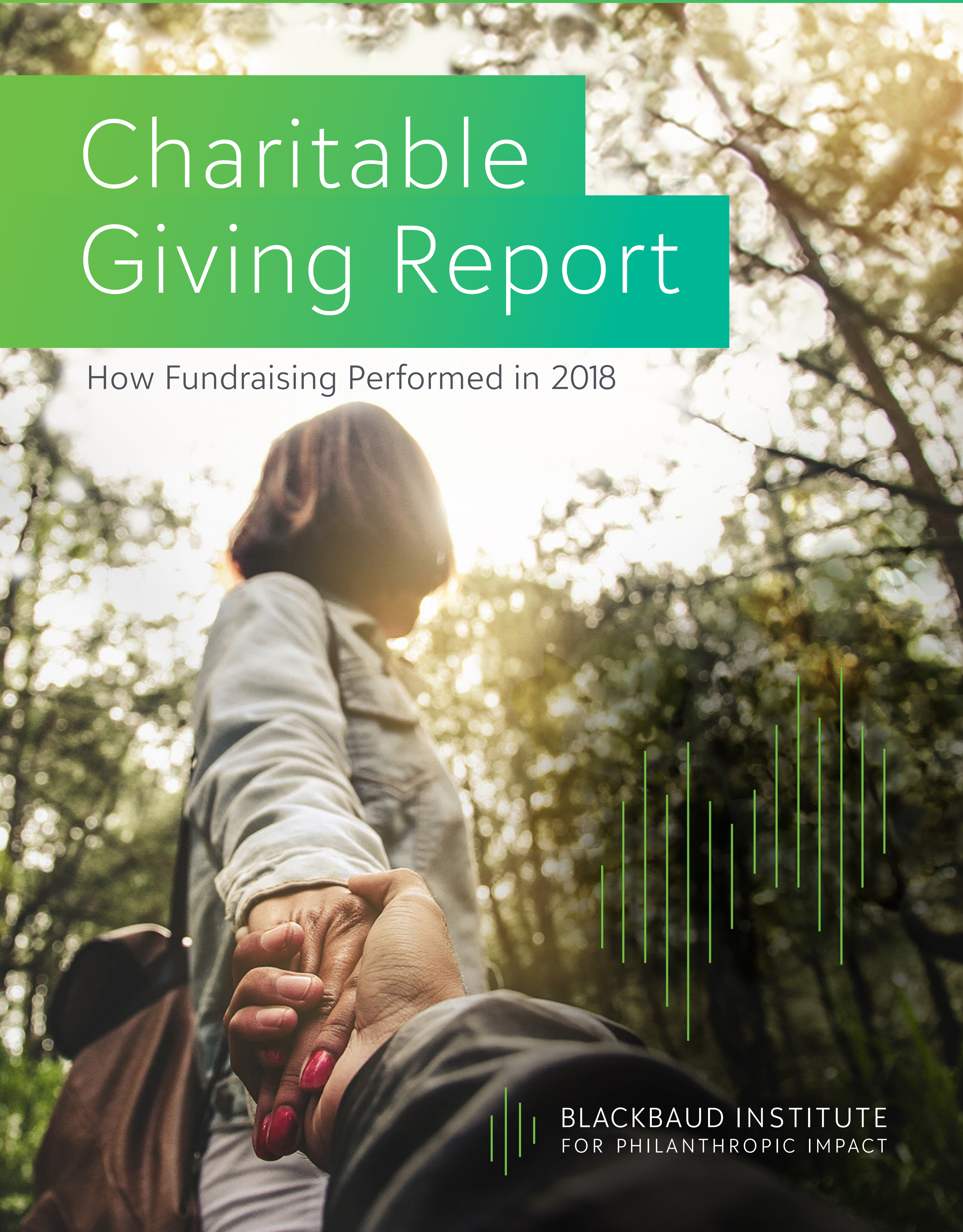
Charitable Giving Report

How Fundraising Performed in 2018



BLACKBAUD INSTITUTE
FOR PHILANTHROPIC IMPACT

Contents

Charitable Giving Report

How Nonprofit Fundraising Performed in 2018

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FOREWORD

Generous Donors Continue to Grow Philanthropy

In our last *Charitable Giving Report,* we entered 2018 with a first look at answers to heady questions swirling around the sector. How was philanthropy affected by the tumult surrounding us? We knew then that the many shakeups of widening political rifts, natural disasters, and increased civic engagement would have long-lasting effects that would be seen throughout 2018.

Now, as we enter a new year, the 2018 *Charitable Giving Report* provides us with our first data-backed view of the trends. And the picture looks bright.

Overall giving is up once again, continuing a consistent trend we have seen for many years now. As we found in our *Vital Signs* research series, while fewer households are giving, those that give are donating at higher levels than ever before. Buoyed by these generous donors, organizations that prioritize stewardship and retention of their donors continue to find the greatest success.

As always, a focus on the fundamentals of relationship building continues to be key to fundraising success. The networked world around us has placed donors squarely in the role of key navigators of their own philanthropic course. With this year's findings that donors continue to be generous in the face of uncertainty around them, we must continue to celebrate their generosity. By taking the time to learn about their motivations for giving and their unique charitable perspectives, we can steward long-term relationships to inspire them to maintain their valuable support for years to come.

This 2018 *Charitable Giving Report* illuminates a positive truth of the social good sector: The generosity of donors is not shaped solely by incentives. Even amid changing times, people prioritize giving and philanthropy continues to grow.

INTRODUCTION

The Charitable Giving Report leverages the Blackbaud Index to provide a year in review based on the largest analysis of overall and online giving data anywhere in the nonprofit sector. This is the seventh consecutive year that we have published the Charitable Giving Report and we believe it can help inform fundraising strategies across the nonprofit sector for years to come.

The 2018 *Charitable Giving Report* includes overall giving data from 9,029 nonprofit organizations representing $31.9 billion in total fundraising in 2018. The Report also includes online giving data from 5,537 nonprofits representing $2.7 billion in online fundraising in 2018.

A significant amount of work has gone into building the analysis model and making sure the data meets strict requirements. This includes collecting giving data on a monthly basis over a period of 36 months, checking and rechecking for anomalies, classifying each organization by sector using the National Taxonomy of Exempt Entities (NTEE) code, matching and retrieving reported total revenue information, and applying statistical expertise to the data.

In addition to this year-in-review Report, the Blackbaud Index is updated on a monthly basis to showcase the latest charitable giving trends. Visit www.blackbaud.com/blackbaudindex for additional insights and chart your organization's performance against the index.

Summary of Research Findings

In 2018, overall charitable giving in the United States increased 1.5% on a year-over-year basis. Large organizations grew by 2.3%; medium organizations increased 2%; and small nonprofits experienced a decrease of 2.3% compared to the same time period in 2017. Since 2016, overall giving has grown 9% and giving to Foundations grew 5% over the same three-year time period.

Online giving grew 1.2% in 2018 compared to 2017. Large organizations had a decrease of 0.5%; medium-sized organizations grew 3.7%; and small nonprofits grew 0.7% on a year-over-year basis. Since 2016, online giving has grown 17%, and average online gift amounts have continued to increase.

The percentage of total fundraising that came from online giving once again reached another record high in 2018. Approximately 8.5% of overall fundraising revenue, excluding grants, was raised online. In 2018, 24% of online transactions were made using a mobile device. This is the continuation of a growth trend we have measured over many years now.

Arts and Culture organizations had the largest growth in both overall and online giving during 2018. Animal Welfare, International Affairs, Higher Education, and Public and Society Benefit organizations also experienced significant growth in overall giving compared to 2017. Public and Society Benefit, Healthcare, and Faith Communities also had growth in online giving in 2018.

2018 continued the longest sustained period of charitable giving growth since the last recession. There are several key trends shaping charitable giving that are highlighted here. First, charitable giving in the United States is returning to normal levels following two years of significant growth. Second, online giving is entering a new phase where mobile and other digital channels continue to change how donors engage with nonprofit organizations. Finally, giving to Foundations and Donor Advised Funds (DAFs) continues to grow in response to supporter preferences and changes in incentives.

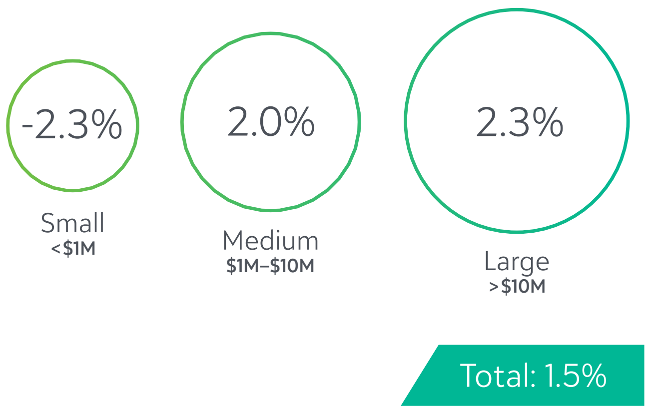
A 36-month view of fundraising from the same organizations reveals a 9% growth in overall giving and a 17% increase in online giving. When we take a broader view, spikes in giving during 2017 gave way to more normal growth rates in 2018. There is a tendency to want to identify a single reason for shifts in giving, but that is not how the philanthropic ecosystem works. In 2018, several factors influenced a return to normal fundraising levels.

Overall 2018 Giving Trends

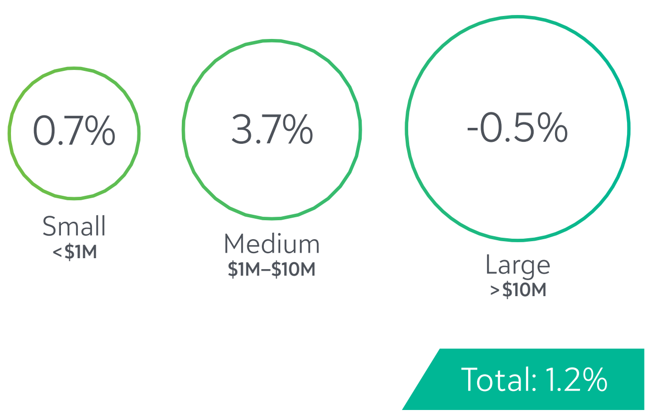
Overall giving in 2018 grew 1.5% on a year-over-year basis for the 9,029 nonprofit organizations in the analysis. This is the seventh consecutive year where the *Charitable Giving Report* has documented an increase in giving.

Fundraising by large organizations, with annual total fundraising more than $10 million, was up by 2.3%. Medium-sized organizations, with annual total fundraising between $1 million and $10 million, had an increase of 2% on a year-over-year basis. Small nonprofits, with annual total fundraising less than $1 million, experienced a 2.3% decrease in fundraising results compared to 2017.

2018 OVERALL GIVING TRENDS BY ORGANIZATION SIZE



2018 ONLINE GIVING TRENDS BY ORGANIZATION SIZE



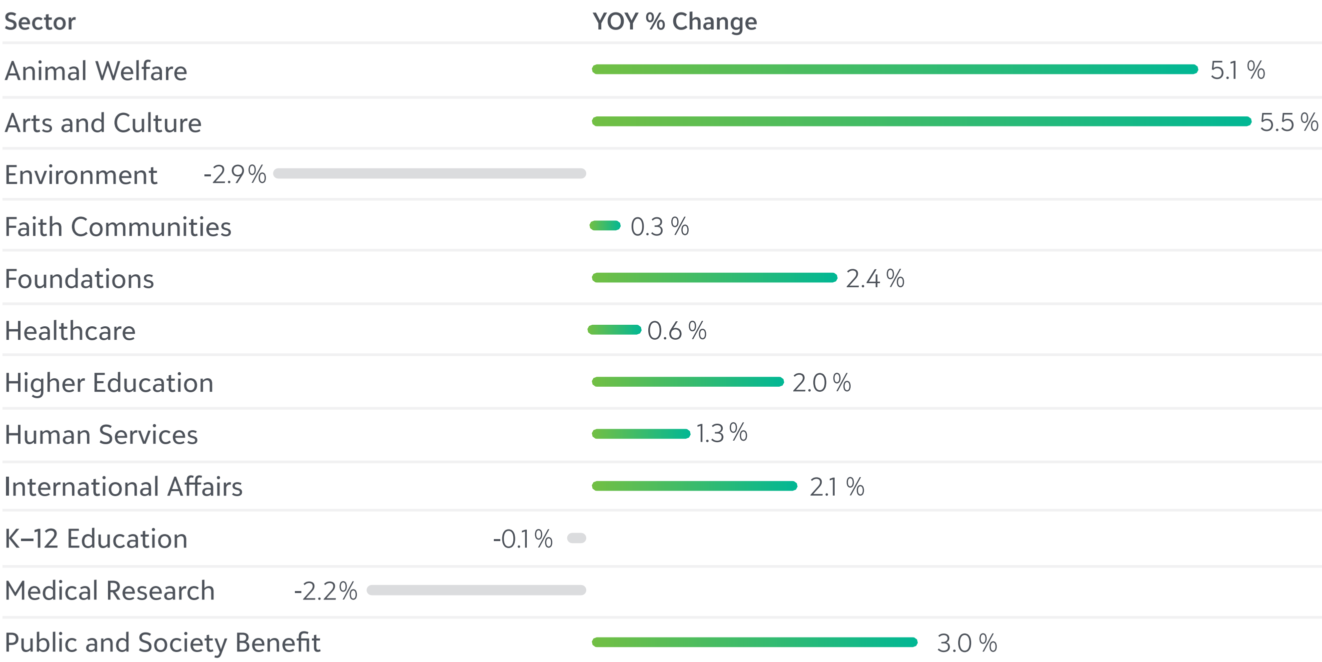
Online giving in 2018 grew 1.2% year over year for the 5,553 nonprofit organizations in the analysis. This represented a slower growth trend compared to the double-digit growth rates experienced in 2017.

Nonprofit organizations had varying degrees of growth in their online fundraising in 2018 compared to 2017. Large organizations, with annual total fundraising more than $10 million, had a decrease of 0.5% in their online fundraising in 2018. Medium-sized nonprofits, with annual total fundraising between $1 million and $10 million, had an increase of 3.7% in their online fundraising. Small nonprofits, with annual total fundraising less than $1 million, grew their online fundraising 0.7% compared to 2017.

> Fundraising by large organizations, with annual total fundraising more than $10 million, was up by 2.3%.

Giving Trends By Nonprofit Sector

2018 OVERALL GIVING TRENDS BY SECTOR



Each organization in the Blackbaud Index is categorized by one of twelve sectors using its National Taxonomy of Exempt Entities (NTEE) code as reported on its 990 tax return. These sectors are Animal Welfare, Arts and Culture, Environment, Faith Communities, Foundations, Healthcare, Higher Education, Human Services, International Affairs, K–12 Education, Medical Research, and Public and Society Benefit. Each sector is weighted based on Giving USA™ data to ensure that no individual organization or sector is overrepresented in the analysis.

For the first time in 2018, the *Charitable Giving Report* split giving to Environment and Animal Welfare organizations into two separate sectors. The Report also includes giving to Foundations, but this data is currently not used to calculate giving trends to avoid the potential of double-counting revenue.

Arts and Culture organizations grew by 5.5%, Animal Welfare grew by 5.1%, and Public and Society Benefit nonprofits grew by 3% in year-over-year fundraising. Any look at smaller growth rates in other sectors must take into consideration higher levels of giving in 2016 and 2017. In many cases, this is a return to normal fundraising levels after spikes in giving.

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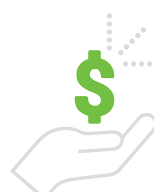
2018 ONLINE GIVING TRENDS BY SECTOR

Sector	YOY % Change
Animal Welfare	-3.0%
Arts and Culture	5.8 %
Environment	-1.4 %
Faith Communities	2.9 %
Healthcare	3.3 %
Higher Education	1.1 %
Human Services	0.0 %
International Affairs	-8.3%
K–12 Education	-2.1 %
Medical Research	-2.5 %
Public and Society Benefit	4.4 %

2018 saw a leveling out of online giving after significant growth rates in 2016 and 2017. Arts and Culture organizations had the highest growth rate with a 5.8% increase in online giving during 2018. Public and Society Benefit nonprofits grew online giving by 4.4%, Healthcare by 3.3%, and Faith Communities grew their online giving by 2.9% compared to 2017.

It is very important to look at these trends from a multi-year perspective. Since 2016, overall giving has grown by 9% and online giving increased 17% in the United States. Spikes in giving due to economic, political, and international events eventually return to normal levels.



Since 2016, overall giving has grown by 9%

Giving Trends By Month

2018 OVERALL GIVING DISTRIBUTION BY MONTH BY SECTOR

SECTOR	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
Animal Welfare	6.3%	5.8%	7.5%	6.5%	7.6%	7.2%	7.1%	7.1%	6.8%	7.6%	9.9%	20.5%
Arts and Culture	7.7%	6.2%	6.7%	7.7%	8.3%	9.6%	6.9%	6.3%	9.5%	7.7%	7.5%	15.9%
Environment	7.3%	5.8%	6.3%	8.0%	7.0%	9.3%	7.9%	8.6%	8.0%	6.4%	9.9%	15.5%
Faith Communities	6.9%	6.2%	8.0%	7.4%	8.0%	8.3%	6.9%	6.5%	12.6%	7.0%	7.2%	15.0%
Healthcare	6.3%	6.2%	7.3%	7.1%	8.6%	8.9%	6.0%	7.3%	6.8%	8.1%	8.1%	19.2%
Higher Education	6.9%	5.8%	6.9%	6.3%	8.4%	11.5%	7.1%	7.2%	6.6%	8.6%	7.7%	16.8%
Human Services	6.7%	5.8%	6.9%	6.9%	8.8%	8.8%	9.9%	7.8%	7.4%	7.5%	8.6%	14.9%
International Affairs	5.3%	7.4%	6.4%	6.8%	6.9%	5.9%	5.8%	5.2%	13.0%	9.7%	10.2%	17.6%
K–12 Education	7.0%	6.0%	7.1%	7.1%	8.0%	11.1%	6.4%	6.2%	6.4%	7.7%	8.4%	18.6%
Medical Research	8.4%	8.5%	8.1%	7.3%	6.9%	10.4%	4.8%	6.1%	8.3%	7.5%	6.9%	16.9%
Public and Society	6.8%	5.6%	7.3%	7.4%	7.5%	8.8%	7.1%	7.1%	8.4%	9.9%	7.7%	16.5%
OVERALL	6.8%	6.2%	7.1%	7.0%	8.2%	9.7%	7.2%	6.9%	7.8%	8.0%	8.2%	17.0%

While December continues to be the largest month for charitable giving, 2018 gave way to the biggest shift in distribution across other months. In 2017, approximately 18.2% of giving took place in December and this shifted to just 17% in 2018. June has continued to be the second largest giving month of the year, which aligns with the end of the fiscal year for many nonprofit organizations.

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2018 ONLINE GIVING DISTRIBUTION BY MONTH BY SECTOR

SECTOR	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
Animal Welfare	5.6%	6.3%	7.6%	8.1%	7.5%	6.8%	6.4%	6.5%	7.8%	6.5%	10.3%	20.7%
Arts and Culture	7.0%	7.3%	8.6%	8.2%	7.0%	7.0%	6.9%	6.5%	7.9%	7.6%	9.1%	16.8%
Environment	6.2%	5.7%	7.1%	7.8%	8.9%	6.8%	5.8%	6.3%	6.2%	7.0%	9.5%	22.6%
Faith Communities	6.0%	7.3%	8.6%	7.1%	8.0%	9.8%	6.1%	7.3%	6.2%	6.7%	8.9%	18.0%
Healthcare	6.2%	7.8%	8.0%	8.5%	7.9%	6.0%	5.7%	6.6%	8.8%	9.1%	8.4%	17.1%
Higher Education	6.6%	5.8%	7.7%	8.3%	7.1%	8.0%	4.1%	5.6%	7.1%	7.7%	9.9%	22.1%
Human Services	4.8%	5.0%	6.4%	7.0%	6.5%	6.2%	5.2%	6.0%	7.0%	7.6%	12.3%	26.1%
International Affairs	5.4%	5.6%	7.0%	6.3%	6.3%	6.5%	5.5%	6.1%	7.1%	8.2%	12.1%	24.0%
K–12 Education	8.1%	11.0%	9.1%	8.2%	7.7%	9.6%	3.1%	4.4%	5.5%	7.5%	8.7%	17.1%
Medical Research	4.9%	8.8%	9.7%	12.2%	9.8%	6.0%	4.7%	8.0%	12.9%	11.7%	4.4%	6.8%
Public and Society	6.8%	7.3%	8.6%	8.0%	7.7%	7.4%	6.7%	6.6%	6.9%	8.2%	9.1%	16.6%
OVERALL	5.9%	7.3%	8.2%	8.8%	7.9%	7.0%	5.2%	6.6%	8.4%	8.7%	8.6%	17.3%

There was also a significant shift in December online giving to other months in 2018. December online giving decreased from 20.1% of all online giving in 2017 to 17.3% of all online giving in 2018. #GivingTuesday and online giving campaigns distributed throughout the rest of the year continue to shape this trend.

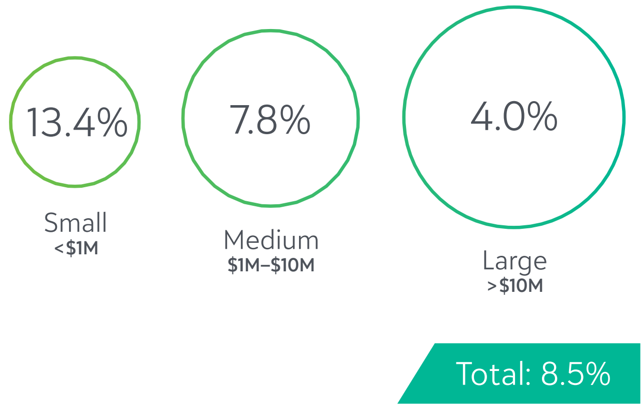
There was also a significant shift in December online giving to other months in 2018.

Trends By Percentage of Total Fundraising From Online Giving

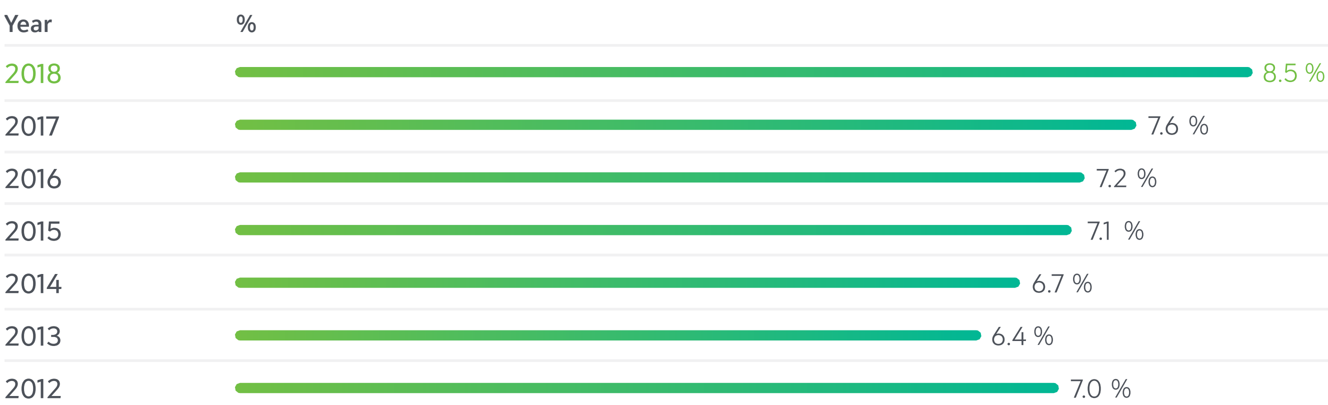
Blackbaud has measured growth in online giving for nearly 20 years. The percentage of total fundraising that comes from online giving is a key metric that nonprofits can use to benchmark their online giving performance against peer organizations by sector and size.

2018 represented the largest share of fundraising from online giving ever measured by the *Charitable Giving Report*. 8.5% of total fundraising came from online giving in 2018, which was an increase from 7.6% in 2017. This is based on data analysis from 3,549 organizations with $14.1 billion in total fundraising in 2018.

2018 PERCENTAGE OF TOTAL FUNDRAISING FROM ONLINE GIVING



2018 PERCENTAGE OF TOTAL FUNDRAISING FROM ONLINE GIVING BY YEAR



2018 represented the largest share of fundraising from online giving ever measured by the *Charitable Giving Report.*

2018 PERCENTAGE OF TOTAL FUNDRAISING FROM ONLINE GIVING BY SECTOR

Sector	%
Animal Welfare	9.8 %
Arts and Culture	9.5 %
Environment	6.8 %
Faith Communities	9.6 %
Healthcare	5.0 %
Higher Education	5.4 %
Human Services	7.2 %
International Affairs	9.5 %
K–12 Education	9.9 %
Medical Research	7.0 %
Public and Society Benefit	5.5 %

Small nonprofits continue to set the mark with 13.4% of total fundraising coming from online giving. Medium-sized organizations moved to 7.8% and larger nonprofits to 4% in 2018.

K–12 Education, Animal Welfare, Faith Communities, International Affairs, and Arts and Culture organizations continue to see a larger percentage of giving coming from online donations. 2018 continued to show the larger share of giving that comes from online donations and this trend should accelerate in the coming years.

Today, online giving still represents less than 10% of total fundraising. As a point of comparison, the U.S. Department of Commerce estimates that e-commerce sales in the third quarter of 2018 accounted for 9.8% of total sales.

Consumer behavior continues to align with donor behavior when it comes to digital fundraising and engagement.

Key Sector Metrics From Nonprofits Across The U.S.:

Blackbaud Target Analytics® is in a unique position to provide key insights into the U.S. nonprofit sector by leveraging data science and data assets. These insights provide answers to some of the most common questions asked by fundraising and nonprofit professionals.

DONOR AGE

Average age of donor:* 62

DONATION AMOUNTS

Median donation amount for gifts above $1,000:* $2,049

Median donation amount for gifts below $1,000:* $20

Average online donation amount: $147

DONOR RETENTION

First-year, offline-only donor retention rate for nonprofits:* 29%

Multi-year, offline-only donor retention rate for nonprofits:* 60%

First-year, online-only donor retention rate for nonprofits:* 22%

Multi-year, online-only donor retention ratefor nonprofits:* 64%

*in the U.S.

Mobile Device Giving Trends

Blackbaud has done extensive research into the impact of mobile device giving over the years. In 2018, an estimated 24% of online transactions were made using mobile devices. This has grown steadily since 2014, and even higher rates occur for event registration and membership purchases.

MOBILE GIVING

In 2018, the peak months for mobile transactions were July and August, with 27% of all online donations. The low for the year took place in January and December, with 20% of online transactions occurring on mobile devices. Blackbaud continues to see seasonal trends in mobile device transactions as percentages fluctuate throughout the year.

Every nonprofit organization needs to understand that being mobile friendly is linked to being donor friendly. This is no longer optional, and a lack of mobile friendly websites, donation forms, and emails will put nonprofits at a distinct disadvantage. All these tools should be used in combination to maximize the supporter giving experience.

International Giving Trends

CANADIAN GIVING SPOTLIGHT

The Blackbaud Index was expanded in 2014 to begin tracking overall and online giving for Canadian charities. The Canadian Index includes giving data from 499 charities with over $1.3 billion in charitable giving.

» **Overall charitable giving was up 1.9% among Canadian charities in 2018**

» **Online giving increased 6.9% for charities in Canada during 2018**

UK GIVING SPOTLIGHT

The Blackbaud Index added tracking of online and overall giving in the United Kingdom during 2018. The UK Index includes giving data from 311 organizations with over $484 million in charitable giving.

» **Overall charitable giving was down 4.2% among UK not-for-profits in 2018**

» **Online giving increased 5.5% among UK not-for-profits in 2018**

AUSTRALIA AND NEW ZEALAND GIVING SPOTLIGHT

The Blackbaud Index also added tracking of overall giving in Australia and New Zealand during 2018. The Australia and New Zealand Index includes giving data from 191 organizations with over $654 million in charitable giving.

» **Overall charitable giving was up 4% among Australian and New Zealand nonprofits in 2018**

Trends for #GivingTuesday Online Giving

The seventh annual #GivingTuesday was held on November 27, 2018, and growth in this global movement continues:

» **Blackbaud processed more than $62.6 million in U.S. online donations on #GivingTuesday 2018**

» **Online giving on #GivingTuesday increased 518% since 2012**

» **29% of digital donations were made on mobile devices on #GivingTuesday 2018**

Blackbaud is a founding partner of #GivingTuesday and has analyzed more than $273 million in online donations made on #GivingTuesday since 2012. This represents the largest amount of #GivingTuesday data ever analyzed from more than 8,400 nonprofit organizations.

DISTRIBUTION OF #GIVINGTUESDAY REVENUE BY SIZE

Size	2018	2017	2016	2015	2014	2013	2012
Small (Less than $1M)	15%	7%	8%	7%	5%	3%	5%
Medium ($1M–$10M)	29%	36%	26%	22%	21%	13%	15%
Large ($10M+)	56%	57%	66%	71%	74%	84%	80%

Blackbaud's analysis found that #GivingTuesday donations continue to shift toward medium- and smaller-sized organizations. In 2018, large organizations only represented 56% of #GivingTuesday revenue compared to 80% in 2012. Medium-sized nonprofits received 29% of #GivingTuesday revenue, followed by 15% for smaller organizations.

DISTRIBUTION OF #GIVINGTUESDAY REVENUE BY SECTOR

SECTOR	2018	2017	2016	2015	2014	2013	2012
Animal Welfare/Environment	6%	12%	19%	10%	4%	3%	4%
Arts and Culture	2%	2%	5%	3%	1%	1%	2%
Faith Communities	6%	6%	6%	16%	21%	40%	2%
Healthcare	6%	12%	18%	7%	13%	8%	9%
Higher Education	32%	20%	17%	13%	17%	8%	9%
Human Services	18%	19%	21%	15%	10%	13%	23%
International Affairs	1%	4%	10%	8%	9%	8%	13%
K–12 Education	17%	9%	8%	8%	10%	6%	3%
Medical Research	3%	6%	12%	13%	13%	11%	33%
Public and Society Benefit	6%	5%	8%	6%	3%	2%	2%

In 2018, Higher Education, Human Services, and K–12 Education organizations captured the largest share of online donations. Variability in #GivingTuesday donations continued across different sectors. We expect this trend to continue over time as changes in focus and participation by different organizations ebb and flow.

About The 2018 *Charitable Giving Report*

The findings in this Report are based on giving data from 9,029 nonprofit organizations and more than $31.9 billion in fundraising revenue. The online fundraising findings are based on data from 5,537 nonprofit organizations and more than $2.7 billion in online fundraising revenue.

To be included in the analysis, these organizations needed to have at least 27 months of complete giving data without gaps or missing information. Each organization was then classified by sector using its NTEE code, as reported on its 990 tax return. If you are not sure which sector your organization is classified as, you may refer to your 990 to find your NTEE code. Visit https://nccs.urban.org/project/irs-activity-codes for a complete list of sectors.

Organizations were then grouped into three size categories: total annual fundraising less than $1 million (small), total annual fundraising between $1 million and $10 million (medium), and total annual fundraising exceeding $10 million (large). This is based on recorded giving in each organization's fundraising system, reported fundraising in IRS Form 990 data, and matching completed through the National Center for Charitable Statistics.

Organizations without all the research criteria were not included in this analysis. Organizations based outside of the United States were excluded from this analysis. We do not include the unfulfilled portion of pledge gifts or recurring gifts that are processed offline in our analysis. Giving USA figures are used to weight the data to ensure that no individual organization or sector is overrepresented in the analysis.

The percentage of total fundraising trends research is based on 3,549 nonprofits in the Blackbaud Index. These organizations represent $14.1 billion in total fundraising in 2018. The #GivingTuesday research is based on data from more than 8,400 nonprofit organizations and more than $273 million in online giving between 2012 and 2018.

This Report would not be possible without the contributions of Chuck Longfield, Angele Vellake, Emily Perrotti, Heath Young, Brandon Granger, Ashley Thompson, Erin Duff, Gabrielle Torres, Sarah Curry, and everyone involved at Blackbaud.

Key Findings

The *Charitable Giving Report* analyzes trends from over $31.9 billion in fundraising revenue in 2018. Here are some key findings:

» **Overall giving grew approximately 1.5% in 2018 compared to 2017**

» **Online giving grew 1.2% in 2018 compared to 2017**

» **Online donations accounted for 8.5% of all fundraising in 2018**

» **Over 24% of online donations were made on a mobile device in 2018**

About The Blackbaud Index

Economic conditions, natural disasters, and market fluctuations have made it extremely difficult for nonprofits to make fundraising decisions informed by the latest donor behavior. That is why we created the Blackbaud Index of Charitable Giving in 2010—to provide insight into what happened in the prior few weeks and valuable analysis by leaders in the sector into what fundraisers can learn from it.

The Blackbaud Index brings you the most up-to-date information on charitable giving today. Tracking approximately $31.9 billion in U.S.-based charitable giving, the index is updated on the first of each month and is based on year-over-year percent changes. Featuring overall and online giving, the Index can be viewed by nonprofit size or industry sub-sector.

Visit www.blackbaud.com/blackbaudindex to experience enhanced, interactive Index charts you can easily compare by size or sector.

About The Blackbaud Institute

The Blackbaud Institute for Philanthropic Impact drives research and insight to accelerate the impact of the social good community. It convenes expert partners from across the philanthropic sector to foster diverse perspectives, collective thinking, and collaborative solutions to the world's greatest challenges. Using the most comprehensive dataset in the social good community, the Blackbaud Institute and its partners conduct research, uncover strategic insight, and share results broadly, all in order to drive effective philanthropy at every stage, from fundraising to outcomes. Knowledge is powering the future of social good, and the Blackbaud Institute is an engine of that progress. Learn more, sign up for our newsletter, and check out our latest resources at www.blackbaudinstitute.com.

About Blackbaud

Blackbaud (NASDAQ: BLKB) is the world's leading cloud software company powering social good. Serving the entire social good community—nonprofits, foundations, corporations, education institutions, and individual change agents—Blackbaud connects and empowers organizations to increase their impact through software, services, expertise, and data intelligence. The Blackbaud portfolio is tailored to the unique needs of vertical markets, with solutions for fundraising and relationship management, digital marketing, advocacy, accounting, payments, analytics, school management, grant management, corporate social responsibility, and volunteerism. Serving the industry for more than three decades, 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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