



ANNUAL GIVING

AFP Program

May 17, 2023

Kimerly Hinkelman

Hinkelman & Associates, LLC

Elements of Fundraising

- Individual Major Gift Donors
- Planned Giving
- Annual Giving
- Corporate Support
- Public Funding
- Private Foundations



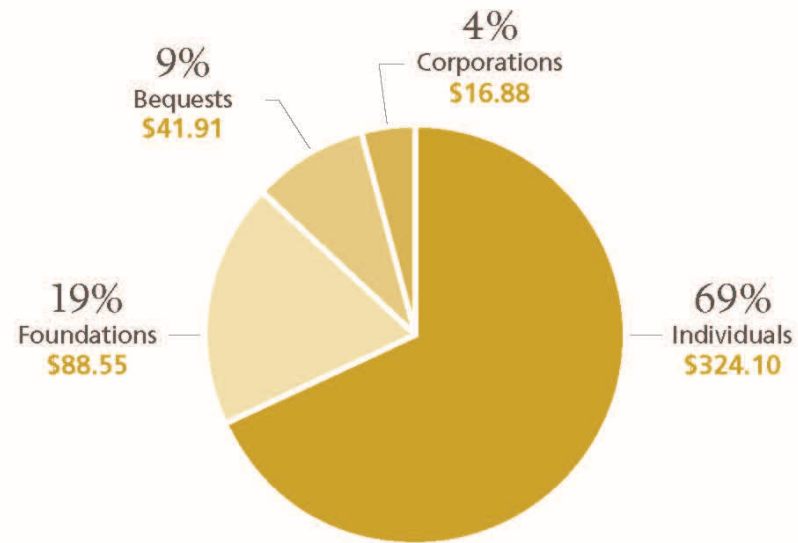


Donors – who are they?



2020 contributions: \$471.44 billion by source of contributions

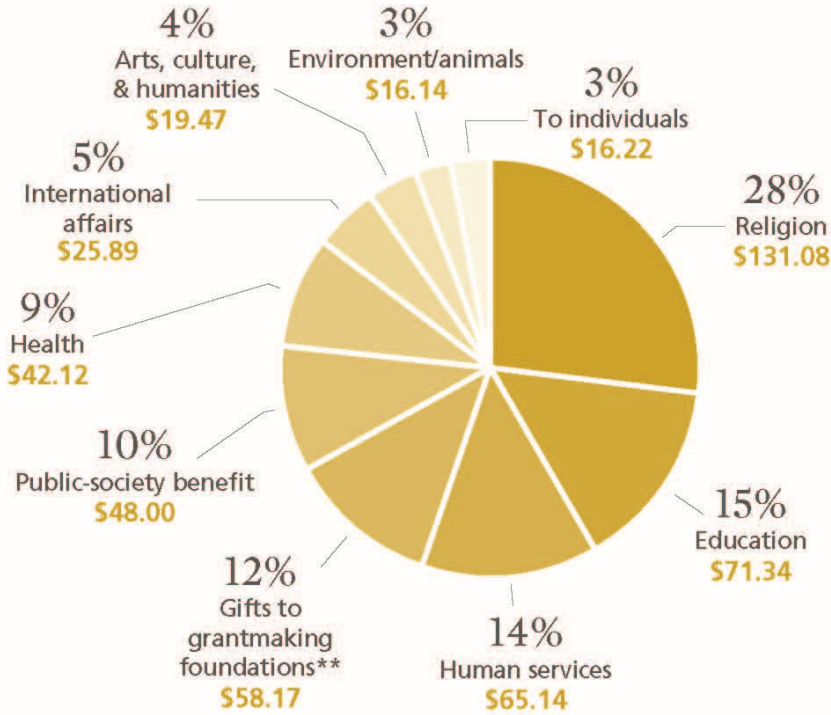
(in billions of dollars - all figures are rounded)



- Giving by individuals comprised 69 percent of total giving in 2020.¹
- Giving by foundations—which includes grants made by independent, community, and operating foundations—amounted to 19 percent of all gifts made in 2020.²
- Giving by bequest accounted for 9 percent of all gifts made in 2020.
- Giving by corporations comprised 4 percent of total giving in 2020.

2020 contributions: \$471.44 billion by type of recipient organization*

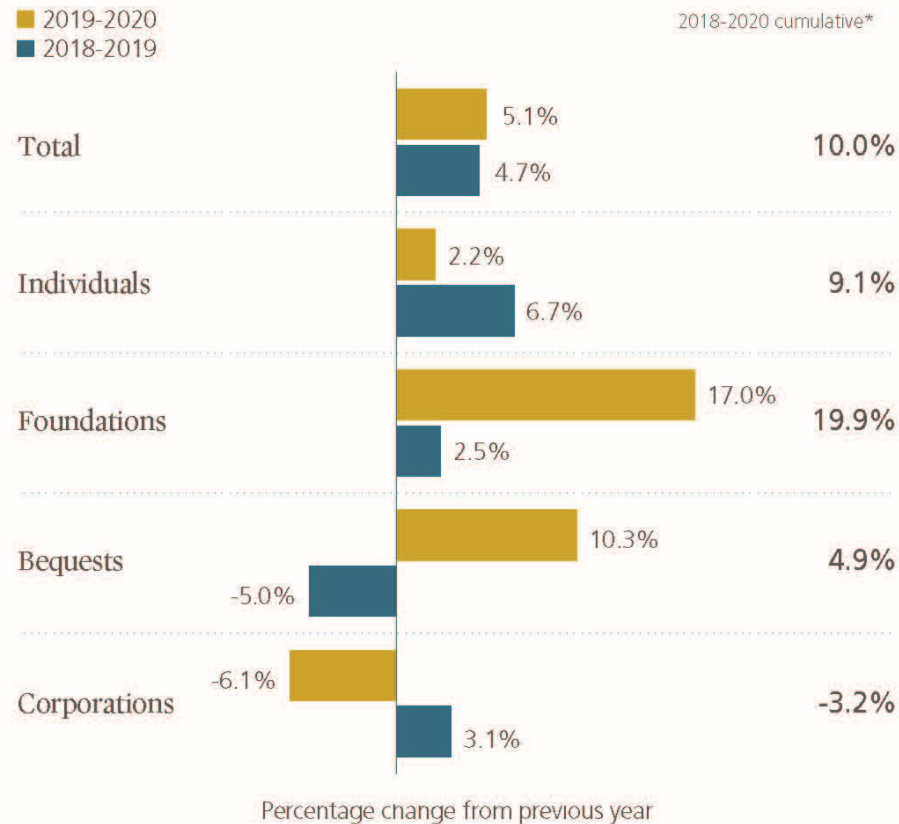
(in billions of dollars - all figures are rounded)



* Total includes unallocated giving, which totaled -\$22.13 billion in 2020.
** Estimates developed by the Indiana University Lilly Family School of Philanthropy using data provided by Candid.

Changes in giving by source: 2018-2019 and 2019-2020, 2018-2020 cumulative

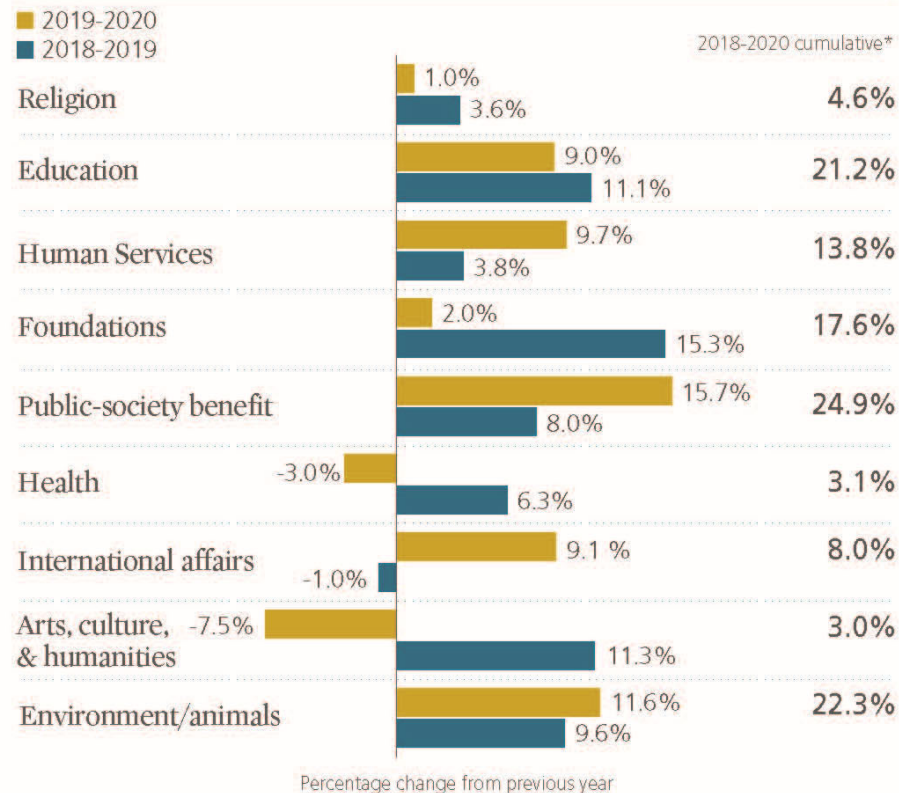
(in current dollars)



*The two-year change is calculated separately and is not the sum of the changes in the two years.

- In current dollars, total charitable giving increased 4.7 percent between 2018 and 2019, and increased 5.1 percent between 2019 and 2020.⁴ The cumulative change in current-dollar total giving between 2018 and 2020 is 10.0 percent.
- Giving by individuals increased 6.7 percent in current dollars between 2018 and 2019. Between 2019 and 2020, current-dollar individual giving increased 2.2

Changes in giving by type of recipient organization: 2018-2019 and 2019-2020, 2018-2020 cumulative (in current dollars)

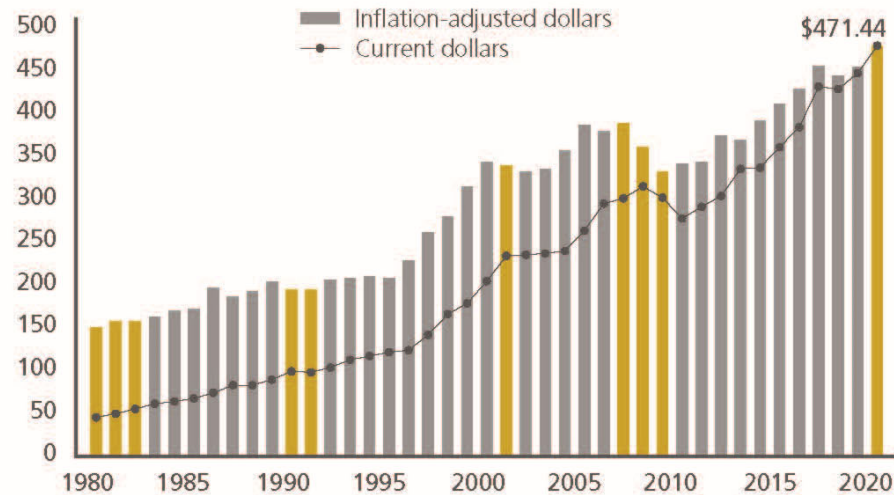


*The two-year change is calculated separately and is not the sum of the changes in the two years.

- In current dollars, giving to religion increased 3.6 percent between 2018 and 2019, and increased 1.0 percent between 2019 and 2020. Cumulatively, current-dollar giving to religion increased 4.6 percent between 2018 and 2020.⁸
- Giving to education increased 11.1 percent in current dollars between 2018 and 2019. Between 2019 and 2020, current-dollar giving to education increased 9.0 percent. The cumulative change in giving to education between 2018 and 2020 is 21.2 percent in current dollars.

Total giving, 1980-2020

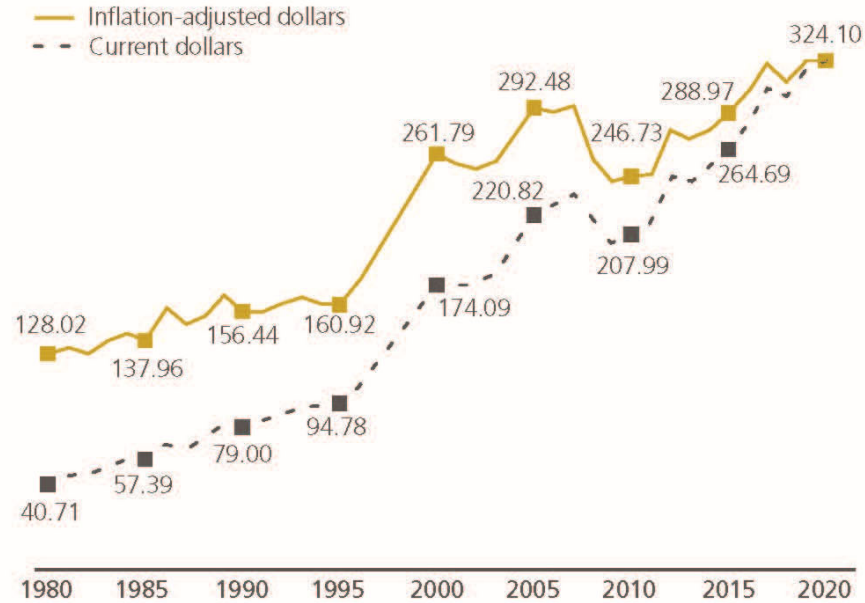
(in billions of dollars)



- Total giving reached \$471.44 billion in 2020, a 5.1 percent increase in current dollars and a 3.8 percent increase in inflation-adjusted dollars.¹⁰
- Total charitable giving has increased or stayed flat in current dollars every year since 1980, with the exception of three years that saw declines: 1987, 2008, and 2009.¹¹ The annualized average rate of change in total giving in current dollars since 1980 is 5.8 percent, making the rate of change between 2019 and 2020 slightly lower than the 40-year annualized average.
- Adjusted for inflation, total charitable giving has declined nine times since 1980. The average annualized rate of change in total giving in inflation-adjusted dollars since 1980 is 2.9 percent, making the inflation-adjusted rate of change between 2019 and 2020 higher than average.
- The Great Recession ended in 2009. For the most recent decade from 2011 to 2020, the total growth in inflation-adjusted giving is 37 percent.
- In 2020, three of four giving sources were at an all-time high in inflation-adjusted terms. On the recipient side of giving, all but four charitable subsectors exceeded their previous highs in inflation-adjusted terms.

Giving by individuals, 1980-2020

(in billions of dollars)

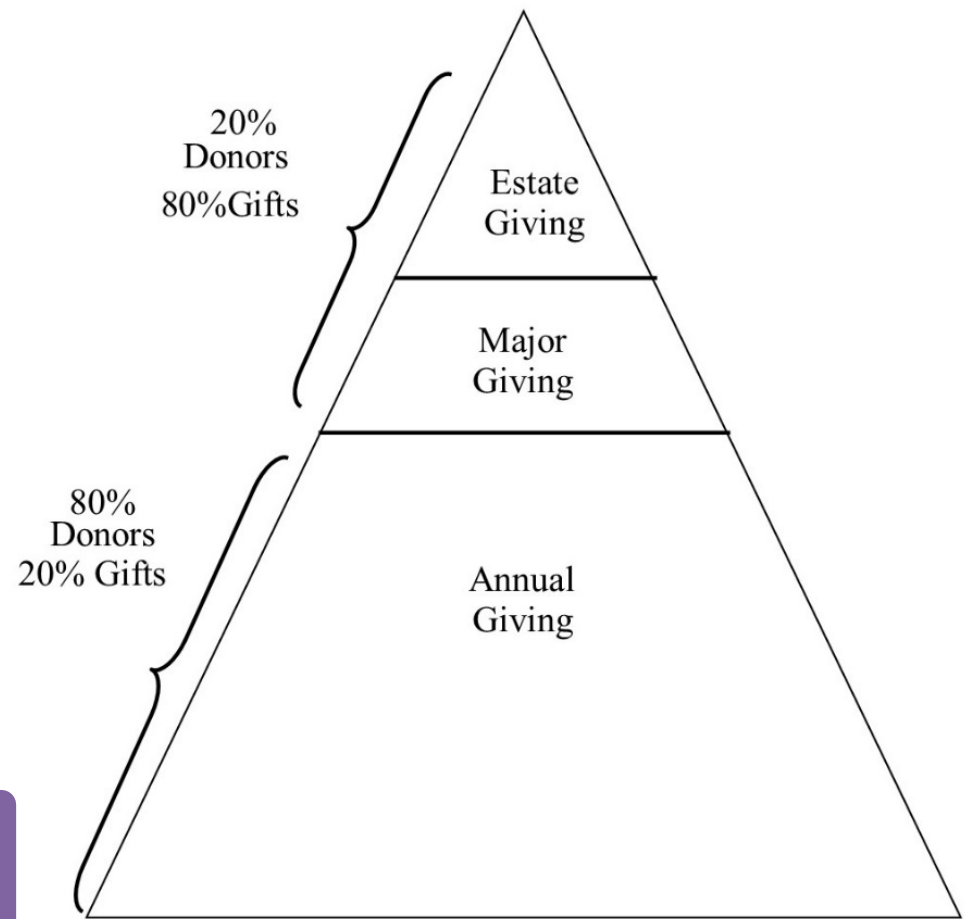


- Estimated charitable giving by individuals (and households) was \$324.10 billion in 2020, an increase of 2.2 percent from 2019 (in current dollars). Adjusted for inflation, giving by individuals increased 1.0 percent in 2020.¹²
- The total amount estimated for giving by individuals in 2020 includes itemized and non-itemized charitable contributions. Contributions include gifts of cash, securities, and property.
- Very large “mega-gifts,” or gifts by individuals that require an adjustment to the econometric estimate, plus adjustments to the individual giving estimate from COVID-19 and racial justice giving, totaled \$10.1 billion in 2020.¹³

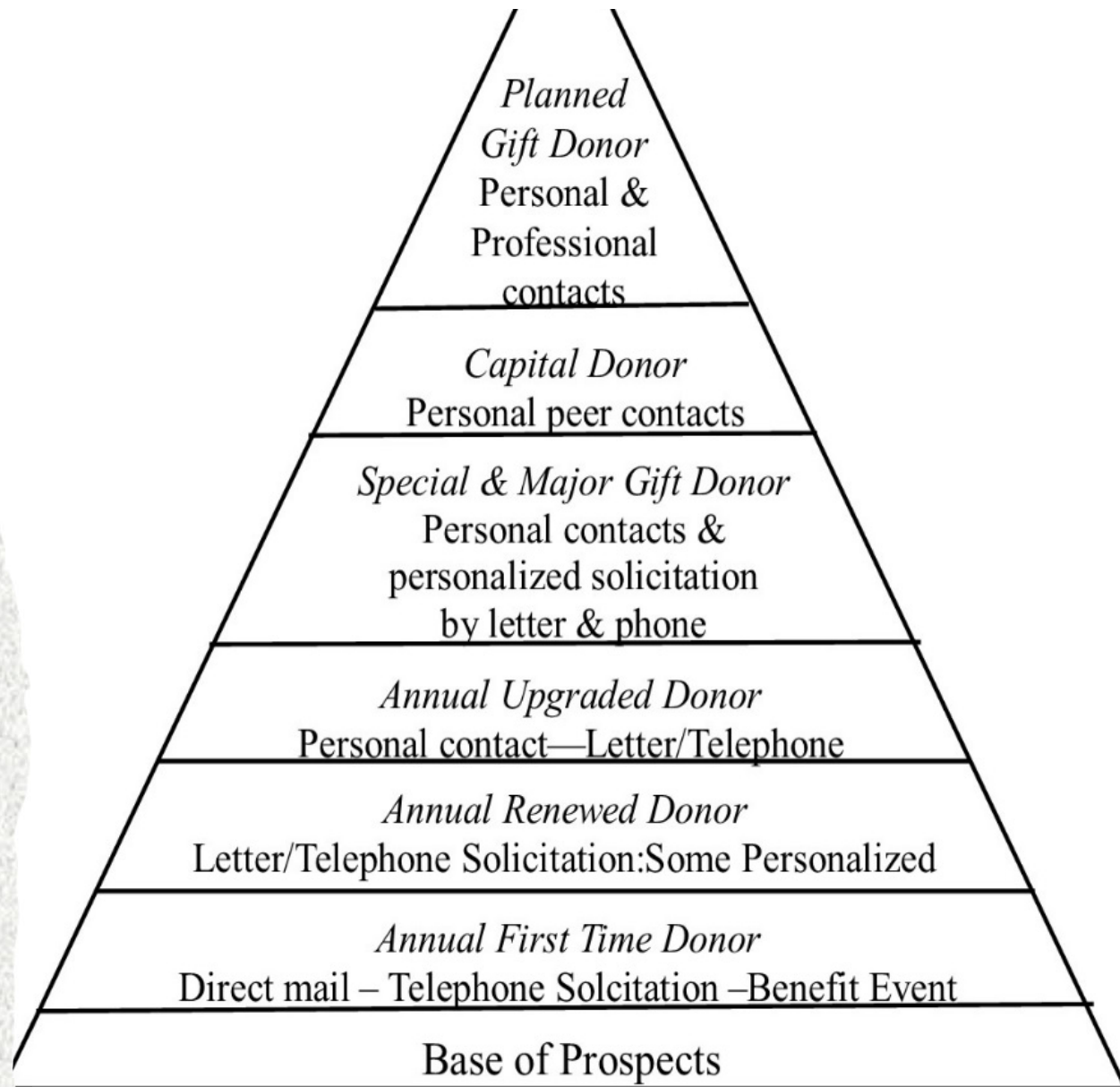
Number of Americans worth more than \$50 million	140,000	+75% from 2019
Number of Americans worth more than \$1 million	19.5 million	+25% from 2019



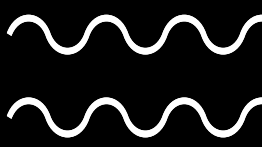
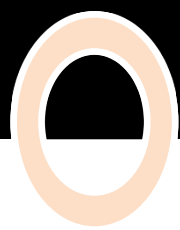
Identifying



The Basic Giving Pyramid



Donor Pyramid with Fund-Raising Strategies



The Relationship Pyramid

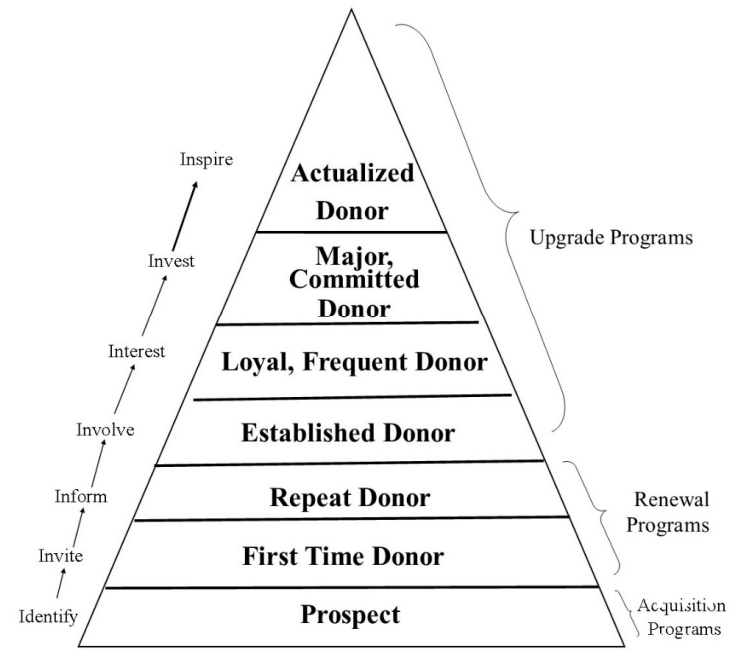
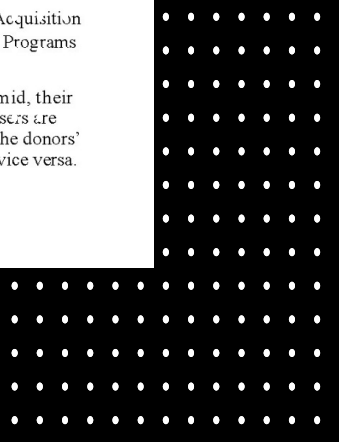


Figure 6-1 Annual Giving Objectives. As donors move up the giving pyramid, their interests, needs and desires grow incrementally. In direct proportion, fund raisers are informing and involving donors in the organization's mission and programs. As the donors' commitment grows, so does the organization's attention to the relationship, and vice versa.





Where might Donors Come from?

- Acquisition
- Renewal
- Upgrade
- Lapsed

#1 Increase the Number of Donors

- **Ask More**

- Expand your solicitation pool
(Ask More People)
- Increase the number of times you ask
(Ask More Often)

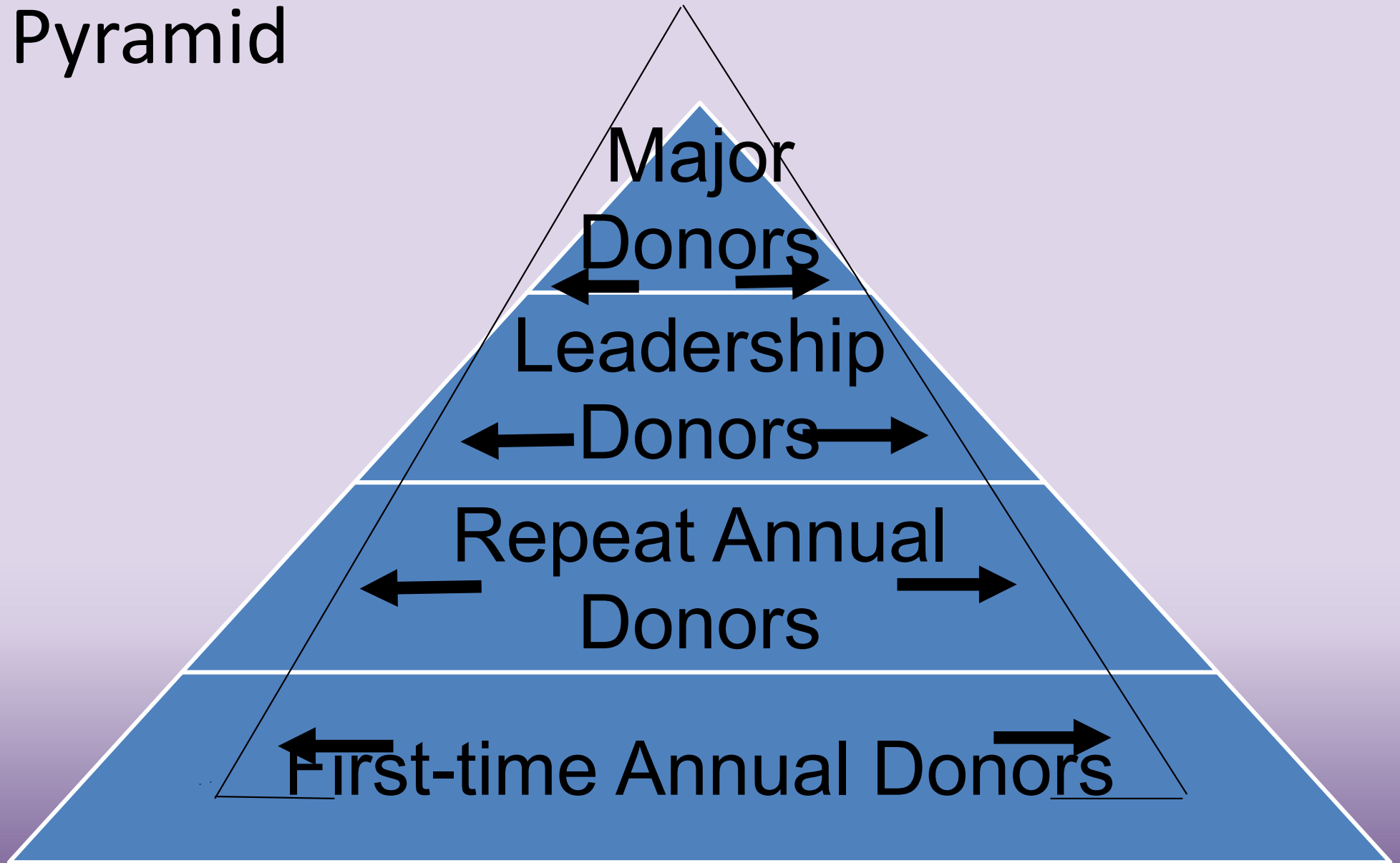
- **Ask Smarter**

- Increase response rates
(A Higher Percentage of your prospects become donors)

#2 Increase the Average Gift

- **Ask More**
 - Increase your Expectations
(Ask people to give more)
- **Ask Smarter**
 - Determine most capable and willing donors
(Ask the right people)
 - Method
(Ask the right way)

Expand your Pyramid



Start with Basics: Good Data

Researching donors requires good data. The better the data in your database, the easier it is to focus on the best prospects.

Basic

Name Giving

Contact Info

Employment

Internal

Attendance

Email

Clicks

Social

Media

#1 Increase the Number of Donors

ASK MORE PEOPLE

I. Improve Database Accuracy

1. Run file through NCOA

- Contact your local post office
- Very low cost

2. Add Return Address Requested on every mailing

- Same conversation w/Post Office for rules

3. Enter updates/bad addresses timely

- Hire a Temp/Intern; use receptionist

#1 Increase the Number of Donors

ASK MORE PEOPLE

I. Improve Database Accuracy

4. Telephone Number Research

- Computer matching very low cost (Allant)

5. Advanced Research

- Has come down in cost dramatically (\$.30 per or less)
- Based on Last Known Address and/or SSN

6. First Class Mail

- For most important prospects
- Provides information
- To control timing

Soliciting people with bad addresses or phone numbers wastes precious resources.



#1 Increase the Number of Donors

ASK MORE PEOPLE

II. Increase Prospect Pool

1. Patients and Parents of Patients

- Tremendous prospect pool right at your finger tips
- More effective than many donor populations
(unique to healthcare)

2. Special Event Donors/Attendees

3. Volunteers/Auxiliary

4. Staff

5. Affiliated Staff



#1 Increase the Number of Donors

ASK MORE OFTEN

III. Increase Solicitations/Touches

1. Increase the *number* of times you Ask

- Solicit as long as each successive effort is cost effective
- Expect each successive direct mail effort to produce half of the previous effort

Suggested Opportunities *per year*:

Leadership: 3-5

Long-Lapsed/Non-Donors: 1-2

Potential Leadership: 5-8 Second Gift Appeal: 1-2

Renewals: 5-8

Lapsed Donors: 3-5

#1 Increase the Number of Donors

ASK MORE OFTEN

III. Increase Solicitations

2. Add additional Solicitations to Marketing/Other Materials

- Newsletters (add clip out coupon or box minimally, envelope ideally)
- Annual Report
- Displays in key areas in hospital and your other facilities (lobby, waiting areas, info desk, cafeteria)
- Donor wall (add permanent display)
- Event Program/Tables

#1 Increase the Number of Donors

ASK MORE OFTEN

III. Increase Solicitations

3. Giving on your Website

- Must be a “tab” on home page
- “Giving” versus “Foundation”
- Make sure it is easy to give and easy to find you
- Web site should be given as an option on your response device; drive donors to the web site

#1 Increase the Number of Donors

ASK SMARTER

I. Case for Support

1. Talk about the Future

- The “What if” is a lot more important than the “What was” for nearly everyone that you solicit

2. Tell a story

- Giving originates from the heart; the head is the regulator

3. Peer-to-Peer is best

- Major gift rule that applies to all giving



#1 Increase the Number of Donors

ASK SMARTER

II. Segmentation

1. Relationship to Institution

- Group prospects/donors by their relationship to you
- Hierarchy

2. Unique and Meaningful Case for Support

- Segment should require a unique message (i.e. Parents of Pediatric Patients versus Adult Patients)

3. Unique Objective

- Each segment should merit a specific objective



Donor's Philanthropic Interest

- **Not what's in their wallet but what's in their heart**
- **Where is the intersection of their heart and your mission?**
- **Engage, ask questions and LISTEN**

Donor's Expectations

- To be thanked in a timely, appropriate way
 - To be recognized and treated as an “investor” in the organization’s mission
 - To achieve a meaningful impact/outcome on a social project or cause
 - To be assured that the gift was used properly
 - To be able to realize their own aspirations through giving
- Aspen’s Fundraising Series



Stages of Donor Stewardship

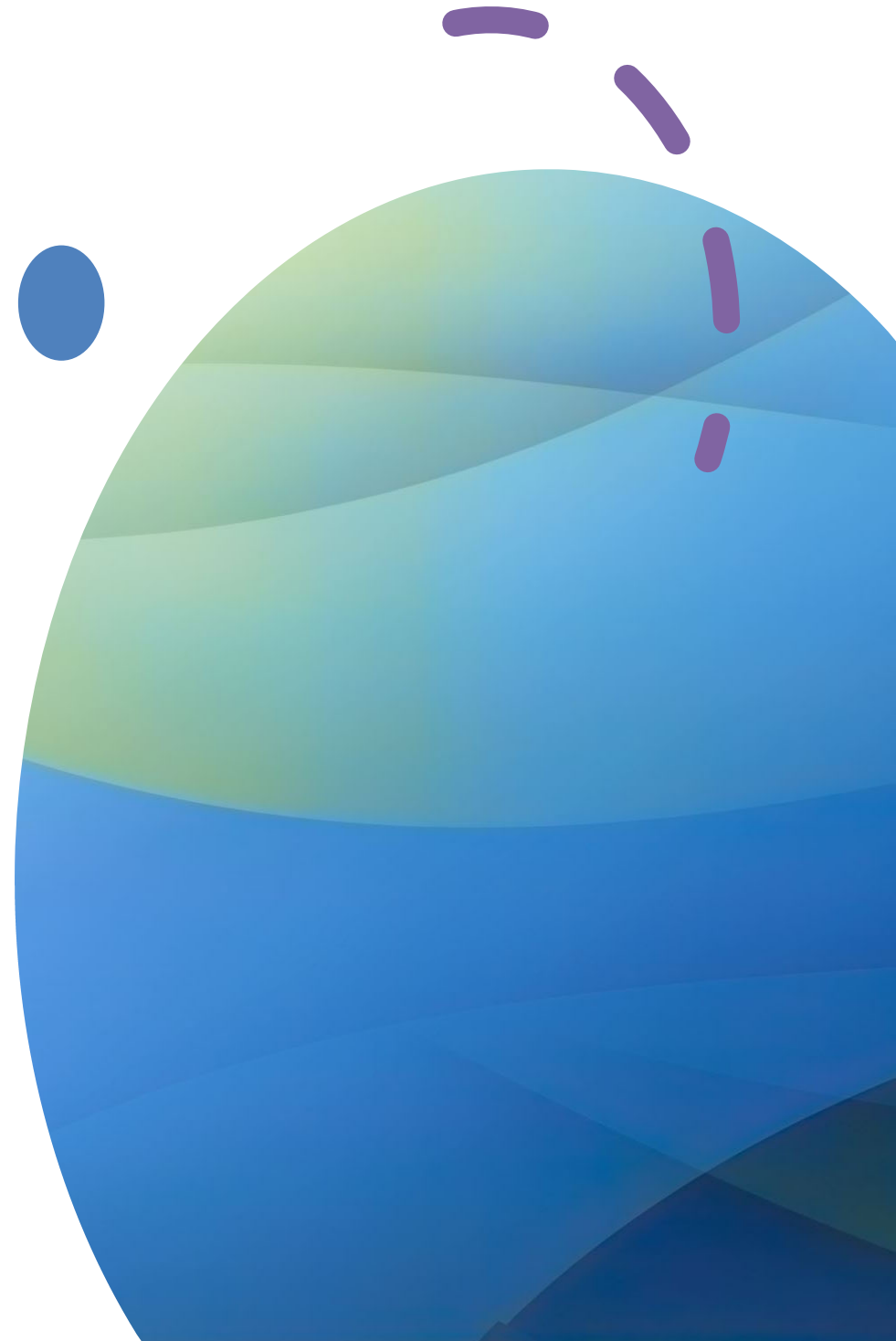
Gift Acceptance

Acknowledgment

Recognition

Communicating Results

Cultivation - Engagement





Donor Stewardship is all about relationships - it starts with a gift and continues on throughout the lifetime of that donor and beyond. How do you develop a plan for this? What will a good plan accomplish? How do you connect with online donors and cultivate them?

Building the Annual Fund Plan

