



MEDIA BRIEFING:

WHY FUNDRAISING MATTERS, **NOW MORE THAN EVER**

Last updated: July 2020

Background

The following document has been prepared by the AFP Canada Communications Committee to assist chapters and members with outreach and response to the media in a clear, consistent and accurate way. As part of our mandate to bring the AFP Narrative for Canadian Fundraising to life (<https://afpglobal.org/narrative-canadian-fundraising>), the committee has developed this overview, key messaging and frequently asked questions about the importance of fundraising, especially in these challenging times.

This document can be used to inform and support both proactive and reactive media relations on behalf of AFP and your organization. Possible uses include:

- Using content to develop opinion/editorial pieces
- Proactively pitching to media, the urgency of why fundraising matters now
- Fielding media inquiries that come to your organization about fundraising in today's environment
- Positioning yourself in your local media market as a thought leader on the topic of fundraising

Overview:

Fundraising, and the professionals who support giving by donors, have never been more needed. In a world facing a pandemic and stoked by racial tension, health concerns, climate issues and an increasing disparity between haves and have-nots, the need to support worthy causes has never been more acute. Against this background, many charities are struggling to stay afloat and deliver services.

But at the same time, people are looking for meaning in these times of great stress and concern. Ultimately, they want to make a difference, and giving to charities to make an impact is one of the most direct routes possible.

Charities that raise funds professionally ensure that:

- money goes where it is most needed for its intended purpose;
- donor desires are matched with tangible impact; and
- the act of “asking” happens, which studies show is necessary to trigger and increase giving.

Put more simply, fundraising matters now because in a world where dire needs exist, the spirit of giving must be leveraged for greater good.

Key Messages:

- 1) **Disaster or normal times, fundraising matters. There is always a gap in the needs in our communities and the funds available to address them.**
 - In 2020, we are seeing an unprecedented commitment from the government to shield Canadians from the effects of the pandemic.
 - Still, many charitable organizations face an uphill battle to recovery. When Canada and the world emerges from the pandemic, the needs we know today will still exist and will likely be even more acute. Causes do not pause for a lockdown.
 - This is a “make or break” moment for many charities, and some have already had to close, cut services and shut down permanently a number of closures including:
 - The YMCA in Yarmouth, N.S. is closed for good after 162 years; and other Y locations are at risk.
 - Up to 124 Royal Canadian Legion branches across the country may not have the resources to reopen.
 - For more information on the impact of the pandemic, read these two articles:
 - [For some non-profits, COVID-19 isn't just a struggle. It's a do-or-die moment](#)
 - [Survey shows fundraising hit hard by COVID-19](#)
 - AFP and Imagine Canada have asked the federal government for the creation of a stabilization fund to help charities during this time. [Full proposal here](#).
 - In 2008, the global recession set in. During this time, giving declined by approximately \$1-2 billion, and total annual donation amounts fluctuated year to year. Only by 2014 did claimed donations return to 2007 levels. The pandemic is expected to have a much worse impact. (<https://www.rhf-frh.ca/our-initiatives/giving/thirty-years-of-giving-in-canada/>)
 - High unemployment, record levels of national debt and high levels of social, health and economic distress means the need for charities will be higher than ever. An estimated 42% increase in demand for social services was noted by the United Way of Greater Toronto’s CEO, Daniele Zanotti, since the pandemic began. (<https://thefutureeconomy.ca/op-eds/daniele-zanotti/>)
 - Charities with diverse fundraising streams, a track record of weathering tough times and solid financial reserves are best positioned to survive.

Key Messages:

2) Fundraisers and the charities they represent are a vital part of our economy. They are essential to our recovery.

- There are an estimated 170,000 charities and nonprofits in Canada. The sector makes a \$150 billion contribution to the Canadian economy, employs two million people and accounts for more than 8% of Canada's GDP.
- Through the pandemic, we know the spirit of giving is alive in Canadians. Organizations like food banks and some hospital foundations have seen increases in donations.
- Community spirit and philanthropy is happening in a multitude of ways, including the donation of personal protective equipment (PPE), major gift donations, the creation of online events and more. The flipside is that the sector has also been faced with a myriad of cancelled events and activities that are on-hold—all of which are putting a dent in fundraising revenue.
- Revenue has declined almost 31% since the onset of the pandemic, with 69% of charities reporting decreased revenues. The impact isn't fully known, and 45% of charities believe their financial condition will be even worse in the next three to six months: https://imaginecanada.ca/sites/default/files/COVID-19%20Sector%20Monitor%20Report%20ENGLISH_0.pdf.
- Seventy percent of fundraisers believe their charities will raise less funds in 2020 than in 2019. In addition, 68% believe that giving in 2021 will be lower than in a typical year: <https://afpglobal.org/70-charities-expecting-drop-revenue-2020-and-beyond>.
- As Canada recovers, the charitable sector will continue to play a vital role in being the bridge to matching donor with needs in the community.
- Fundraisers ensure donors know what happens after a gift is made, and this is especially important when donors are giving so much money to help others in need. When fundraisers demonstrate accountability and transparency, they ensure donors their money is being used ethically and appropriately and help spur future support.

Key Messages:

3) Canadians are giving. We want them to give smart.

- According to data from charitable tax filings, charities reported \$18.5 billion in donations in 2014.
- The value of giving is often oversimplified to only focus on supporting organizations that have the lowest administrative expenses. Instead, donors should look at tangible impact in the form of programs, services, research and on-the-ground benefits that affects real people.
- People should be knowledgeable about charitable solicitations that come their way. In some cases, caution is warranted to make sure your funds are going to appropriate and legitimate causes. Tips and questions to ask:
 - Ensure the organization you are looking at has a registered charitable number.
 - Do a web search about the organization. Does their website come up as the first or second research result?
 - Are their audited financial statements readily available?
 - For crowdfunding campaigns, look for clarity on how the funds will be used and who they'll be distributed to.
 - Does the organization subscribe and align itself to AFP's *Code of Ethics*?
 - Smaller charities can be incredibly impactful. Don't exclude them because they don't have a big public profile. Do your research and talk to representatives of the organization.
 - Talking to people that work at charities is a good practice in all cases. You can get a feel for how the organization runs and ask questions about impact.
 - If you want to donate goods (also known as "gifts-in-kind") instead of money, keep an eye out for and ask:
 - Does the organization need those goods and can they actively use them to further their mission?
 - Will you get a tax receipt?
 - How will the goods be used?
 - Will the goods be used locally? Or will they be re-processed for sale?
 - Sometimes an organization can't accept a gift of goods. This is not a bad sign. It often means that they simply don't have the capacity to use the goods effectively or efficiently, or that accepting in-kind gifts is not part of their mandate or operations.

Questions and Answers

1. Why does fundraising matter in crisis situations?

- Disaster or normal times, fundraising matters. There is always a gap in needs and funds to support those needs. That means fundraising always matters.
- Disasters and crises bring out the best in us. Especially in times of distress, people want to help and engage in civic activity that supports their community, be it local, national or international.
- Fundraisers and their organizations ensure donations are asked for vital needs, handled ethically and in compliance with CRA. They also ensure donors are informed of the impact their gifts have made.
- Fundraising matters because asking matters. There is a well-documented link between asking for and securing financial contributions. Studies show that asking not only increases the probability of donating but also the amount that people donate (Science of Philanthropy Initiative).

2. What is the impact of the current COVID-19 crisis for charities?

- Revenues have declined an average of almost 31% since the onset of the pandemic, with 69% of charities reporting decreased revenues. Nearly three quarters report donations are down.
(https://imaginecanada.ca/sites/default/files/COVID-19%20Sector%20Monitor%20Report%20ENGLISH_0.pdf)
- 30% of charities have already laid off staff and 55% say new or additional layoffs are a possibility. This equates to an estimated 37,000 full-time and 46,400 part-time paid staff out of work.
(https://imaginecanada.ca/sites/default/files/COVID-19%20Sector%20Monitor%20Report%20ENGLISH_0.pdf)
- Small and mid-size charities are being particularly hard hit and are struggling to continue their critically needed services and programs.
- The impact of COVID-19 grew over the first half of the year, with 45% seeing decreases in giving in the first quarter of the year compared to the first quarter of 2019. Just over a quarter (27%) raised about the same amount of funds, while a similar figure (27%) saw increasing in giving in the first quarter. (<https://afpglobal.org/70-charities-expecting-drop-revenue-2020-and-beyond>)
- However, by the second quarter, the impact was far more noticeable, with 72% of respondents expecting to see reduced giving compared to the second quarter of 2019. Just 17% expect to raise the same amount and only 11% predict increased giving. (<https://afpglobal.org/70-charities-expecting-drop-revenue-2020-and-beyond>)

3. How big is the sector? How giving are Canadians?

- The 2nd largest charitable and nonprofit sector in the world
- A sector that employs 2 million Canadians at more than 170,000 nonprofits and charities*
- Approximately \$18.5 billion in donations received by Canadian charities in 2014 alone**
- 8.5% of gross domestic product, exceeding the oil and gas or finance industries***
- An annual contribution to the Canadian economy of over \$150 billion*

*[*Imagine Canada, Sector Stats*](#)

** [*Imagine Canada and the Rideau Hall Foundation, Thirty Years of Giving*](#)

*** [*Satellite Account of Nonprofit Institutions and Volunteering*](#)

4. What is fundraising? Are there different types?

Fundraising is a process that matches a donor's intent to give money with impact. Charities are able to issue tax receipts for funds or goods given in-kind. Fundraising helps facilitate philanthropy—the act of giving for the love of humankind.

Commonly, people give through one-time donations, monthly gifts, major or large donations and planned gifts (most often through a bequest). Also, many special events and activities are designed in collaboration with registered charities to raise funds where all or a portion of funds will go to a cause. Typically, these activities will prominently display a charitable registration number, and will specifically state the amount, or percentage of funds, that will go to the cause.

Individual or “crowdfunding” fundraising does not involve a charitable organization and funds raised go directly to an individual. Donors in these cases do not receive tax receipts. There are many examples of this type of giving, especially now online through various web tools. It is not a wrong way to give—however many of the safeguards in place for registered charities are not in place, leaving givers donors with a degree of risk.

5. What about the cost of fundraising? Should donors be concerned about that?

It's important for donors to have reliable information about the charities they support, including financial details. Giving is often oversimplified to be only about giving to organizations that have the lowest administrative expenses. Instead, donors should look at tangible impact in the form of programs, services, research and on-the-ground impact that reaches real people.

Donors should look at an organization's overhead spending relative to the work they do. Spending too little on things like infrastructure can be counter-productive—especially when those organizations with strong systems and reserves may be able to help even more through difficult times. Given the wide range of charities in Canada and their purpose, size, scope and types of fundraising, there is not a standard ratio that can be applied throughout the sector.

To learn more about AFP Canada visit <https://afpglobal.org/afp-canada>.