



FUNDRAISING METHODS USED BY CANADA'S CHARITIES: PAST, PRESENT, FUTURE



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EXECUTIVE SUMMARY

There are many options available to Charities when considering how to fundraise, and Charities are not restricted in the number of ways they fundraise. This report presents an analysis of the fundraising methods used by Canada's Charities.

Many Charities use multiple types of fundraising. Given the limited resources to spend on fundraising, the challenge is to find out which method of fundraising is most effective and efficient for the Charity. The purpose of this report is to help in that process.

We begin by presenting the various options for fundraising with a commentary on each of their strengths and weaknesses. We look at regulatory filing reports by the Charities to the Canada Revenue Agency (CRA) from 2016 to 2020 (the most recent complete filing period) to see which fundraising options are most popular, efficient, and effective. This analysis is presented by Category of Charity and for the overall Charitable sector. We also present many new methods of fundraising that have recently been introduced and are gaining in use.

We provide analytical insights through the following studies:

- The percentage of Charities which report using a fundraising method to fund their operations.
- The number of Charities reporting the use of each method of fundraising for each of the five years from 2016 to 2020.
- The percentage of each method of fundraising used by the Charitable sector for 2016 and 2020.
- The number of charities using multiple methods of fundraising.
- The percentage of charities using multiple methods of fundraising.
- The Top 3 most popular methods of fundraising used in the Charitable sector for 2016 and 2020.
- The Top 3 most popular methods of fundraising for each Charity Category for 2016 and 2020.
- Fundraising methods used Large Charities (those with more than \$1 million in Total Revenue) compared to Small Charities.
- The growth or decline in the use of each method of fundraising from 2016 to 2020.
- The Total Donations raised by each method of fundraising in 2020.
- The Total Donations raised by each method of fundraising by the number of charities using the method of fundraising in 2020.
- The Total Donations raised relative to Total Expended on Fundraising for each method of fundraising in 2020.

Principle conclusions of the Report

- Not all charities have a need for fundraising. We find that 59 per cent of Canada's charities in 2020 have disclosed using a fundraising method to raise revenues for their Charity.
- All methods of fundraising saw a material jump in use in 2019 because of buoyant economic growth and an increase in the number of charities. This, however, was followed by a material decline in 2020 accompanying the onset of the COVID global health crisis.
- The five largest categories of fundraising are Targeted Corporate Donations, Events, Targeted Contacts, the use of the Internet, and Other. In 2020, 50.2 per cent of Charities used these options.
- There has been a material increase in the use of the Internet and Planned Giving methods for fundraising. In contrast, Events have declined in the face of the COVID pandemic.
- Most charities focus on only one method of fundraising, though the percentage of charities using multiple methods of fundraising is well balanced.

- Charities involved in Relieving Poverty are the most active users of the top methods of fundraising, followed by Foundation and Arts Charities.
- Whereas both small Charities (those with less than \$1 million in Total Revenue) and large Charities use Targeted Corporate Donations as their top fundraising method, large Charities use Mail Campaigns more frequently than do small Charities. Small Charities use Fundraising Events as their second most popular method of fundraising.
- Internet, Targeted Corporate Donations, Targeted Contacts, and Events, respectively, each account for a relatively equal amount of donation revenue for Charities at approximately \$5 billion each. At the other end of the spectrum, Door-to-Door Sales, Sale of Goods & Services, Advertising, and Collection Boxes provide smaller donation revenue of approximately \$2 billion or less each.
- The least popular methods of fundraising raise more for the Charities that use them than the most popular methods of fundraising. This implies that Charities are very efficient at their use of a fundraising method that is not widely used in the sector. As fundraising methods become more popular, the donations raised in using that method relative to its use declines.
- There are no substantial differences in the measure of efficiency and productivity for each method of fundraising. All are positive rates of return in magnitude ranging from 2.0 to 3.5 times in 2020. The average for all fundraising methods is 2.71, meaning that for every \$1 spent on fundraising, \$2.71 dollars is raised in donations.
- Charities seem to be increasing in efficiency in terms of donations/expenses. All five methods with ratios over 3.0 (Targeted Contacts, Planned Giving, Internet, Advertising, and Targeted Corporate Donations) are experiencing growth.
- The use and effectiveness of new methods of fundraising will have to be monitored for future reporting.

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Our Vision

We will participate in a thriving Canadian philanthropic sector where the most impactful charities with the highest governance standards are celebrated and supported by donor capital.

Our Mission

The Veritas Foundation aims to be Canada's authoritative source for participating in the country's charitable sector and evaluating its effectiveness and impact.



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