

GIVING USA 2011

The Annual Report on Philanthropy
for the Year 2010

EXECUTIVE SUMMARY



 **GIVINGUSA**
FOUNDATION

Researched and written by


The Center on Philanthropy
AT INDIANA UNIVERSITY
INDIANA UNIVERSITY—PURDUE UNIVERSITY INDIANAPOLIS

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GIVING USA™

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Researched and written at



Publisher



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Researched and written by the Center on Philanthropy at Indiana University.

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Foreword



Edith H. Falk
Chair
Giving USA Foundation™



Thomas W. Mesaros, CFRE
Chair
Giving Institute: Leading
Consultants to Non-Profits



Patrick M. Rooney, Ph.D.
Executive Director
The Center on Philanthropy
at Indiana University

The environment for philanthropy has been admittedly challenging over the past few years, but one message has come through loud and clear: charitable giving remains a central part of the American fabric. Even through a period of economic stress and volatility, Americans have continued to give.

In 2010, Americans contributed about 2 percent of disposable personal income to philanthropic causes, a number that has remained remarkably consistent over the decades, regardless of economic climate. Today, they may have to dig deeper as their income and wealth have declined, but they have shown they are willing to do that. In a climate of tough economic choices, people still choose to give to charity. They may give to fewer organizations or they may temporarily decrease their overall giving...but they still give.

So in the midst of economic data that lately seems to be negative, we think

we have something to celebrate in America—that our country’s individuals, corporations, and foundations donated \$290.89 billion to charity in 2010. Although giving did not set a record high in 2010, \$290.89 billion is still a significant sum of money and is an increase after two years of significant decreases.

It would be wonderful to report that our revised estimates for 2008 and 2009 held to the \$300+ billion in giving that we estimated last year, but no one forecast the extent of what has come to be known as the Great Recession. With new data available from the Internal Revenue Service, we responded to it and made the necessary adjustments as we have in past years. Of course, those past adjustments to the statistics did not include a “great recession.” It is promising to see the 2010 inflation-adjusted increase of 2.1 percent after two years of such steep declines.

We believe the numbers underscore the fact that giving remains a core American value. Over the past decade, philanthropy has held its own in spite of two recessions, terrorism, wars, and a series of devastating natural and man-made disasters. Adjusted for inflation, total giving exceeded \$280 billion a year every year for the past decade and surpassed \$290 billion in six of the last seven years. This tells us that despite personal and economic hardship, Americans remain steadfastly committed to each other and their communities. Philanthropy is at the heart of who we are as a society, and it is undeterred, if occasionally deferred, by hardship.

A return to growth in total giving is a positive sign. And while the results are somewhat mixed across the various subsectors, the fact that giving to human services declined in real terms and that giving to education, the arts, and public-society benefit organizations has grown the fastest in 2010 (after international, which has grown rapidly over the past decade) suggests that donors may be returning to their pre-recession choices for giving.

That's not to say it hasn't been a challenging couple of years for fundraising. The revised estimates for giving in 2008 and 2009 clearly confirm that it has. Many individuals, corporations, and foundations cut back on giving as their income, profits, and endowments fell. But, with more than 50 years of *Giving USA* data, we know that giving has always rebounded from stressors such as economic slowdowns and recessions.

It's clear that giving—and the charities that rely on it—still have a long way to

go. Giving took a worse hit during the Great Recession than in previous recessions, falling a combined 13 percent in 2008 and 2009 after adjusting for inflation. Even with a recovery of 2 percent, that's still an 11 percent drop from the high point achieved just three years earlier.

As the nonprofit sector enters the era of the “new normal,” clear, mission-based messaging and strong stewardship will be vital. Staying in touch with your donors, past and present, and letting them know how their support impacts the work they are passionate about will keep them engaged...and receptive to increasing their support as they are able. More than five decades of *Giving USA* data show that donors want to make a difference. You just have to show them how they can.



Edith H. Falk
Chair, Giving USA Foundation™



Thomas W. Mesaros, CFRE
Chair, Giving Institute: Leading
Consultants to Non-Profits



Patrick M. Rooney, Ph.D.
Executive Director, The Center on
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Key findings



Total estimated charitable giving in the United States rose 3.8 percent in 2010 (2.1 percent adjusted for inflation). The increase in giving reflects the modest economic recovery achieved in 2010. All subsectors either held steady or achieved increased contributions over 2009 levels in current dollars. However, in inflation-adjusted dollars, two subsectors—human services and environment/animals—as well as giving to individuals saw slight declines.¹



Giving by individuals rose an estimated 2.7 percent in 2010 (1.1 percent adjusted for inflation). This modest increase in giving is consistent with previous post-recessionary years over the last four decades, reflective of recovering economic confidence. As stock market indices rose, individuals were more confident to give to the charitable organizations of their choice.



Charitable bequests rose an estimated 18.8 percent in 2010 (16.9 percent adjusted for inflation). In 2009, the last year for which statistics are available from the IRS, approximately 1 in 5 estates claimed a deduction for a charitable bequest, with estates of \$20 million or more representing around 58 percent of the total.



Giving by foundations remained steady in 2010, falling an estimated 0.2 percent (a decline of 1.8 percent adjusted for inflation). Family foundations continue to be an important source of grant funding, providing approximately 48 percent of all grants by independent, community, and operating foundations in 2010.²



Corporate giving rose an estimated 10.6 percent in 2010 (8.8 percent adjusted for inflation). The Committee Encouraging Corporate Philanthropy also notes an increase in total giving by corporations, with giving of cash and in-kind support by pharmaceutical companies continuing to fuel growth in this subsector.³

¹ *Giving USA* considers increases or declines in giving that are less than 1 percent flat.

² All data on giving by foundations provided to *Giving USA* by the Foundation Center in March 2011.

³ Data from the Corporate Giving Standard Survey conducted in 2011 on giving by corporations in 2010. CECP provided a summary of preliminary results to *Giving USA*.



Giving to religion rose only slightly in 2010, gaining 0.8 percent (a decline of 0.8 percent adjusted for inflation). Houses of worship across most denominations generally saw very slow growth in charitable donations from congregants in 2010.



Giving to education rose 5.2 percent in 2010 (3.5 percent adjusted for inflation). Analysis of leading education fundraising reports reveals that giving to these organizations, especially K-12 schools and colleges and universities, appeared to rebound especially in late 2010 compared with the previous year.



Giving to foundations rose slightly in 2010, by an estimated 1.9 percent (0.2 percent adjusted for inflation). The estimate for giving to foundations includes gifts made to independent, community, and operating foundations.⁴



Giving to human services remained steady in 2010, growing by 0.1 percent (a decline of 1.5 percent adjusted for inflation). Giving to support organizations providing relief and recovery services to Haiti following the January 2010 earthquake offset losses experienced by many basic needs organizations as a result of the recent economic downturn.



Giving to health showed a modest 1.3 percent rise in 2010 (a decline of 0.3 percent adjusted for inflation). Multimillion-dollar gifts in support of research and treatments for specific diseases, as well as those in support of healthcare systems, were prominent in 2010.



Giving to public-society benefit organizations rose an estimated 6.2 percent in 2010 (4.5 percent adjusted for inflation). Gifts of appreciated assets to freestanding donor-advised funds were most responsible for the strong upturn in giving to the public-society benefit subsector in 2010.



Giving to arts, culture, and humanities rose an estimated 5.7 percent in 2010 (4.1 percent adjusted for inflation). The arts subsector received the largest pledged gift in 2010—\$250 million worth of art and furniture from long-time patrons of the arts to the National Gallery of Art in Washington D.C.

⁴The estimate for giving to foundations is developed jointly by *Giving USA* and the Foundation Center.



Giving to international affairs rose an estimated 15.3 percent in 2010 (13.5 percent adjusted for inflation). This is the largest percentage increase of any subsector in 2010, which is in part due to increasing awareness and interest in global matters resulting from various political and humanitarian crises, including the January 2010 earthquake in Haiti.



Giving to environmental and animal organizations dropped only slightly in 2010, by an estimated 0.7 percent (a decline of 2.3 percent adjusted for inflation). While the BP oil spill was marked as the biggest environmental disaster in 2010, giving in support of cleanup and restoration efforts did not have a significant impact on overall giving to this subsector.



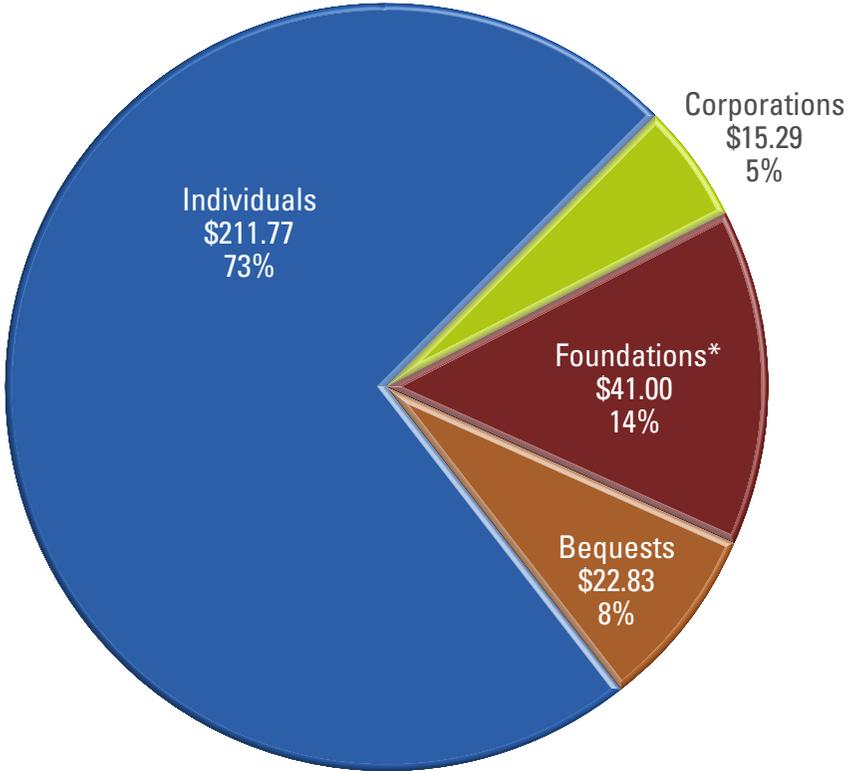
Giving to individuals remained steady in 2010 (in current dollars). The bulk of these donations are in-kind gifts of medications to patients in need made through the Patient Assistance Programs (PAP) of pharmaceutical companies' operating foundations.⁵

Unallocated giving totaled \$2.12 billion in 2010. This amount includes itemized deductions by individuals (and households) carried over from previous years, which is the difference in the tax year in which a gift is claimed by the donor (carried over) and the year when the recipient organization reports it as revenue (the year in which it is received). Unallocated giving also includes gifts to government entities, which do not report charitable contributions at the national level; gifts made to entities in other countries by foundations; and gifts made to new organizations that have not yet been classified. In addition, when a donor forms a charitable trust and takes a deduction, but does not tell the recipient organization, there is an unallocated amount.

⁵This estimate is developed using Foundation Center data on in-kind gifts made by pharmaceutical foundations to individuals.

Giving USA: The Numbers

2010 contributions: \$290.89 billion by source of contributions
(in billions of dollars – all figures are rounded)



*The giving by foundations estimate is provided by the Foundation Center.

2010 contributions: \$290.89 billion by source of contributions

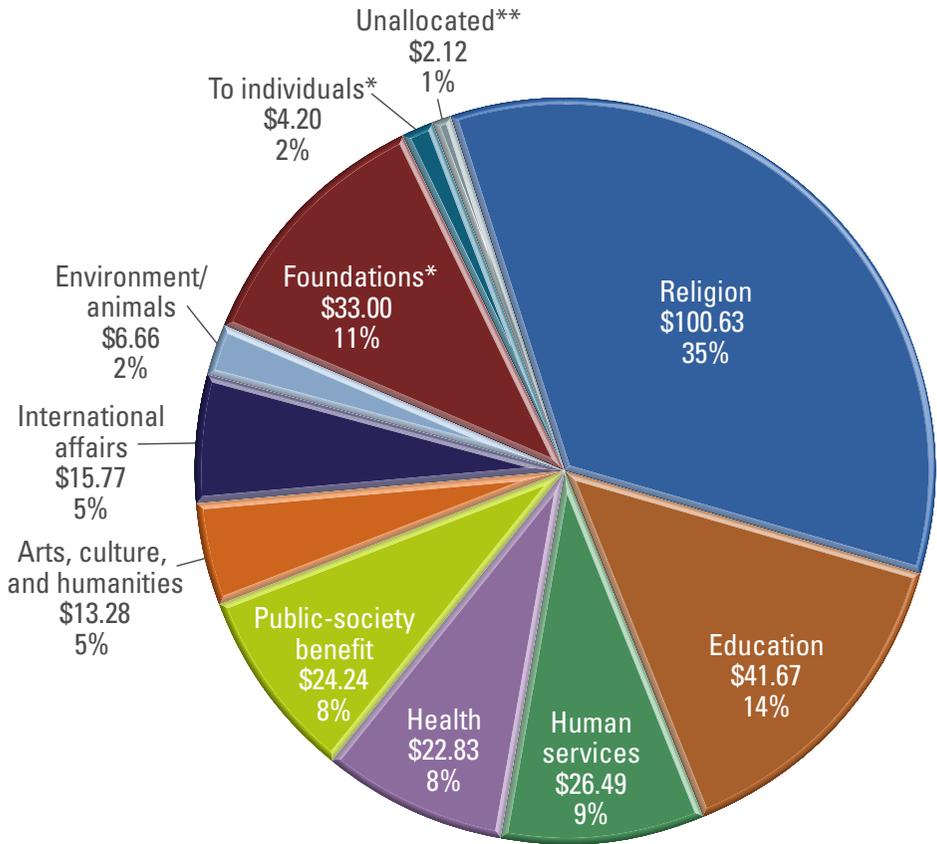
(in billions of dollars – all figures are rounded)

- Total charitable giving by donor source for 2010 is estimated to be \$290.89 billion. This is an increase of 3.8 percent (2.1 percent adjusted for inflation) compared with the revised estimate of \$280.30 for 2009.
- Giving by individuals, which is estimated at \$211.77 billion for 2010, includes estimated amounts for charitable deductions claimed on tax returns filed for 2010 and charitable giving by individuals who did not itemize deductions. This figure also includes an estimate for “mega-gifts,” which are gifts large enough to move the percentage change of total giving by one percent from one year to the next.
- Giving by charitable bequest is estimated at \$22.83 billion for 2010. Although the estate tax was repealed in 2010, *Giving USA* calculated an estimate for giving by bequest from those households that would have claimed deductions if the estate tax had existed. Presumably, many estates did not make changes in their estate plans as a result of the estate tax repeal, although certainly some did. The estimate also includes a conservative estimate of giving by estates which would not have filed federal estate tax returns had the estate tax not been repealed. In addition, *Giving USA* added in an estimate for very large charitable bequests paid to organizations in 2010.
- Foundation grantmaking reached an estimated \$41.00 billion in 2010, according to estimates provided by the Foundation Center. Of that amount, approximately \$19.50 billion was given by family foundations. Grantmaking by corporate foundations is included in the estimate for giving by corporations.⁶
- Combined charitable giving by individuals, bequest, and family foundations amounted to an estimated \$254.10 billion in 2010, or about 87 percent of the total.
- Charitable giving by corporations is estimated to be \$15.29 billion in 2010. This includes an estimate provided by the Foundation Center of \$4.70 billion in grants and gifts made by corporate foundations to recipient organizations and individuals.

⁶All data on giving by foundations provided to *Giving USA* by the Foundation Center in March 2011 and is available in *Foundation Growth and Giving Estimates: Current Outlook, 2011 Edition*, The Foundation Center, April 2011, www.foundationcenter.org.

2010 contributions: \$290.89 billion by type of recipient organization

(in billions of dollars – all figures are rounded)



Includes rounding to get to 100%

* Estimate developed jointly by the Foundation Center and *Giving USA*.

** See definition in "Key Findings" section.

2010 contributions: \$290.89 billion by type of recipient organization

(in billions of dollars – all figures are rounded)

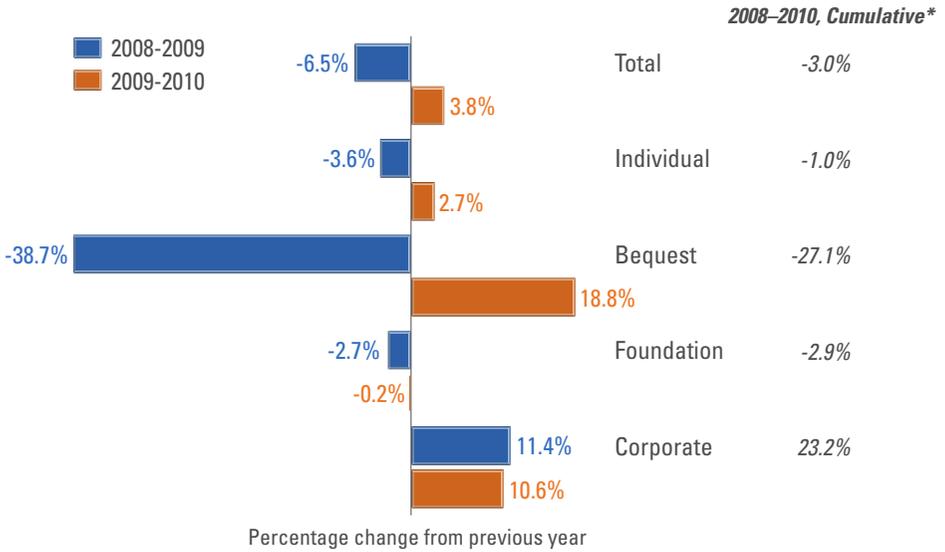
- Total charitable giving by type of recipient is estimated to have increased by 3.8 percent in 2010.
- The relative ranking of recipient types remained the same in 2010 compared with 2009.⁷
- As has been the case for 56 years, the religion subsector received the largest share of charitable dollars, with an estimated 35 percent of the total in 2010.
- Education-related organizations received the second-highest share of charitable dollars in 2010, with an estimated 14 percent of the total.
- Charitable gifts to grantmaking independent, community, and operating foundations are estimated to be the third-highest ranking recipient category in 2010, receiving an estimated 11 percent of all charitable dollars. This share of gifts received was a small decline from 12 percent in 2009.⁸
- The human services subsector includes organizations that received donations in order to respond to those affected by the economic crisis, especially by providing emergency basic needs services. This subsector also includes 75 percent of the organizations that received donations for relief and support efforts following the Haitian earthquake in January 2010. Despite donations given for these purposes, this subsector is estimated to have received the same share of all donations as in 2009, at 9 percent.
- The majority of charitable gifts made to organizations in the public-society benefit subsector go to funds, such as United Ways, Jewish Federations, and freestanding donor-advised funds. This subsector received an estimated 8 percent of total charitable dollars in 2010.
- Health organizations received an estimated 8 percent of charitable dollars given in 2010.
- Arts, culture, and humanities organizations received an estimated 5 percent of donations in 2010, a slightly larger share than the 4 percent received in 2009.
- Organizations in the international affairs subsector received an estimated 5 percent of total charitable dollars given in 2010.
- Environmental and animal organizations received an estimated 2 percent of charitable dollars given in 2010.
- Individuals received an estimated 2 percent of total charitable dollars in 2010. These donations were mostly in the form of medicines provided by operating foundations sponsored by pharmaceutical companies.

⁷Giving USA compares estimates for charitable giving in 2010 with revised estimates for giving in previous years. These revisions can be found in the data table available at the end of the full report.

⁸Estimates for giving to foundations developed jointly by Giving USA and the Foundation Center.

Changes in giving by source 2008–2009 and 2009–2010 and 2008–2010 cumulative

(in current dollars)



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

Changes in giving by source 2008–2009 and 2009–2010 and 2008–2010 cumulative

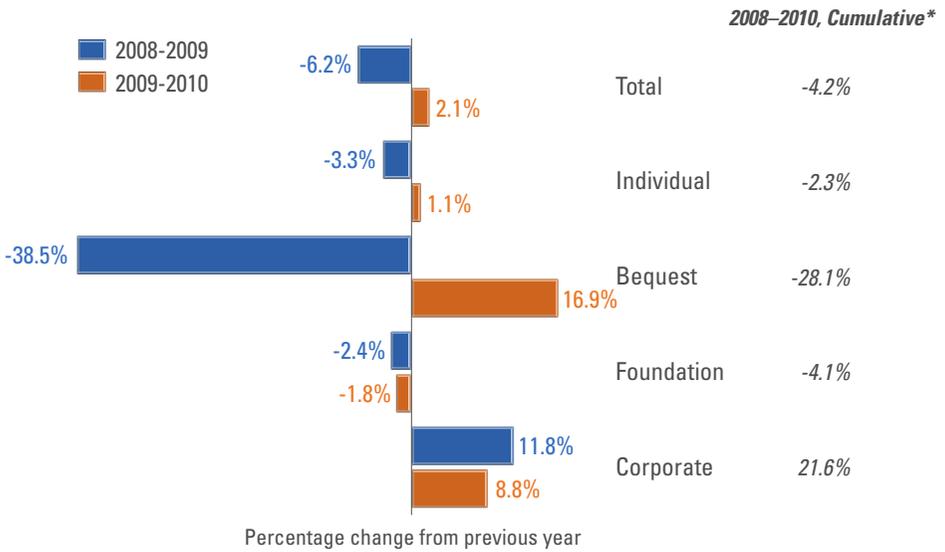
(in current dollars)

- Total charitable giving increased in current dollars by an estimated 3.8 percent between 2009 and 2010. This is, at least in part, attributable to the modest economic recovery underway after the prolonged recessionary period from late 2007 to mid-2009.
- Contributions in 2009 were revised in 2011 to show a decrease of 6.5 percent from 2008. This reflects adjustments based on final IRS data on charitable deductions claimed in 2008 and preliminary data on itemized deductions claimed in 2009.
- The two-year estimated total change in charitable giving from 2008 to 2010 in current dollars is -3.0 percent.
- Charitable giving by individuals in 2010 rose an estimated 2.7 percent from 2009. This increase follows an estimated decline of 3.6 percent between 2008 and 2009. The cumulative change from 2008 to 2010 is -1.0 percent.
- Giving by charitable bequest in 2010 resulted in an estimated increase of 18.8 percent from the revised estimate of \$19.22 billion in 2009. The cumulative change in bequest giving from 2008 to 2010 is -27.1 percent. Bequest estimates are normally quite volatile from year to year because of the variance in the number of estate holders who pass each year, as well as the impact of very large bequests on results.
- Foundation grantmaking is estimated to have remained steady in 2010, according to data released by the Foundation Center in spring 2011. These results follow a nominal decline in grantmaking of 2.7 percent between 2008 and 2009. Giving by foundations realized a two-year change of -2.9 percent from 2008 to 2010.⁹
- Charitable giving by corporations grew an estimated 10.6 percent in 2010. The two-year change from 2008 to 2010 is a sizeable increase of 23.2 percent. According to the Committee Encouraging Corporate Philanthropy (CECP), 65 percent of companies reported having increased their contributions in 2010 from 2009 in CECP's annual survey of corporate contributions.¹⁰

⁹All data on giving by foundations provided by the Foundation Center in March 2011 and is available in *Foundation Growth and Giving Estimates: Current Outlook*, 2011 Edition, The Foundation Center, April 2011, www.foundationcenter.org.

¹⁰Data from the Corporate Giving Standard Survey conducted in 2011 on giving by corporations in 2010. CECP provided a summary of preliminary results to *Giving USA*. For a free download of the report that shows the results of the survey, *Giving in Numbers*, available in fall 2011, go to www.corporatephilanthropy.org.

Changes in giving by source 2008–2009 and 2009–2010 and 2008–2010 cumulative
 (in inflation-adjusted dollars)

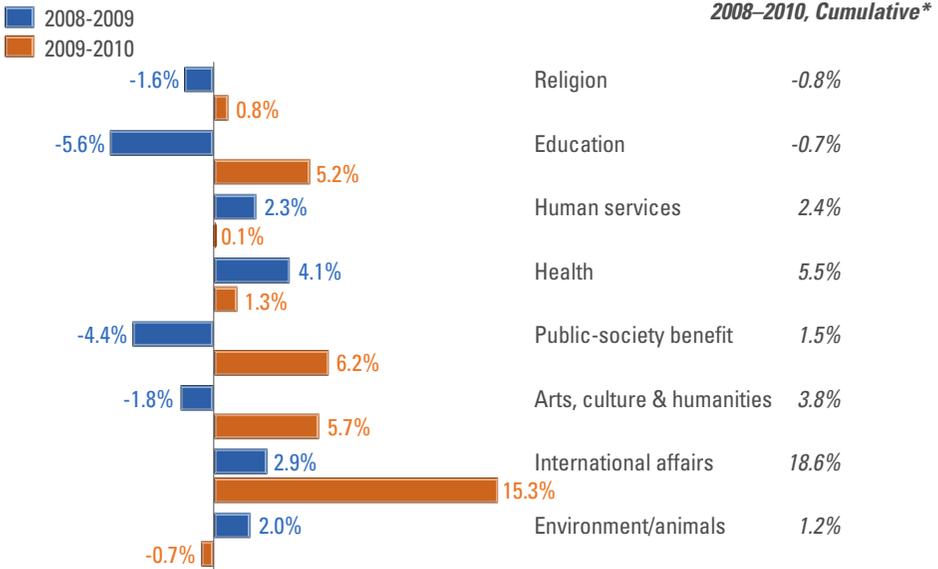


* The two-year change is calculated separately and is not the sum of the changes in the two years.

- The total estimated inflation-adjusted change in charitable giving from 2009 to 2010 is 2.1 percent. In comparison, the inflation-adjusted change in giving between 2008 and 2009 is -6.2 percent, revealing a slow but positive change in the economy in 2010.
- From 2008 to 2010, charitable giving declined an estimated -4.2 percent. The majority of this decline can be attributed to the sharp decline in the economy throughout 2008 and to mid-2009.
- Charitable giving by individuals in 2010 is estimated to be slightly greater than it was in 2009, with a positive change of 1.1 percent after adjusting for inflation. This was a better outcome than the inflation-adjusted drop of 3.3 percent between 2008 and 2009. This decline, coupled with the substantial inflation-adjusted decline of 11.6 percent for individual giving in 2008, results in an estimated two-year change in inflation-adjusted giving of -2.3 percent.
- Giving by charitable bequest increased 16.9 percent, adjusted for inflation, between 2009 and 2010. This is a much more positive outcome than the 38.5 percent inflation-adjusted decline in charitable bequests between 2008 and 2009, which can be attributed to exceptionally large bequests made in 2008. As a result, the estimated inflation-adjusted change in giving by bequest between 2008 and 2010 is -28.1 percent.
- Inflation-adjusted grantmaking by independent, community, and operating foundations shifted downward in 2010 and 2009, by 1.8 percent and 2.4 percent, respectively. The two-year, inflation-adjusted estimated change in foundation grantmaking for 2008–2010 is -4.1 percent.¹¹
- Charitable giving by corporations realized an estimated inflation-adjusted increase of 8.8 percent in 2010. This follows an inflation-adjusted increase of 11.8 percent in 2009. The estimated two-year, inflation-adjusted change in giving by corporations between 2008 and 2010 is a robust 21.6 percent.

¹¹All data on giving by foundations provided to *Giving USA* by the Foundation Center in March 2011 and is available in *Foundation Growth and Giving Estimates: Current Outlook*, 2011 Edition, The Foundation Center, April 2011, www.foundationcenter.org.

Changes in giving by type of recipient organization, 2008–2009 and 2009–2010, and 2008–2010 cumulative (in current dollars)

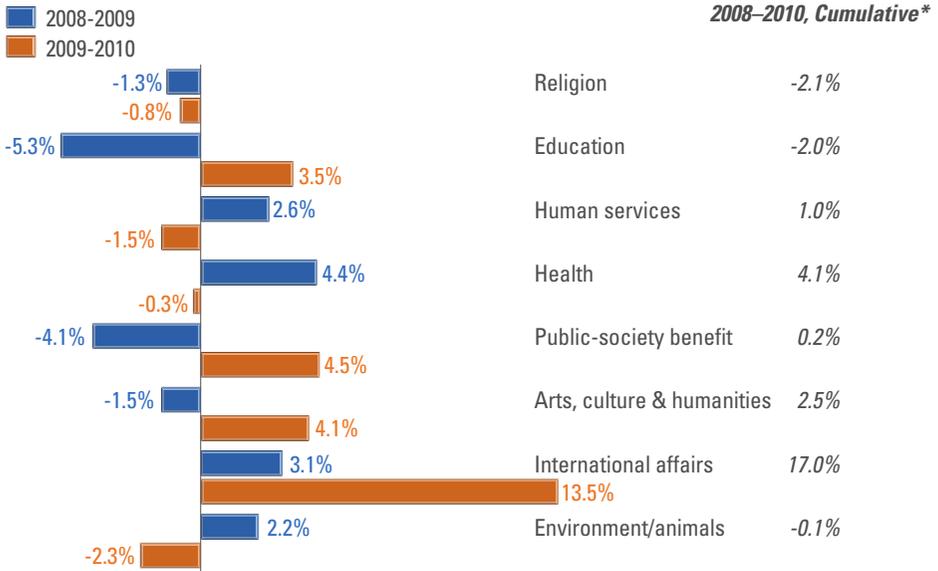


Percentage change from previous year

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

- Charitable giving to the religious subsector remained flat in 2010, rising an estimated 0.8 percent. This change is compared with a decline of 1.6 percent between 2008 and 2009. The estimated two-year change in charitable giving to religion-related organizations between 2008 and 2010 is a decline of 0.8 percent.
- Charitable giving to the education subsector increased by an estimated 5.2 percent in 2010. This follows a drop of 5.6 percent in 2009. The estimated two-year change in charitable donations made to educational organizations between 2008 and 2010 is a decline of 0.7 percent.
- Charitable giving to human services organizations is estimated to have held steady in 2010. In 2009, these organizations experienced an increase in donations of 2.3 percent—the likely result of donations made to support basic needs organizations serving people affected by the economy. The lack of an increase in giving to these organizations in 2010 may reflect a change in donor priorities in 2010 given the recovering economy. It is likely that the estimated \$1.07 billion that human services organizations received in support of Haiti relief and recovery efforts in 2010 offset the pull back of donations made to these organizations in favor of other types of causes. The estimated two-year change in charitable contributions provided to organizations in the human services subsector between 2008 and 2009 is an increase of 2.4 percent.
- Health organizations are estimated to have realized a small increase in charitable donations of 1.3 percent in 2010. This compares with growth of 4.1 percent in 2009. The estimated two-year change in giving to the health subsector between 2008 and 2010 is an increase of 5.5 percent.
- Public-society benefit organizations realized an estimated increase of 6.2 percent in charitable donations in 2010. This increase largely reflects the growth in giving of appreciated assets to donor-advised funds, especially from high-net-worth donors who see advantages of giving to these funds over giving to private foundations. Charitable gifts to public-society benefit organizations in 2009 realized a decline of 4.4 percent, resulting in a cumulative increase of 1.5 percent from 2008 to 2010.
- Arts, culture, and humanities organizations received an estimated 5.7 percent more in 2010 than in 2009. This follows a decline of 1.8 percent between 2008 and 2009. The estimated two-year change from 2008 to 2010 is an increase of 3.8 percent.
- International affairs organizations experienced an estimated 15.3 percent increase in charitable donations in 2010. This follows an increase of 2.9 percent in 2009. The rise in charitable giving to international affairs organizations reflects the increased interest in international causes among foundations, corporations, and individual donors. The estimated two-year change in charitable giving to these organizations from 2008 to 2010 is 18.6 percent.
- Environmental and animal organizations are estimated to have held steady in 2010, realizing an estimated decrease in donations of 0.7 percent from 2009. This follows growth of 2 percent in 2009. An increasingly popular type of gift to environmental organizations is called a “conservation easement,” which lets a property owner permanently set limits on its development. The estimated two-year change in giving to this subsector from 2008 to 2010 is an increase of 1.2 percent.

Changes in giving by type of recipient organization, 2008–2009 and 2009–2010, and 2008–2010 cumulative (in inflation-adjusted dollars)

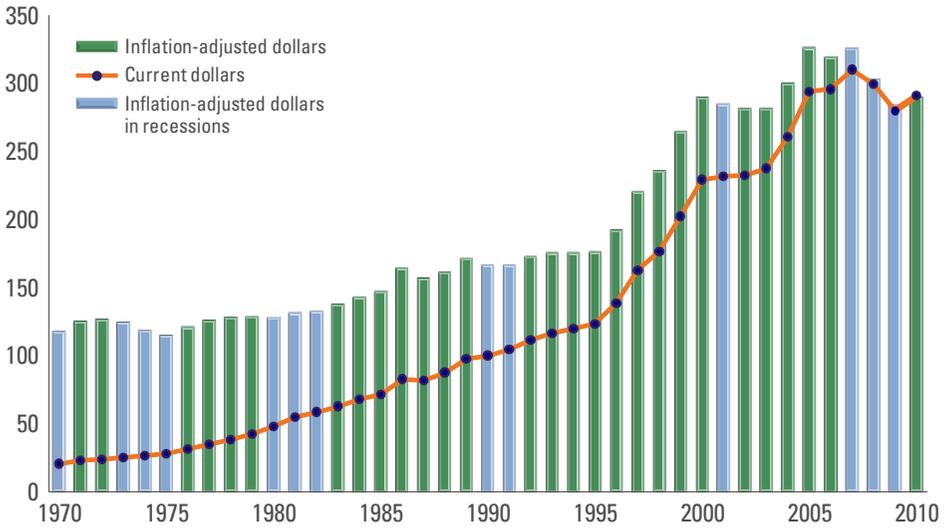


Percentage change from previous year

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

- In 2010, there was slight inflation compared with 2009, with \$100 in 2010 equivalent to \$98.39 in buying power in 2009.
- Charitable contributions to the religion subsector changed by an estimated -0.8 percent in 2010, adjusted for inflation. This is compared with an inflation-adjusted decrease of 1.3 percent between 2008 and 2009. The estimated two-year, inflation-adjusted change in giving to this subsector between 2008 and 2010 is -2.1 percent.
- Charitable giving to educational organizations is estimated to have increased 3.5 percent, adjusted for inflation, in 2010. This follows a decline of 5.3 percent between 2008 and 2009. The estimated two-year, inflation-adjusted change in giving to these organizations between 2008 and 2010 is -2.0 percent.
- Contributions to human services organizations are estimated to have shifted downward 1.5 percent, adjusted for inflation, in 2010. This follows a positive change of 2.6 percent between 2008 and 2009. The estimated two-year, inflation-adjusted change in giving to these organizations between 2008 and 2009 is 1 percent.
- Contributions to health organizations is estimated to have declined 0.3 percent, adjusted for inflation, in 2010. This is after an increase of 4.4 percent between 2008 and 2009. The estimated two-year, inflation-adjusted change in giving to these organizations between 2008 and 2009 is 4.1 percent.
- Inflation-adjusted charitable giving to the public-society benefit subsector shifted upwards by an estimated 4.5 percent in 2010. This increase follows a decrease of 4.1 percent between 2008 and 2009. The estimated two-year, inflation-adjusted shift in giving to this subsector between 2008 and 2009 is 0.2 percent.
- Arts, culture, and humanities organizations have realized repeated drops in charitable giving in recent years. The estimated inflation-adjusted change in giving between 2009 and 2010 is 4.1 percent. This follows a decrease of 1.5 percent between 2008 and 2009. The estimated two-year, inflation-adjusted shift in giving to this subsector between 2008 and 2009 is 2.5 percent.
- Charitable giving to international affairs organizations (which includes development, aid, relief, and other types of charities serving international purposes) is estimated to have increased by 13.5 percent, adjusted for inflation, in 2010. This healthy increase follows a positive, inflation-adjusted change in giving between 2008 and 2009 of 3.1 percent. The estimated two-year, inflation-adjusted shift in giving to this subsector between 2008 and 2009 is 17 percent.
- Environment/animal organizations received an estimated 2.3 percent less in inflation-adjusted charitable contributions in 2010 than in 2009, when the change was an increase of 2.2 percent from 2008. The estimated two-year, inflation-adjusted change in giving to these organizations between 2008 and 2009 is -0.1 percent.

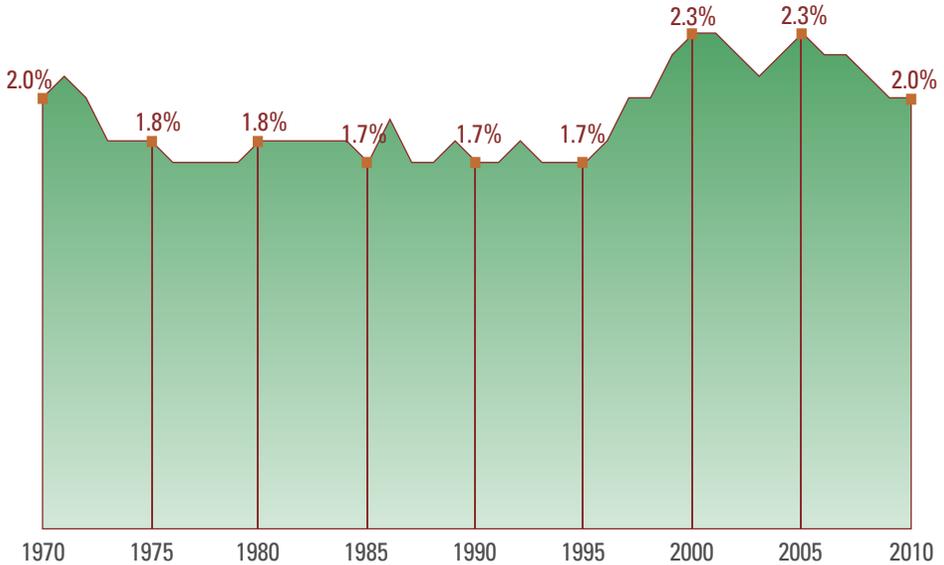
Total giving, 1970–2010
(in billions of dollars)



Total giving, 1970–2010 (in billions of dollars)

- Revised *Giving USA* estimates show that total charitable giving has increased in current dollars in every year since tracking began in 1954 with the exception of three: 1987, 2008, and 2009. The increase of 1.5 percent (in current dollars) previously estimated for 2008 in *Giving USA 2010* was eliminated with this edition after final figures for itemized charitable contributions in 2008 were released by the IRS.
- Several years realized inflation-adjusted declines in giving since tracking began 56 years ago. The largest inflation-adjusted decline is 7 percent, which occurred in 2008. This year's inflation-adjusted increase of 2.1 percent is likely due to a modest economic recovery coupled with pledges by many donors—foundations, individuals, and others—who are trying to maintain their giving levels as much as possible.
- Adjusted for inflation, charitable giving typically experiences modest increases in post-recessionary years (the year immediately following a recession). The inflation-adjusted increase of 2.1 percent in 2010 is within the range of charitable giving in previous post-recessionary periods.
 - Following the 1973–1975 recession—a particularly harsh one—charitable giving increased a healthy 5.5 percent in 1976.
 - In 1983, the year following back-to-back recessions in the years 1980–1982, charitable giving rose 3.7 percent.
 - The early 1990's recession ended in March 1991. That year inflation-adjusted giving was flat, with charitable giving rising 3.6 percent in 1992.
 - The only post-recessionary year in which giving declined was in 2002 following the 2001 recession. That year giving declined 1.1 percent.
- The 2.1 percent increase in inflation-adjusted giving suggests a promising future for charitable giving in the coming years, given that the “Great Recession” was the worst recession on record since the Great Depression. However, the slow recovery of the economy will certainly impact just how quickly charitable giving will rise to pre-recession levels.

Total giving as a percentage of Gross Domestic Product, 1970–2010

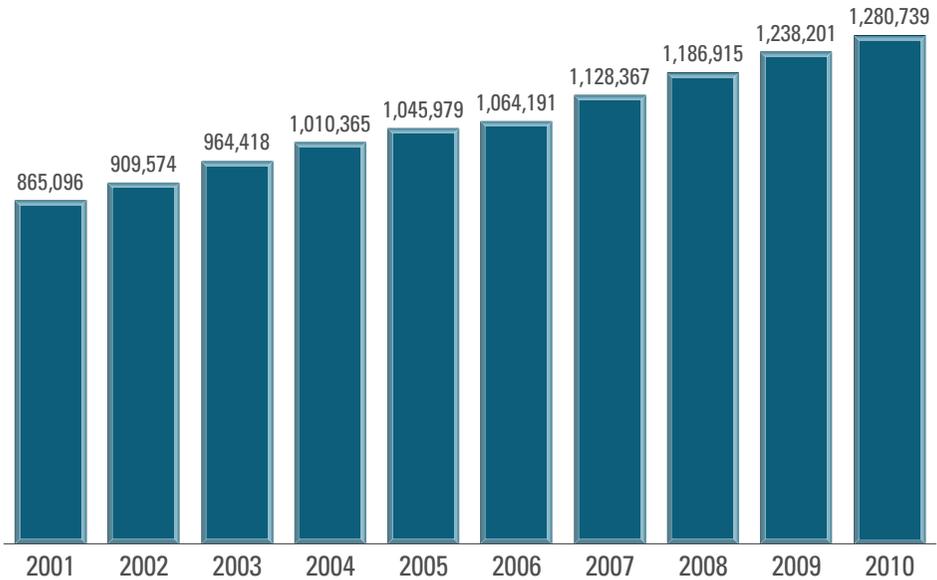


- Many economic factors strongly relate to growth and declines in personal wealth or income—the most important influences on how much donors give to charity. Gross Domestic Product (GDP) is one of these economic factors and is defined as the market value of all goods and services produced within a country’s borders within a specific period of time. It is one of the most important factors considered in measuring the status of a nation’s economic health.¹²
- Real (or inflation-adjusted) GDP increased 2.9 percent from calendar year 2009 to calendar year 2010, and total estimated giving for 2010 is 2.0 percent of GDP. In comparison, real GDP declined 2.6 percent from calendar year 2008 to calendar year 2009. In 2009, total estimated giving was also 2.0 percent of the GDP. This suggests that giving slowed relative to the GDP between 2009 and 2010.¹³
- While 2010’s figure of 2.0 percent is a decline from the level of 2.3 percent seen in 2000 and 2005, the 2.0 percent threshold marks the period beginning with the run-up in stock market values in 1997.
- With 14 years at or above the 2.0 percent threshold, charitable giving will need to be sustained at similar levels for several more years to match the duration of the period from 1956 through 1972, when charitable giving was also consistently at or above 2.0 percent of GDP.

¹²J. Downes and J. E. Goodman (Eds.), *Dictionary of Finance and Investment Terms*, 8th Edition, 2010, Barron’s Educational Series, Inc.

¹³Gross Domestic Product: Fourth Quarter and Annual 2010, Bureau of Economic Analysis, Jan. 8, 2010, http://www.bea.gov/newsreleases/national/gdp/2011/pdf/gdp4q10_adv.pdf.

The number of 501(c)(3) organizations, 2001–2010



- The Internal Revenue Service annually reports the number of nonprofit, charitable organizations registered under Section 501(c)(3) of the Internal Revenue Code.
- Most tax-exempt nonprofit organizations with gross receipts of at least \$5,000 are required to register with the IRS (Form 1023) by the close of the 15th month after establishment, or within 90 days of the end of the year in which it exceeds this threshold. Most religious-related organizations, such as churches, synagogues, and mosques, are not required to file for tax-exempt status, although many choose to do so.¹⁴
- In June 2011, 275,000 nonprofit organizations lost their tax-exempt status for failure to file legally required documents for three consecutive years. This decreases the number of tax-exempt organizations by around 14 percent. Organizations may apply to restore their tax-exempt status for a fee.¹⁵

¹⁴Applying for 501(c)(3) Tax-Exempt Status, IRS, <http://www.irs.gov/pub/irs-pdf/p4220.pdf>.

¹⁵L. Chiu, 275,000 Nonprofits Lose Tax Exemptions, *The Chronicle of Philanthropy*, June 8, 2011, www.philanthropy.org.

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