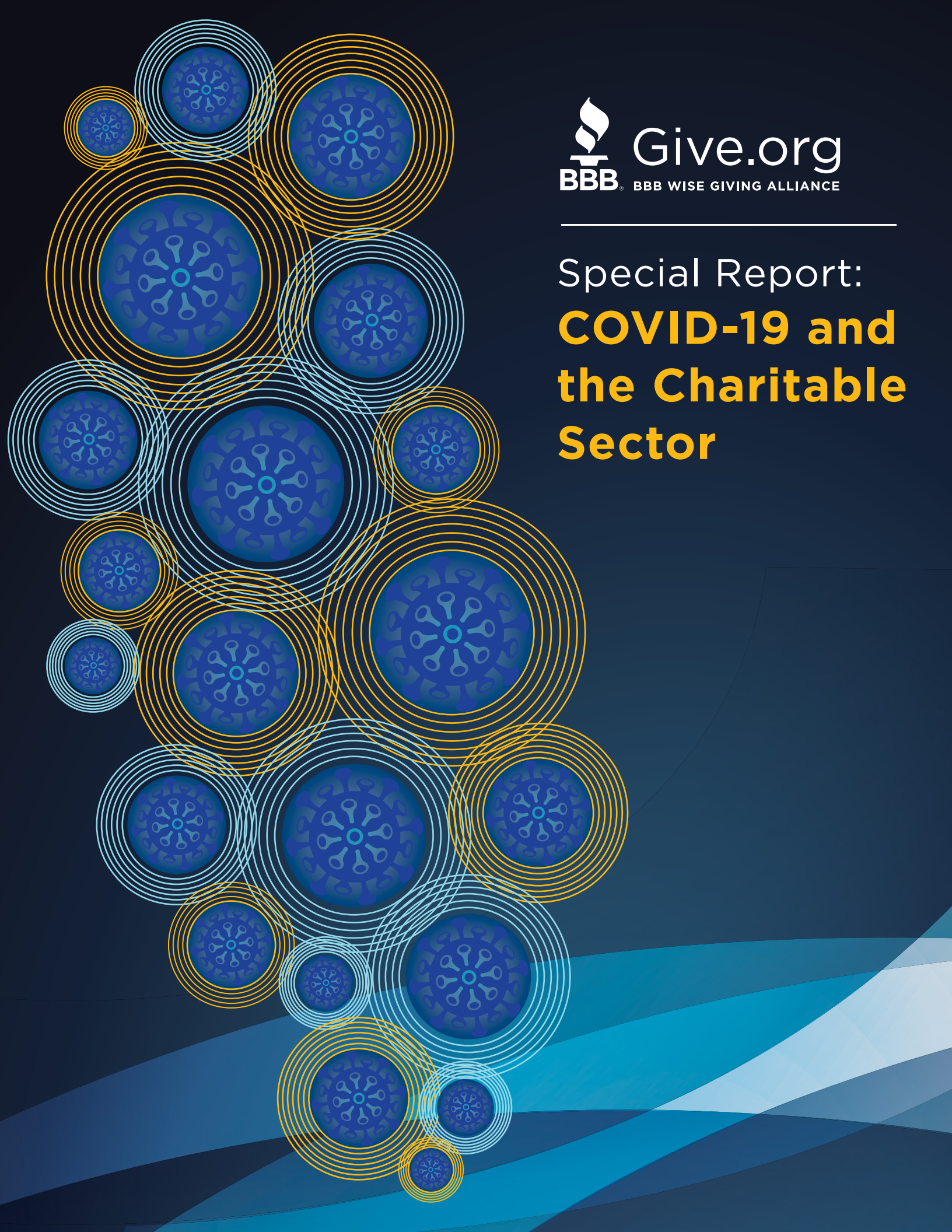
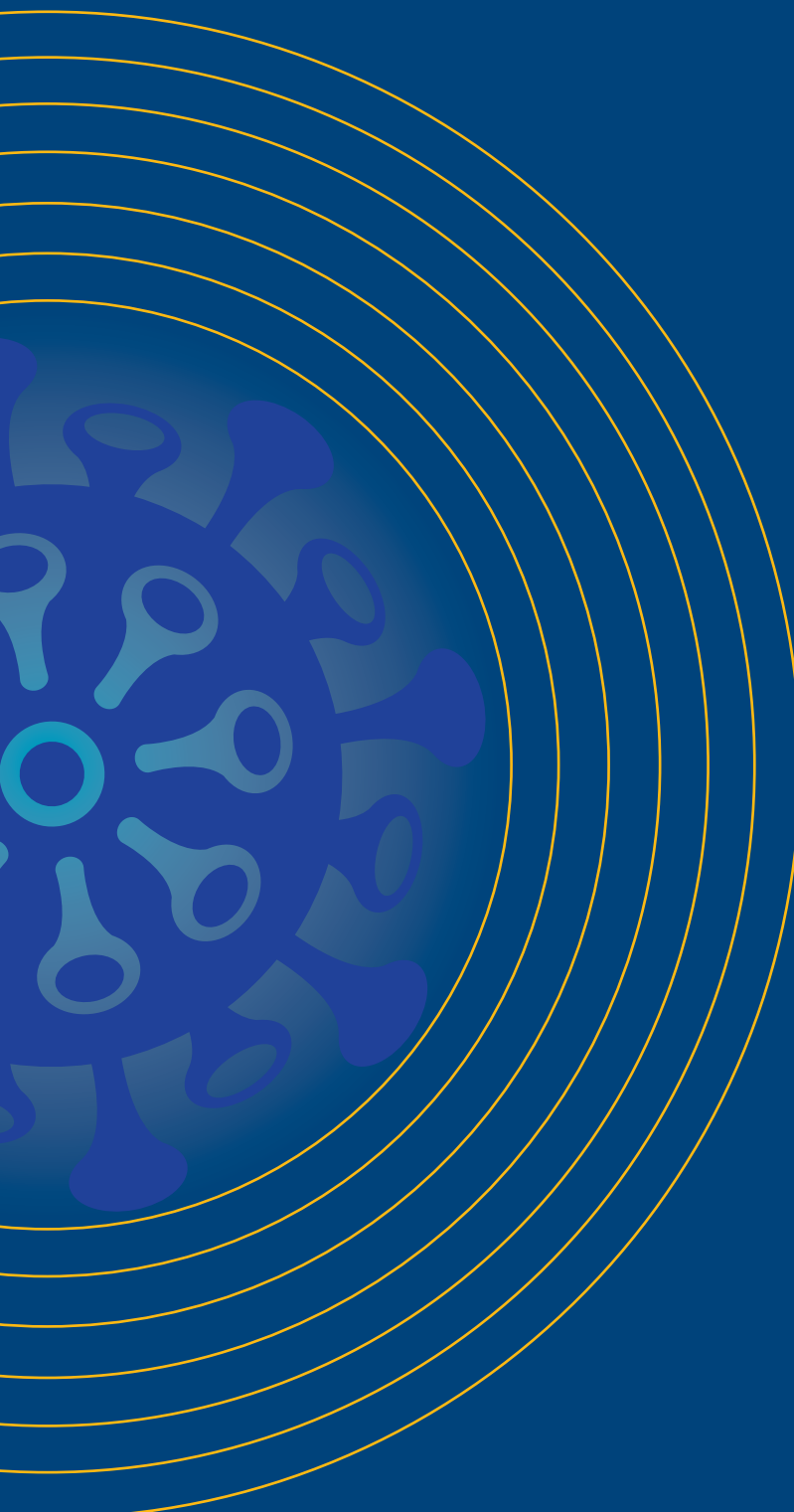




Special Report:
**COVID-19 and
the Charitable
Sector**

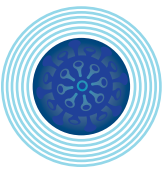




INTRODUCTION

The COVID-19 (coronavirus) outbreak and its effects are a reminder of our collective vulnerability and interdependence. The outbreak and its effects are placing pressure on all segments of society, including charities that provide vital help during the crisis and charities that address other challenges, all while needs continue to grow.

In this special report on COVID-19 and the charitable sector, we explore what charities currently anticipate will be the consequences of the crisis as they strive to fulfill their missions. We also explore how the donating public feels about their giving prospects and preferences during 2020. Through this report, we aim to shed light on the special circumstances facing our sector and to help strengthen the bond between charities and donors during this trying time.



FINDINGS

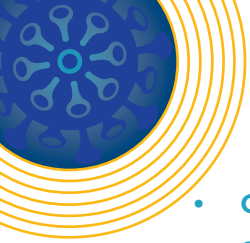
To better understand the effects of the COVID-19 outbreak on the charitable sector, we reached out to BBB Wise Giving Alliance (BBB WGA) Accredited Charities¹ to learn from their collective insights, and we commissioned a survey of more than 1,000 adults across the United States.² All responses were gathered between March 27, 2020 and March 30, 2020.

We heard from 118 charities and learned that:

- **80.5% of charities anticipate that their 2020 revenue will be lower than expected.**
 - Only 3.4% of charities said they expected revenue to increase. 4.2% estimated revenue would stay the same.
- **Of charities predicting a decrease in revenue, almost all (93.5%) say they anticipate donors will be less able to give; 69.6% say the organization will be unable to host a gala, walk, or other fundraising event; and more than half (54.4%) say their donors will likely redirect support to individuals in need.**
 - Other reasons cited for expecting reduced revenue include: cause areas not being top-of-mind (35.9%), organizations receiving less program service revenue (34.8%), donors redirecting support to businesses in need (26.1%), and charities receiving less in-kind donations (22.9%). Less than 5% of charities cited reasons outside the current COVID-19 crisis.
- **Of charities predicting a decrease in revenue, only 19.6% say the organization may lose less than 10% of their budgeted revenue. 7.6% anticipate losing more than 50%.**
 - Other charities estimated a revenue loss of between 11 and 20% (25.0%), 21 and 30% (19.6%), 31 and 40% (5.4%), and 41 and 50% (4.4%), and 18.5% said they did not know.
- **18.3% of charities anticipate their 2020 expenses will increase as a result of the COVID-19 outbreak.**
 - Most charities anticipate their expenses will stay the same (33.7%) or decrease (41.4%).

¹ To determine whether a charity is accountable and trustworthy, the BBB Wise Giving Alliance (WGA) uses 20 BBB Standards for Charity Accountability which help individuals verify trust based on charity governance, finances, fundraising practices, and results reporting. We produce reports on charities based on these standards, and the reports are available free of charge to the donating public on Give.org.

² BBB's Give.org conducts a Donor Trust Survey annually that includes a core set of questions intended to measure the health of public trust in the charitable sector and to identify shifts across time. Each year, the survey may also include a set of special questions on a topic of interest. The 2019 Give.org Donor Trust Survey included a set of questions related to disaster-relief donor preferences, assumptions, and expectations. These reports are available at Give.org/donortrust. The COVID-19 donor survey was conducted separately and distributed between March 27 and March 30, 2020. More information is available in the Methodology section.



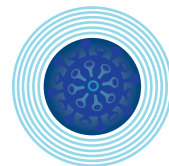
- **Only 1.9% charities said they are “not concerned” about the impact of the COVID-19 outbreak on the charitable sector. Most charities, 89.4%, are somewhat (51.9%) or very (37.5%) concerned about maintaining a financially stable organization.**

| Generation | Don't Know | Not Concerned | Somewhat Concerned | Very Concerned |
|--|------------|---------------|--------------------|----------------|
| Reaching the people or animals you serve | 3% | 13.9% | 30.7% | 52.5% |
| Fulfilling your programmatic activities as planned | 1.9% | 5.8% | 35% | 57.3% |
| Maintaining a financially stable organization | — | 10.6% | 51.9% | 37.5% |
| Losing revenue from fundraising events | — | 14.4% | 27.9% | 57.7% |
| Losing volunteers | 3% | 47.5% | 37.4% | 12.1% |
| Having to lay off employees due to discontinued programs | 5.9% | 43.1% | 36.3% | 14.7% |
| Having to lay off employees due to lack of funding | 5.8% | 28.9% | 36.5% | 28.9% |
| The impact on the charitable sector as a whole | 1.9% | 1.9% | 35% | 61.2% |

- **In times of strain, charities can find opportunities. 76.9% of charities say the COVID-19 crisis may help them find more efficient ways for staff to work online, 56.7% say they may find new or expanded ways to raise funds online, and 55.8% say they may find more efficient ways to pursue their mission.**
 - Other potential opportunities include enhanced ways to reach donors (34.6%); improved collaboration with other charities (31.8%), government (26.0%), and business (21.2%); and increased awareness of the importance of unrestricted funds.

Individuals continue to represent close to 80% of total giving in the United States,³ and we know that many will face difficulties during 2020. We commissioned an electronic survey of more than 1,000 adults across the United States and found that:

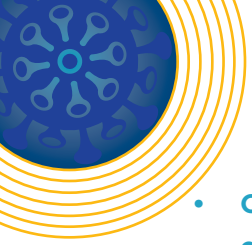
³As reported in Giving USA 2018, individual contributions represented 70% (\$286.65 billion) of total giving in the United States during 2017. Giving by bequest, another form of individual giving, represented an additional 9% (or 35.7 billion) of total contributions during that year.



- **Given the COVID-19 outbreak, more than half of participants (48.2%) tell us they will be looking for ways to support charities, and 24.5% tell us they will look for ways to help unemployed individuals directly. Participants tell us that in 2020 they:**

| | |
|---|-------|
| Will look for ways to support charities (donations, volunteering, etc.) | 48.2% |
| Will look for ways to help unemployed individuals directly | 24.5% |
| Will look for support from charities to help me and/or my family | 21.9% |
| Will not participate in another type of fundraising event as planned | 20.2% |
| Will not receive charity goods or services as planned (health care, after-school services, food, other) | 14.2% |
| Will not attend a charity gala as planned | 8.7% |
| Will not volunteer at a charity as planned | 8.4% |
| Will not participate in a charity walk as planned | 8.6% |

- **Close to one-third of participants (30.8%) say they plan to give more to charities in 2020 (as compared to their average annual giving in the past 3 years). Younger generations, in particular, intend to give more, with 47.7% of Millennials and 60.8% of Gen Z respondents anticipating a rise in giving.**
 - More than half (52.5%) say they expect to give about the same, 8.8% say they expect to give less, and 8.0% do not know.
 - Younger generations are much more likely to say that they plan to give more, with 47.7% of Millennials and 60.8% of Gen Z participants expressing an intent to give more.
 - Participant living in large metropolitan areas are also more likely to say they intend to give more (36.9%) than those living outside large metropolitan areas (23.0%).
- **Of donors who expect to give less this year, most cited having lost income due to the COVID-19 outbreak (45.6%) or needing to be financially conservative due to the associated uncertainty (51.5%).**
- **Of donors who report charitable giving in 2019, 14.7% said they do not intend to give in 2020.**
- **When comparing self-reported donations in 2019 against intended donations in 2020, there are a few notable shifts in the portion of donors giving to particular charity types: a drop from 45.1% to 40.1% for religious organizations, a rise from 10.5% to 14.6% for nonprofit hospitals, and a rise from 11.8% to 14.6% for environmental organizations.**



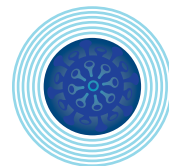
- **Of those who give to houses of worship, 32.4% say they plan to give more to their house of worship in 2020 and 9.21% intend to give less.**
 - Of those who give to houses of worship, younger generations are more likely to say they intend to give more, with 46.1% of Gen Z participants and 43.8% of Millennials intending to increase their donation.
 - Participants in large metropolitan areas were more likely to say they intend to give more to their house of worship (with 38.8%).
- **23.9% of respondents say they plan to give money to small business (directly or via crowdfunding).**
 - While most respondents plan to support such businesses in more traditional ways, like buying products when possible (64.2%) or buying gift cards (16.9%), gifting money to small businesses may alter the charity scene.
 - Younger participants are more likely to say they plan to give money to small business (directly or via crowdfunding), with 47.1% of Gen Z participants and 36.6% of Millennials saying they plan to donate to small businesses.
 - Participants in large metropolitan areas (32.4%) are more likely to anticipate giving money to a business than those who don't live in large metropolitan areas (14.2%).

CONCLUSION

While the situation is uncertain and rapidly evolving, many charities face a historically difficult year in 2020. The BBB Accredited Charities that contributed insights to our report have high standards of governance, finances, fundraising practices, and results reporting. Less than 8% have revenue below \$1 million dollars, and more than 12% have revenue above \$100 million (more information is provided in Table 1 in the methodology section). Other charities out there are likely to be feeling just as, if not more, strained.

As most charities are concerned about the sector as a whole and their own financial stability, we are encouraged to find that the empathy and generosity of donors may rise to the challenge.

The donating public can react with solidarity during trying times. BBB's Give.org finds hope in the one-third of survey participants who intend to give more to charity this year, in particular the younger generations. Still, the compound effect of people increasingly needing services and financial assistance, charities' inability to hold in-person fundraising events, the added difficulty of providing program services, and the relatively new phenomenon of solicitations by unemployed individuals and vulnerable small businesses create an unprecedented challenge for the sector.



METHODOLOGY

To better understand how the COVID-19 outbreak is affecting the charitable sector, we asked BBB Wise Giving Alliance (BBB WGA) Accredited Charities to provide their insight through an online survey. 118 charities shared their experiences and perceptions. These charities represent a diverse set of missions (including animal protection, civil rights, education, environmental, international relief, health, human services, religious, veterans, and youth development, among others). They also varied in size, as noted in the following table.

Table 1 – Contribution

| Contribution | Portion of Respondents |
|-----------------|------------------------|
| < \$1 Million | 5.9% |
| \$1M – \$4.9M | 30.5% |
| \$5M – \$9.9M | 13.6% |
| \$10M – \$49.9M | 26.3% |
| \$50M – \$99.9M | 7.6% |
| \$100M – \$499M | 11.9% |
| \$500M and up | 4.2% |

We also commissioned an electronic survey of 1,000 adults across the United States that was distributed between March 27 and March 30, 2020. The profile of respondents follows:

Table 2 – Profile of Respondents

| By Age | | By Gender | | By Race | |
|--------|-------|-----------|-------|------------------|-------|
| 18-35 | 32.7% | Male | 48.5% | White | 67% |
| 36-45 | 17.1% | Female | 51.5% | African American | 14.4% |
| 46-55 | 18.4% | | | Hispanic/Latino | 9.5% |
| 56-65 | 15.3% | | | Asian | 7.5% |
| > 65 | 16.5% | | | Other | 1.6% |

| By Large Metropolitan Area (1.5 Million) | | By Donation Level (2019) | |
|--|-------|-----------------------------|-------|
| Yes | 53.6% | Did not donate | 23.4% |
| No | 46.4% | Between \$1 and \$50 | 19% |
| | | Between \$51 and \$200 | 20% |
| | | Between \$201 and \$1,000 | 21.3% |
| | | Between \$1,001 and \$5,000 | 11.4% |
| | | More than \$5,000 | 4.9% |



Through our survey, we sought to measure donor beliefs, feelings, and behavioral intentions. Our report identifies some aggregate findings and digs into the heterogeneity of donor perceptions. We use gender and ethnicity as self-reported by survey takers. We recognize there are differences among people of the same gender and generation. While there is not one consistent date range for generational divides, the generational ranges used in this report mirror those used by the Pew Research Center and are shown below.

Table 3 - Generational Ranges

| Generation | Year Born | Age (in 2019) |
|--------------------------------|------------------|----------------------|
| Generation Z (18 and older) | 1998 – 2000 | 18 – 21 |
| Millennial Generation | 1981 – 1997 | 22 – 38 |
| Generation X | 1965 – 1980 | 39 – 54 |
| Baby Boomers | 1946 – 1964 | 55 – 73 |
| Silent Generation | 1928 – 1945 | 74 – 90 |

We know that survey responses reflect charity and donor perceptions and are not necessarily an objective projection of the future. Still, an aggregate of charity and donor expectations can help us understand the unique challenges related to charities and the COVID-19 outbreak.

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