



Netlinks, July 2006-Special Edition
A Publication of Ruotolo Associates Inc.

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Charitable Giving Rises 6 Percent to More than \$260 Billion in 2005 Disaster relief tops all records and totals 3 percent of all giving

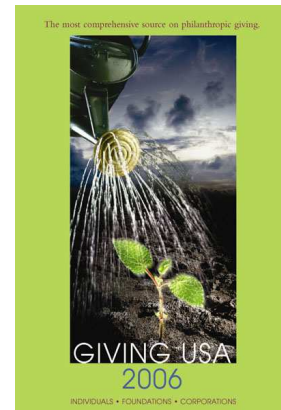
By George C. Ruotolo, Jr., CFRE

Chairman and Chief Executive Officer

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Last month, The Giving USA Foundation™ published *Giving USA 2006*, which details giving trends in 2005. The book was researched and written by the Center on Philanthropy at Indiana University.

The Foundation’s mission is to advance the research, education and public understanding of philanthropy. It was founded in 1985 by the American Association of Fundraising Counsel, now Giving Institute: *Leading Consultants to Non-Profits*. As acting chair of the Giving Institute, I wanted to share highlights of the findings with you. As you will see, the results in this year’s edition of *Giving USA* show us that Americans are always generous, especially when nature strikes unexpectedly.

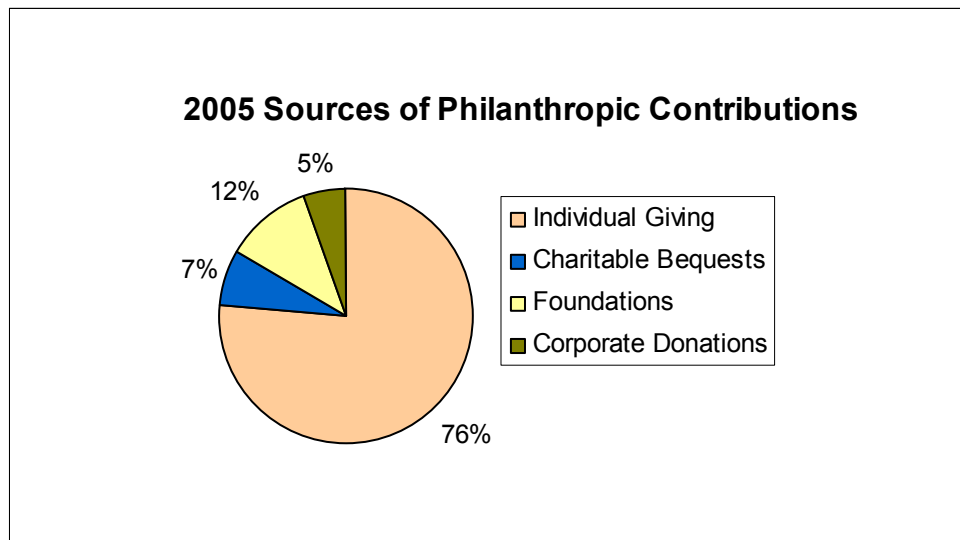


- Americans gave total contributions of \$260.28 billion for 2005, a growth of 6.1 percent (2.7 percent adjusted for inflation).
 - The year 2005 saw extraordinary philanthropic response to three major natural disasters. About half of the \$15 billion increase in total giving from the revised estimate of \$245.22 billion in 2004 is attributable to disaster relief giving.
 - The other half reflects donors’ commitments to other causes that matter to them.
- Major natural disasters in the U.S. and abroad between December 2004 and October 2005 generated at least \$7.37 billion in contributions (2.8 percent of total estimated giving) in 2005.
 - Of the disaster giving, individuals contributed an estimated \$5.83 billion, or 79 percent of the estimated total in disaster relief contributions for 2005.
 - Corporations gave an estimated \$1.38 billion, or 19 percent of the estimated total of disaster relief gifts. The balance of disaster relief giving,

an estimated \$160 million (\$0.16 billion) based on records from the Foundation Center, was paid by foundations in 2005, for 2 percent of the estimated amount for disaster relief.

- Earlier editions of *Giving USA* reported the philanthropic response after the attacks of September 11, 2001, which reached \$2.8 billion according to a December 2004 Foundation Center report. The contributions in 2005 to aid survivors of U.S. Gulf Coast hurricanes Katrina, Rita and Wilma quickly surpassed the prior records for disaster relief giving, topping \$5 billion by year's end. And we expect contributions for rebuilding will continue, perhaps for a decade or more.
- In addition to the counted charitable contributions made for disaster relief, the recovery and rebuilding efforts engaged people very directly in ways that are not always tabulated on a national level. For example, after hurricanes Katrina, Rita, and Wilma, religious congregations and other groups collected truckloads of goods and organized and sent teams of volunteers. Schools organized drives to collect supplies, books and equipment to restore classrooms in schools in Louisiana, Mississippi or Alabama. Clubs, coworkers and other groups of people organized temporary or even semi-permanent homes for survivors of the disasters who relocated. Similar, although less extensive, direct responses occurred after the U.S. received news of the December 26, 2004 tsunami and the October 8, 2005 earthquake in Pakistan.

Giving USA 2006 reports giving from four sources of contributions—individual (living) donors, bequests by deceased individuals, foundations and corporations.



- Individual giving is always the largest single source of donations. It rose by 6.4 percent (2.9 percent adjusted for inflation) to an estimated \$199.07 billion. It accounts for 76.5 percent of all estimated giving in 2005. Average charitable giving per household in 2005 is estimated to be 2.2 percent of average household disposable (after-tax) income, exactly at the 40-year average.

- Charitable bequests are estimated to have fallen 5.5 percent in 2005, largely due to a steep decline in the number of deaths in 2004 and an expectation that the number of deaths for 2005 remained low. Estimated charitable bequests of \$17.44 billion are 6.7 percent of total estimated charitable giving for 2005.
- Foundation grantmaking, which is reported by the Foundation Center, rose 5.6 percent (2.1 percent adjusted for inflation) to \$30 billion. The Foundation Center, which reported this information in April 2006, said the increase was because of growth in the number of foundations and because the stock market rose in 2004 and held steady in 2005. Foundation giving is 11.5 percent of total estimated charitable giving in 2005.
- Corporate donations grew by an unprecedented 22.5 percent (18.5 percent adjusted for inflation), to reach an estimated \$13.77 billion. At 5.3 percent of the total estimate for charitable gifts, corporations account for a slightly larger slice of the pie than the average of 5 percent given by corporations in the past 40 years. I believe this high level of corporate giving is explained in part by two years of very strong growth in gross domestic product and by growth in corporate profits before taxes. It also shows companies' exceptional response to disasters worldwide in 2005.

Even with overall growth in charitable giving, some subsectors grew more than others. The subsectors for arts, culture and humanities and for health saw inflation-adjusted giving decline.

To order a copy of *Giving USA 2006*, please visit the Giving USA Foundation website.

Netlinks is published by George C. Ruotolo, Jr., CFRE, chairman and chief executive officer of Ruotolo Associates. The newsletter is written and edited by Liz Campbell, associate. Reproduction of *Netlinks* is permitted only with attribution to *Netlinks*, a publication of Ruotolo Associates Inc.

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