

# **SUMMARY OF RESULTS OF CHARITABLE SOLICITATIONS BY COMMERCIAL FUNDRAISERS**



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**Year Ending 2008**



## INTRODUCTION

Every year Californians provide generous support to a wide array of charities, either directly or through commercial fundraisers who are hired by charities to solicit donations on their behalf. The term “commercial fundraiser” refers generally to a person or corporation that contracts with charities, for compensation, to raise money on their behalf. The commercial fundraiser charges charities a flat fee or a percentage of the contributions collected on behalf of the charities. By law, commercial fundraisers are required to register with the Attorney General’s Registry of Charitable Trusts prior to soliciting in California and file annual financial disclosure reports that set forth income and expenses for each solicitation campaign.

This report is a summary of information contained in those annual financial disclosure reports for 2008, and includes, in addition to cash contributions, donations of used personal property (such as clothing and vehicles) and its resale, for the benefit of charity. Tables 1, 2 and 3 provide information from financial reports submitted by commercial fundraisers engaged in activities such as direct mail, telemarketing, auctions, and entertainment events. Tables 4, 5 and 6 provide information from financial reports submitted for thrift stores and vehicle donation programs.

It is important to note that most of the charities registered with the Attorney General do not use commercial fundraisers to raise funds. Historical figures show that a campaign conducted by a commercial fundraiser returns to the charity, on average, less than 50 percent of the contributions it raises on a charity’s behalf. The remainder is retained by the commercial fundraiser as a fundraising fee.

### **Information provided in Tables 1, 2 and 3 can be summarized as follows:**

- Information was obtained from 749 completed financial reports.
- Commercial fundraisers collected approximately \$355.8 million in charitable contributions in 2008. This is a decrease of \$14.6 million over the amount reported in 2007.
- The distribution to charity was approximately \$156.4 million, a decrease of \$5.2 million over the amount reported in 2007.
- The average distribution to charity from all campaigns conducted by commercial fundraisers in 2008 was 43.96%, a slight increase over the 2007 average of 43.63%.

### **DONATIONS OF PERSONAL PROPERTY: THRIFT STORES AND VEHICLE DONATION PROGRAMS**

Thrift stores handle what is known under state law as “salvageable personal property.” The stores may be operated directly by a charity or by for-profit vendors. For-profit vendors fall within the definition of commercial fundraisers if they receive a management fee or commission

from a charity on whose behalf the thrift store is operated or if they purchase a majority of their goods from charities or social welfare organizations at negotiated prices. (Government Code, § 12599.)

Charities that operate their own thrift stores incur overhead and other expenses associated with the operation of a retail store. After those expenses are paid, the earnings are used by the charities for such things as management expenses and charitable program services.

In California, vehicle donation programs have become more popular over the past 10 years. These programs are administered either by charities themselves on an in-house basis or by commercial fundraisers that contract to solicit and manage the programs on a charity's behalf.

The process of donating a vehicle usually begins when a donor contacts a charity in response to a solicitation campaign. In the initial phone conversation, the donor will be asked questions about the vehicle. Generally, unless the cost of towing the vehicle exceeds its value, the vehicle will be accepted. Donors are responsible for notifying the Department of Motor Vehicles of the transfer of registration. Failure to transfer registration has subjected many donors to subsequent penalties and expenses incurred after donation, most often as a result of parking violations.

The summary of Thrift Store operations and Vehicle Donation programs includes the following information:

**Table 4: Thrift Store Operations – Goods Purchased from Charity:** This table lists, in alphabetical order, each charitable organization that solicited donations of used clothing and merchandise (“salvageable personal property”) and sold the property to a for-profit thrift store operator. The name of the for-profit store operator is also listed. (10 reports filed)

**Table 5: Thrift Store Operations – Management Fee/Commission:** This table lists, in alphabetical order, each charitable organization that solicited donations of used clothing and merchandise and paid a management fee or commission to a for-profit thrift store operator. The name of the for-profit thrift store operator is also listed. (4 reports filed)

**Table 6: Vehicle Donation Programs:** This table lists, in alphabetical order, each charitable organization that solicited vehicles and paid a management fee or commission to a for-profit reseller. (596 reports filed)

**The data contained in these tables can be summarized as follows:**

- For-profit thrift store operators that purchased goods from charities reported total revenue of approximately \$18.5 million for the 2008 reporting period. Of this amount, approximately \$1.2 million, or 6.6%, was paid to charitable organizations. Total revenue and the percent to charity were down considerably from 2007 (\$29.6 million in revenue and 18.6% to charity).

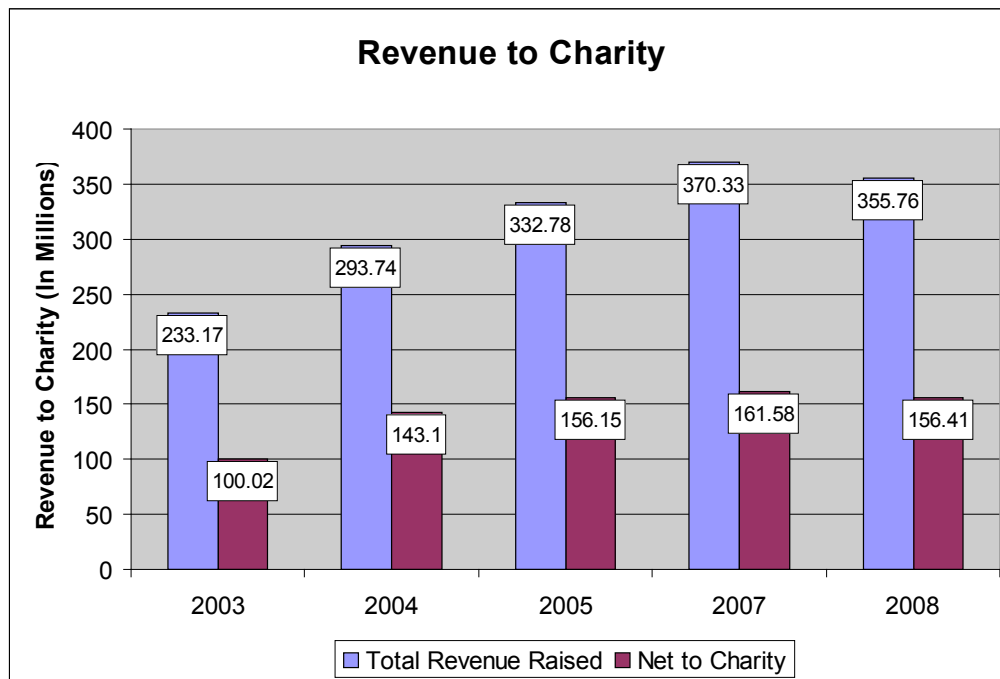
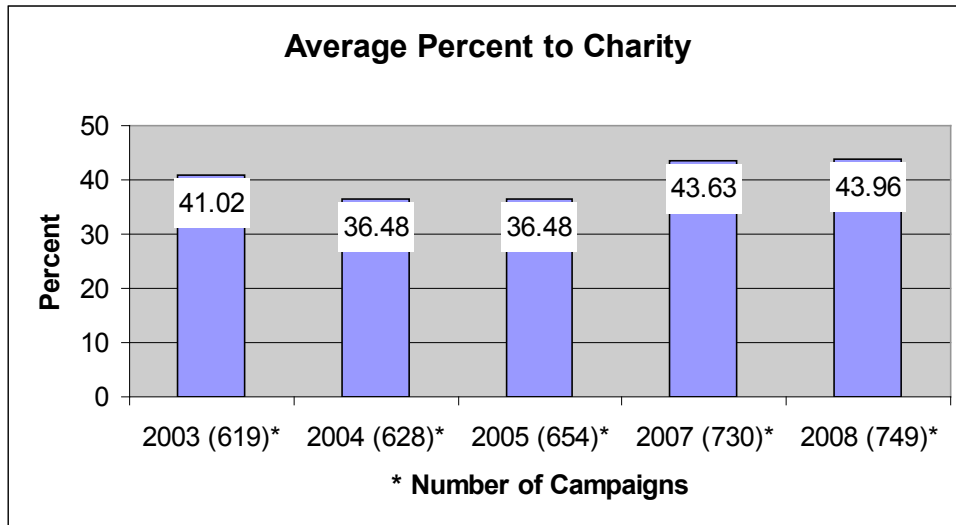
- For-profit thrift store operators that were paid a fee or commission by charities reported total revenue of approximately \$4.2 million for the 2008 reporting period, with approximately \$176,000, or 4.19%, paid to the charitable organizations. Although total revenue was less than in 2007, there was a slight increase in the percent to charity.
- Vehicle donations resulted in approximately \$21.4 million in total revenue, with the charitable organizations receiving approximately \$9.8 million, or 45.91%, of this amount. Although total revenue was down approximately \$5.8 million from 2007, the percent to charity increased by 2.55%.

The information in this summary is derived from unedited reports filed by charities and fundraisers. The filed reports should be consulted for more complete information regarding each solicitation campaign.

The financial reports filed for each campaign are available for public inspection at the Attorney General's Registry of Charitable Trusts, located on the 17<sup>th</sup> Floor at 1325 J Street, Sacramento, CA. Copies of the financial reports can be requested by contacting the Attorney General's Registry of Charitable Trusts at [RCT@doj.ca.gov](mailto:RCT@doj.ca.gov).

The Attorney General also publishes a Guide to Charitable Giving for Donors, which provides advice, guidelines and information to help donors in making giving decisions. The Guide is available on our website at <http://ag.ca.gov/charities> or a copy can be requested by writing to the Attorney General's Registry of Charitable Trusts, P.O. Box 903447, Sacramento, CA 94203-4470.

## Commercial Fundraisers 2003, 2004, 2005, 2007, 2008



## Commercial Fundraisers Vehicle Donation Activities 2003, 2004, 2005, 2007, 2008

