

**SUMMARY OF RESULTS OF
CHARITABLE SOLICITATION
CAMPAIGNS CONDUCTED BY
COMMERCIAL FUNDRAISERS
IN CALENDAR YEAR 2011**



KAMALA D. HARRIS
Attorney General
State of California

**SUMMARY OF RESULTS OF CHARITABLE SOLICITATION BY
COMMERCIAL FUNDRAISERS FOR YEAR ENDING 2011
(Government Code § 12599)**

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INTRODUCTION

Every year Californians provide generous support to a wide array of charities, either directly or through commercial fundraisers charities hire to solicit donations on their behalf. The term “commercial fundraiser” refers generally to a person or corporation that contracts with a charity, for compensation, to solicit funds. The commercial fundraiser charges either a flat fee or a percentage of the donations collected. By law, commercial fundraisers are required to register with the Attorney General’s Registry of Charitable Trusts and file a Notice of Intent to Solicit prior to soliciting donations in California. For each solicitation campaign conducted, they are then required to file annual financial disclosure reports that set forth total revenue and expenses incurred.

This Summary Report is prepared from information contained in the annual financial disclosure reports filed for 2011 and includes statistics for donations of both cash and used personal property (such as clothing and vehicles) for the benefit of charity. Tables 1, 2 and 3 provide information from reports submitted by commercial fundraisers that solicit via direct mail, telemarketing, auctions, and entertainment events. Tables 4, 5 and 6 provide information from reports submitted for thrift store operations 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 and for reimbursement of expenses.

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

- Information was obtained from 851 completed financial reports.
- Commercial fundraisers collected approximately \$338.5 million in charitable contributions in 2011, a decrease of \$24.4 million over the amount reported in 2010.
- The distribution to charity in 2011 was approximately \$172.8 million, an increase of \$11.7 million over the amount reported in 2010.
- The average distribution to charity from all campaigns conducted by commercial fundraisers in 2011 was 51.05%, an increase from the 2010 average of 44.38%.

Overview of Thrift Store Operations and Vehicle Donation Programs

Thrift stores handle what is known under state law as “salvageable personal property.” They may be operated directly by a charity or by a for-profit vendor. For-profit vendors are defined as commercial fundraisers if they (1) receive a management fee or commission from a charity for which they operate a thrift store or (2) purchase a majority of the goods sold 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 for such things as management expenses and charitable program services.

Vehicle donation programs have become more popular over the past 10 years. These programs are administered either by charities in-house or by commercial fundraisers that contract to solicit and manage the program 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, the vehicle will be accepted unless the cost of towing the vehicle exceeds its value. 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.

Description and Summary of Information in Tables 4, 5 and 6

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. (25 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. (3 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. (590 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 \$80.5 million for the 2011 reporting period. Of this amount, approximately \$13.2 million, or 16.37%, was paid to charitable organizations. Although total revenue increased from 2010 by approximately \$39.6 million, the percent to charity decreased by 3.04%.
- For-profit thrift store operators that were paid a fee or commission by charities reported total revenue of approximately \$4.1 million for the 2011 reporting period, with approximately \$259,000, or 6.37%, paid to the charities. This was an increase to charity of 1.68% over the 2010 figures.

- Total revenue for vehicle donations was approximately \$21.6 million, with the charities receiving approximately \$11.6 million, or 53.8%, of this amount. The total revenue decreased by approximately \$1.5 million from 2010, while the percent to charity increased by approximately 6.6%.

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.

This Summary Report and the annual financial reports filed by commercial fundraisers for each campaign are available on our website at <http://ag.ca.gov/charities>. The reports may also be viewed on a computer terminal located in the lobby of the Attorney General's Registry of Charitable Trusts office at 1325 J Street in Sacramento.

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 may be viewed on the computer terminal located in the lobby of the Attorney General's office at 1300 I Street in Sacramento.