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## A Secure and Intelligent Digital Fundraising Ecosystem

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**Abstract:** The term ‘fundraising methods’ refers to the tactics used by charities to generate current or future monies and gifts in kind to provide services to clients, fund research, and cover administrative costs. Under conditions of reduced financial support from government, fundraising is an important, even critical, source of revenue for charities. Equally important is access to accurate information on fundraising methods used by charities in Canada. This paper traces the evolution of fundraising data collected by Canada Revenue Agency (CRA) over the last ten years, compares definitions employed by CRA with examples drawn from the academic and practitioner literatures, and highlights methods not currently being tracked by the T3010 Registered Charity Information Return.

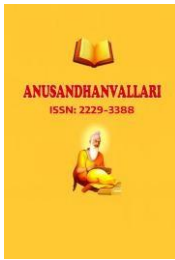
**Keywords:** Revenue Agency, Charity information return, fundraising methods.

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### 1. Introduction

The term ‘fundraising methods’ refers to the tactics used by charities to generate current or future monies and gifts in kind to provide services to clients, fund research, and cover administrative costs. Under conditions of reduced financial support from government, fundraising is an important, even critical, source of revenue for charities. Equally important is access to accurate information on fundraising methods used by charities in Canada. This paper traces the evolution of fundraising data collected by Canada Revenue Agency (CRA) over the last ten years, compares definitions employed by CRA with examples drawn from the academic and practitioner literatures, and highlights methods not currently being tracked by the T3010 Registered Charity Information Return. In recent years, charities and nonprofit organizations have faced increased pressure from a number of sources – governments at all levels have cut back on the funding of social services, the number of nonprofit organizations has grown, and the scope of services provided by charities, nonprofits and non-governmental organizations has expanded (Chang and Lee, 2010; Hall et al., 2003; Miller, 1998; Small and Verrochi, 2009). The limited amount of government funding that is available has become more restrictive in terms of how it may be used, with a marked preference for project-related costs and fewer opportunities to cover administrative or capital costs (Hall et al., 2003; Warnett, 2004); new funding sources must be sought. With escalating competition for scarce donor dollars has come increased use of sophisticated marketing communications and fundraising techniques by charities and nonprofit organizations (Eva, 2010; Kay-Williams, 2000). A new type of donor focused more on return on investment is being courted, and a ‘new philanthropy’ driven by individual donors who seek to become involved with more transformative and engaged modes of giving has emerged (Eikenberry, 2008; Wagner, 2002). Charities need to be innovative in order to appeal to existing and new donors (Bennett and Savani, 2011). Donors, governments and the general public are demanding increased transparency and accountability at the same time as some fundraising techniques have been the subject of critical, primarily negative, appraisals (Aldrich, 2009; Einstein, 2012; Hall, Barr, Eawaramoorthy, Sokolowski and Salamon, 2005; Hall, Lasby, Ayer and Gibbons, 2009; King, 2006). Clearly, the environment in which Canadian charities operate is volatile and complex, requiring the skilled management of the fundraising function by charities of all sizes.

At the same time as charities are coping with the market forces driving change they must continue to operate within regulatory constraints. Charities that engage in forms of fundraising that are unacceptable under the



Income Tax Act may face sanctions including the loss of their registration because, “they are not constituted and operating exclusively for charitable purposes, or they are not devoting their resources to charitable purposes and activities” (Canada Revenue Agency, 2012a, CG-013, par.31). Loss of registration status would not only make future fundraising more difficult (since the organization would no longer be eligible to issue tax receipts), but could also result in the imposition of onerous financial penalties.

### Literature Survey

We performed an analysis of experimental studies that help us understand fundraising, reviewing a total of 187 articles published in 83 journals across diverse disciplines. Articles were identified through a systematic search of (a) online full text of publishers such as Wiley, Emerald, SpringerLink, Sage, and Elsevier; (b) academic databases such as PsychInfo, PubMed, Web of Sciences, and EconLit; (c) Google Scholar; (d) our own literature databases; and (e) references cited in the articles found, using key words such as donations, philanthropy, charitable giving, fundraising and experimental design.

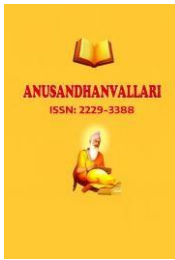
We reviewed papers that were published after Bekkers & Wiepking (2011) ceased data collection in late 2007, and continuing into 2019, performing the search between November 2018 and September 2019. Similar to Lindahl & Conley (2002), we focus on how people and organizations engage in fundraising. We limit our analysis to those using experimental processes, including public goods games, dictator games, etc., which are commonly used within behavioral economics. We excluded studies of donations of blood, tissue, and human biologics. We also excluded studies of donations of time and expertise. Although these are valuable resources, they are conceptually distinct from the financial focus we typically expect of fundraising (Worth, 2016, p. 6).

We used a content analysis approach. For each paper, we developed notes to analyze the key research questions, experimental methods used, key findings, and the number of citations using Google Scholar. Then, we carefully developed themes using both the a priori categories developed by previous prominent fundraising literature reviews (Bekkers & Wiepking, 2011; Lindahl & Conley, 2002), which are well-known to nonprofit researchers, and using an iterative process to identify emergent themes from the data. Then, we performed a series of descriptive analyses of the data, including analyzing papers by year, by journal, by the primary discipline of the journal, and by citations. Finally, we identified key papers among each theme by using the citations index, as suggested by Ma & Konrath (2018). See Table 1 for summary of key articles using experiments in charitable giving from 2007 to 2019. On average, 15 articles reporting on fundraising experiments were published each year during this period.

The largest disciplinary contributor was Economics, with 81 articles published in 31 journals. Psychology and Social Psychology (combined) published 34 articles in 18 journals; disciplines within Business (combined) published 29 articles in 15 journals; and journals focused on some aspect of Nonprofit studies (combined with Public Administration) produced 27 articles in 7 journals. Articles were categorized by the primary focus of the journal in which they were published. Since journals may serve topics that cross disciplinary fields, the primary description used by the journal itself was used in categorization. See Appendix A for a complete list of categories and journals, and the number of articles in each. Our analyses synthesize findings, placing them within a structure that highlights the duality of donor motivation and fundraising practice. We also offer a critical eye, examining assumptions and the interests of various stakeholders in the fundraising process –the donors, the organizations, its client beneficiaries, and the fundraisers themselves. Based on this work, we offer suggestions for both research opportunities and fundraising practice.

### I. Proposed System

There is a difference between principles of fund raising and techniques of fund raising. This document discusses both. This section concentrates on the principles. Many of the skills and techniques of fund raising used by NGOs



have been developed by, and adapted from the commercial profession of marketing. Some people see this as a cynical and insincere activity. Maybe that is so as it is practiced by some, but it does not have to be, and often is not. If a sales or marketing professional sincerely believes in the value of the product, sales can be effected honestly and ethically. The principles of sincerity and ethical integrity especially apply to fund raising. Fund raising should be the responsibility of all members of the organization, although they may participate in different ways. It should not be simply left to the professionals. All of us/you, therefore, should know about principles as well as techniques of fund raising. The fund raiser, first and foremost, must be honestly convinced in the integrity of the organization, and in the benefit and value of the activity or project of the organization. Potential and past donors very quickly spot insincerity, dishonesty, and diversion of "their " donated Fund Raising resources.

The following are some of the time tested methods by which the NGOs world over raise funds for their projects. They are as followa

- 1) Individual donors
- 2) Fundraising events
- 3) Corporate donors
- 4) Trusts, foundations and other grant-making agencies;
- 5) Overseas non-resident communities;
- 6) Tourists and Visitors .
- 7) Government sources

## II. Conclusion

To raise people's confidence in the Internet as a transaction medium nonprofit organizations should employ secure methods of data transfer and explain to users how they work. Also, they should provide information on their Web sites as to how online donations will be processed, what data are required to complete the transaction, and how the organization uses these data. Further, they may look to alternative ways of online payments, including for example, standing orders or direct debiting, in order to encourage people who do not have credit cards to donate online.

Clearly, people's attitude and propensity towards online payments is just one aspect of the complex relationship between online donors and environmental nonprofit organizations. Since our research has only focused on financial transactions, future research is needed to examine offline vs. online donor behavior and to study how environmental nonprofit organizations could build lasting relationships with potential donors.

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#### Author Profile



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