Crowdfunding: A New Way of Giving

Giving has gone viral. The ALS Ice Bucket Challenge drenched social media feeds in Aug. 2014, showing the ability of social networks to supercharge charitable donations. The program raised $115 million in just 30 days, nearly five times the organization’s total fundraising the prior year.

And Giving Tuesday – the day of giving created in 2012 by Henry Timms, executive director of New York’s 92nd Street Y – has become a holiday milestone, raising $45.7 million in 2014, more than triple the 2012 amount, and generating more than a ten-fold increase in Twitter impressions. This year the trend is set to continue: according to a recent Harris Poll, 50% of respondents are likely to make a charitable contribution on Giving Tuesday.

These movements are powered by social networks that amplify individual messages and actions across the social sphere. The potential influence of social networks on charitable giving is startling: The Red Cross found that 70% of survey respondents who use social media would take action after seeing a friend’s social media post about making a donation.

What’s more, the impact of social media on charitable giving is magnified by the continued trend toward online payments and e-commerce. Charity software provider Blackbaud found that online giving is rapidly outpacing growth in overall fundraising; it grew 8.9% in 2014, more than four times the overall rate of fundraising.

Crowdfunding unleashes social media and online payments for causes, introducing an entirely new way of giving. It also creates a new way for charities to engage Millennials, the next generation of givers.

Crowdfunded Giving Outpaces Growth of Traditional Fundraising

Crowdfunded giving is growing at a blistering place, far exceeding growth in traditional giving. In 2014, charitable giving grew 7.1%, according to Giving USA, and individual giving accounted for more than half of that growth.

Yet by and large, America’s largest charities still rely on large gifts from a wealthy few. The Chronicle of Philanthropy’s 25th annual report of the 400 largest charities attributed many of the gains on the 2015 list to individual gifts. For example, The Nevada Community Foundation reported the largest increase in donations – from $2.8 million in 2013 to $98.9 million in 2014 – as primarily the result of just three large gifts.

Leading researchers see a new era of democratized giving on the horizon. Una Osili, director of research at the Lilly Family School of Philanthropy at Indiana University, which researches and writes the annual Giving USA report, told The Chronicle of Philanthropy, "We’re starting to see new philanthropy becoming more democratized, with smaller organizations also able to attract support, with this interest in giving directly [to
beneficiaries], and the Internet making it much more feasible to support organizations of different sizes.”

As the world’s largest crowdfunding website and one that focuses exclusively on personal causes, GoFundMe is a useful gauge of crowdfunded giving.

**GoFundMe’s $1 billion Year**

In the past year, GoFundMe raised $1.09 billion from 16.1 million donors in 29 countries for 1.7 million personal causes\(^x\). With triple-digit growth, GoFundMe has become the destination for people seeking to help someone in need. Crowdfunding is designed to go viral within a circle of friends or a community; sharing a campaign on Facebook increases donations on GoFundMe by 350%.

Unlike emerging technologies that often take hold on the coasts and move inland, crowdfunded giving has swept across America. Alaska tops the list of campaign donations per capita, while New York doesn’t make the top 10.
The Next-Generation Philanthropist

Crowdfunding empowers people of all means to do something when they see someone in need. According to a survey conducted by a third-party research firm, 71% of respondents say that GoFundMe makes it easy to help other people. The average donation amount on GoFundMe is just $67. But the real power lies in the ability to do more than give; crowdfunding creates an entirely new way to help others.

With crowdfunding, people can do more than send a card in the mail or deliver a warm meal. It gives them the ability to activate their friends and families to meet intense needs.

In crowdfunding, campaign organizers champion a charitable cause – be it a homeless family, a community park or a local non-profit – and mobilize their network to support it. Such campaigns supplement or replace the bake sales and car washes that have funded community sports teams and youth groups for decades, unleashing technologies that help them raise more money, faster.

The campaign organizer has the freedom – and with a successful campaign, the financial means – to make a real impact. And through crowdfunding, communities come together in entirely new ways.

It’s nothing short of inspiring when you see someone like nine-year-old Hailey so moved by a homeless person on the street that she starts her own garden to donate fresh food. And it’s incredible to watch her story catch fire. Hailey quadrupled her garden and expanded to building mobile sleeping shelters as a result of a campaign that attracted tens of thousands of dollars. Crowdfunding gave her the resources to make a real impact.

– Rob Solomon, GoFundMe CEO, regarding Hailey’s Harvest campaign

The Future of Crowdfunding Causes

From purchasing college textbooks to rebuilding after house fires, today crowdfunding giving primarily supports personal causes. It has even greater potential to transform nonprofit fundraising through official efforts and personal campaigns in support of charities.

For 25 years the Chronicle of Philanthropy has ranked America’s largest charities. In just five years, donations on GoFundMe put the giving through the platform alongside the top 10, illustrating that crowdfunded giving has the donation volume to make the same degree of impact on need, and has the potential to drive fundraising.
<table>
<thead>
<tr>
<th>Rank</th>
<th>Organization</th>
<th>Annual Fundraising</th>
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<tbody>
<tr>
<td>1</td>
<td>United Way Worldwide</td>
<td>$3,870,000,000</td>
</tr>
<tr>
<td>2</td>
<td>Fidelity Charitable Gift Fund</td>
<td>$3,850,000,000</td>
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<tr>
<td>3</td>
<td>Salvation Army</td>
<td>$2,120,000,000</td>
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<td>4</td>
<td>Feeding America</td>
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<td>5</td>
<td>Silicon Valley Community Foundation</td>
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<tr>
<td>6</td>
<td>Schwab Charitable Fund</td>
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<tr>
<td>7</td>
<td>The Task Force for Global Health</td>
<td>$1,650,000,000</td>
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<td>8</td>
<td>Harvard University</td>
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<td>9</td>
<td>National Christian Foundation</td>
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<td>10</td>
<td>GoFundMe</td>
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<tr>
<td></td>
<td>Vanguard Charitable Endowment Program</td>
<td>$990,000,000</td>
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*Source: Chronicle of Philanthropy*

The lines are already starting to blur. GoFundMe’s largest campaign was created by Glenn and Cara O’Neill to fund promising gene therapy for a deadly disease afflicting their four-year old daughter. It has raised more than $2 million from 36,000 people over the course of 26 months. As a result of the campaign’s success, the O’Neill’s created the Cure Sanfilippo Foundation to support medical research of the disease.

Just as technology has transformed everything from taxi cabs to media, crowdfunding is poised to disrupt charitable giving, but in the best possible way. It stands to engage more givers at every level of income, create new ways to champion causes and give people the ability to respond to the needs around them.
The New Way of Giving

3rd Annual Turkey Drive
After the Fort Worth Community Food Bank ran short of Thanksgiving turkeys in 2012, Shane and Kristy Remo turned to crowdfunding to make sure it doesn’t happen again.

$2,020
41 donors
Fort Worth, Texas

Tennis for Under-Served Kids in Jamaica
Tennis pro Maureen “Mo” Rankin turned to crowdfunding to help fund the costs of a tennis team that introduces tennis to underserved communities in her home town of Montego Bay, Jamaica.

$9,125
56 donors
New York, NY

Cash Collects Cans!
Seven-year-old Cash set up a campaign to help buy food for a local non-profit. With the help of the crowd, Cash purchased 2,270 canned goods.

$455
20 donors
Wylie, Texas

70 Pack’N Plays for Safe Sleep
Lindsey Hagan learned that the local woman’s shelter had a 70-mom waitlist for play yards, making it hard for these mothers to provide a safe sleeping environment. She secured a discounted price of $40 from GRACO and then challenged her network to reduce the waitlist to zero.

$1,945
53 donors
Minneapolis, Minnesota
GoFundMe by the Numbers: A Year of Crowdfunded Giving

- 1.7 million campaigns
- A new campaign every 18 seconds
- $1.09 billion donations
- 16.1 million donors
- $67: average donation
- 14 million personal comments
- 113 million Facebook shares
- 10 million Tweets

Top 10 categories
1. Medical
2. Memorials and Funerals
3. Emergency Relief
4. Education
5. Community and Sports Teams
6. Animals & Pets
7. Volunteering & Service
8. Creative Arts, Music & Film
9. Religious
10. Celebrations and Special Events

Largest Donation

$50,000
Taylor Swift
1 month ago
Baby Ayden, I’m lucky enough to perform with your uncle Toshi on tour. All of us are praying for you and your mama and sending so much love your way. Love, Taylor

Two times over

Largest Campaign

Saving Eliza

First Campaign to hit $1 million and $2 million
iii The Case Foundation: http://casefoundation.org/blog/givingtuesday-moves-campaign-tradition/
ix GoFundMe platform data from Nov. 1, 2014 – Oct. 31, 2015
x Independent online survey commissioned in 2015 by GoFundMe of 1,500 American adults