



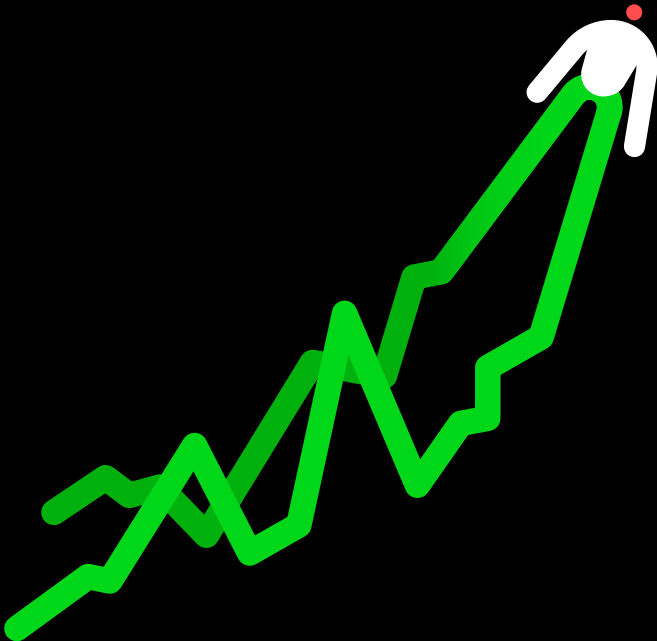
White paper

Funding Faith Missions: Trends in U.S. Religious Giving

Sage

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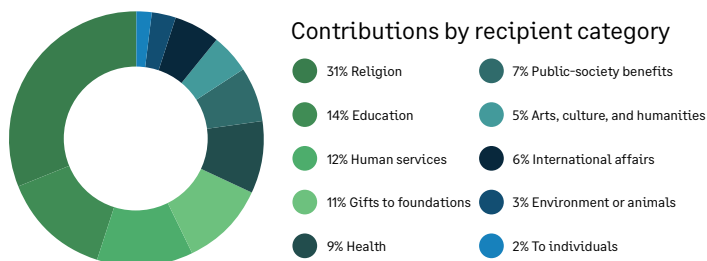
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Introduction

On the whole, Americans are passionate about faith, and they give accordingly to religion—congregations, religious media, mission organizations, and denominational bodies. As U.S. charitable giving has risen over recent years, so has the amount given to faith-based organizations.

According to Giving USA, total giving to nonprofit organizations reached an all-time high of \$410 billion in 2017. Approximately \$127 billion was given to religion. At 31% of total U.S. giving, religion is by far the largest nonprofit subsector in terms of donations received. Religion generated more than twice as much in contributions than the next most popular subsector, education.



* Eight out of nine major charitable subsectors saw increased contributions in 2017, compared with 2016.

Religion generated more revenue than any other subsector going back as far as 1957, when tracking began. And this does not include many charitable donations that might be influenced by religious beliefs and affiliations, such as faith-based human services charities, faith-based not-for-profit hospitals, and religiously affiliated universities and schools. If one includes those types of institutions, as much as 73% of overall charitable donations may be driven by faith.¹

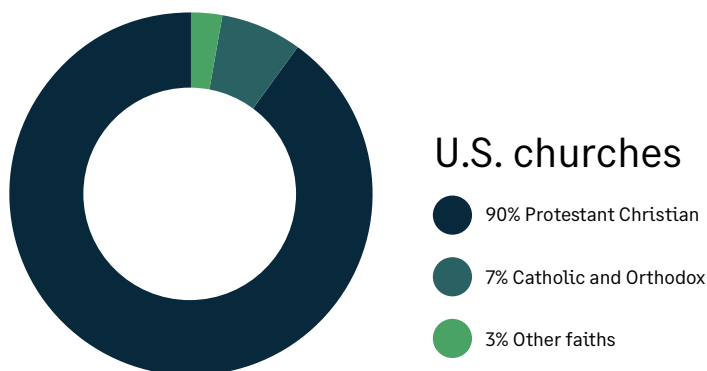
In this white paper, we will examine current trends in religious giving in order to find answers to several important questions:

- In a world where more people claim to be less religious than prior generations, why does religious giving continue to be such a driving force in the nonprofit sector?
- What factors and attributes can predict who will give generously to religion?
- How can congregations and religious institutions use what is known about religious giving trends to engage donors and grow revenues available for mission and ministry?

1. Giving USA, *Overview of Giving in 2017*

Why does religious giving consistently produce the most charitable donations?

In the U.S., the predominant faith groups are Protestant Christians and Catholics, however nearly all of the world's faiths are represented in American religious organizations. According to the Hartford Institute for Religion Research, America's churches are overwhelming Christian.²



Religious individuals give at higher levels than non-religious people

The world's major religions all agree on the virtue of charity, and that is a major reason religious people give to religious organizations. Donors who make gifts to congregations direct the overwhelming majority (80%) of their charitable dollars to organizations with ties to religion.³ They split their giving, with 48% of total charitable contributions given to congregations and 32% given to religiously-identified organizations, such as faith-based hospitals, schools, and organizations.⁴

Givers to Religion Value Charity and Often Get Personally Involved

Christianity places a particularly high value on the role of the church in alleviating the suffering of the poor, the afflicted, and the lonely. In addition to emphasizing the importance of charity, most churches in the U.S. reinforce a duty for congregants to be as involved as possible in the mission of the church or organization. Many religious donors give much more than their money; they also volunteer their time and their talents in everything from church-sponsored food pantries to homeless shelters to specialized ministries. Consider these statistics.⁵

In the past seven days

	Highly religious	Less religious or not religious
Volunteered once or more	45%	28%
Helped the poor financially	65%	41%

When a donor is personally involved in the work, they get to witness the impact of their donations (and volunteerism) first-hand. Religious people believe in the mission of the church and they are motivated to personally participate. This is the most powerful combination possible for continued donor engagement.

What Types of Nonprofit Organizations Receive Gifts from Religious Donors?

Beyond their churches, households affiliated with a religion give more (\$1,590 total per year, on average) to all types of charitable organizations than non-affiliated households (\$695). This may be due to churches teaching the virtue of charity as a tenet of faith.

Not only do the religious give more dollars to all types of charities, more of them give. A larger percentage of people for whom religion is very important give to charity—congregations, religiously-identified organizations (ROIs), and non-religiously identified organizations (NRIOs)—than people for whom religion is less important or not important.

2. *Giving USA, "Giving to Religion," 2017, pg. 10.*

3. *Jumpstart, "Connected to Give: Faith Communities," Jumpstart, 2014.*

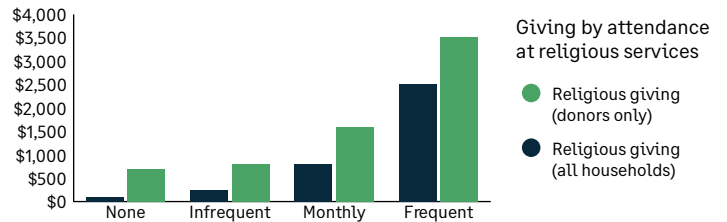
4. *Jumpstart, "Connected to Give: Faith Communities," Jumpstart, 2014.*

5. *Giving USA, "Giving to Religion," 2017, pg. 6.*

Who gives to religious organizations?

“The frequency of a household’s religious attendance dramatically impacts religious giving. The average annual religious giving of those who attend religious services at least monthly is \$1,736 higher than those who attend less than once per month.”

~ Giving USA



Reported in: Giving USA, Giving to Religion (Source: Philanthropy Panel Study)

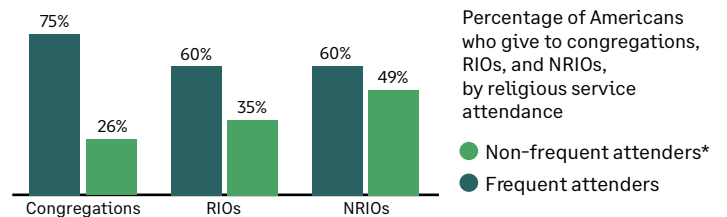
Interestingly, this worship frequency effect extends beyond the walls of the church. This indicates something more is going on than simply being presented with requests for donations frequently. The more often people worship, the more they give to all nonprofit organizations, including non-religiously identified organizations.

We already established that religious people are more likely to give to religious organizations, as well as all nonprofit organizations. But of religious people, who are the most likely to give to religion? What characteristics do they share? According to Giving USA, those most likely to give to religion:

- Affiliate with a religion
- Are theologically conservative
- Pledge financial support to a congregation
- Regularly attend worship services

Worship attendance

The frequency of worship attendance is a particularly well-studied aspect of religious giving. Across all faiths, churches, synagogues, and mosques receive higher donations from those that attend frequently. This might be logical, because while attending, the faithful are presented with many opportunities to give. The more frequently one attends, the more donation requests are received.

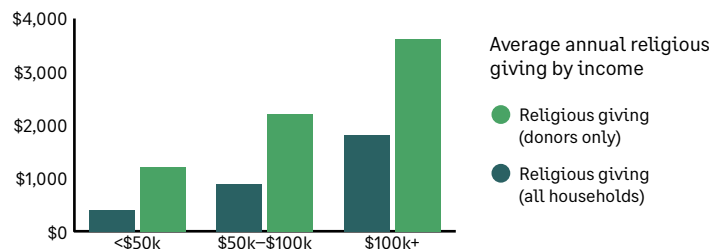


*Among married/partnered respondents, both respondent and spouse/partner are frequent attenders.

Source: Jumpstart, Connected to Give: Faith Communities

Income level

When it comes to total dollars donated, household income makes a big difference. Unsurprisingly, those who make more, give more in total dollars. What might be surprising is that households that make less tend to give a greater percentage of their income.⁷



Reported in: Giving USA, Giving to Religion (Source: Philanthropy Panel Study)

Education level

Higher levels of education were correlated to higher amounts of religious giving, with those attaining graduate degrees giving over \$2,000 more annually to religion than those lacking a high school diploma. This is most likely a simple reflection of income earning ability.⁸ Greater education is also correlated with a greater tendency to give to religion. While 31% of people with a high school degree give, 49% of those who exceed a bachelor's degree give.

Gender and marital status

Giving USA analyzed the effects of gender and marital status on giving to religion, after controlling for other demographic factors. Married couples are most likely to give and give larger amounts to religion. Single women are more likely to give to secular causes. The most obvious pattern was that single men "give significantly less in all giving measures tested."⁹

Denomination or affiliation

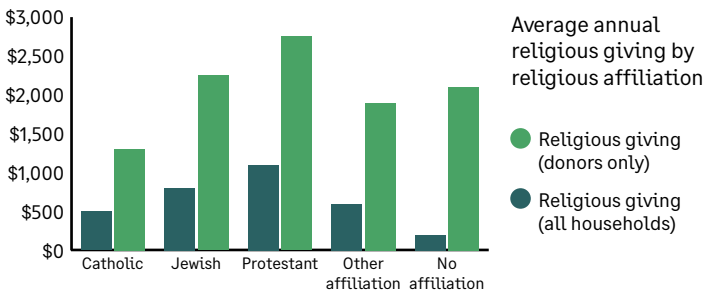
All religious denominations value the role of charity in the religious lives of congregants;

however, some variations exist in giving patterns among different denominations.

For example, Jewish households give the most in total dollar amounts to nonprofit

organizations overall. But when it comes to donations specifically allocated to religious

organizations, Protestant households donate higher amounts.



Reported in: Giving USA, Giving to Religion (Source: Philanthropy Panel Study)

Generational patterns

Changing generational donor patterns should be monitored carefully by religious organizations. The U.S. is becoming more secular, and the young are less religiously affiliated. Nearly one-quarter (23%) of U.S. adults do not identify with any religion, and that trend has been accelerating for several decades.¹⁰ Older Americans give more to religion. Total dollar giving peaks from ages 40 to 64, corresponding with the years that individuals tend to earn the most income.¹¹

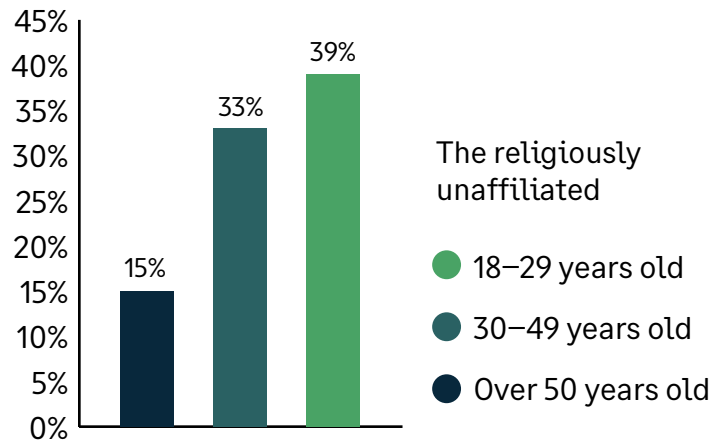
Average Annual Religious Giving by Generation*

	Millennial	Gen X	Baby boomer	Pre-boomer/silents
Religious giving (all households)	\$236	\$617	\$1,082	\$1,243
Religious giving (donors only)	\$1,442	\$1,989	\$2,735	\$2,269

*Pre-Boomer = 1945 and before; Baby Boomer = 1946 - 1964; Gen X = 1965 - 1980; Millennial = 1981 and on.

Reported in: Giving USA, Giving to Religion report, 2017 (Source: Philanthropy Panel Study)

Fewer young people are making religious contributions. Just 23% of those younger than 40 donate to religion, compared to 37% of 40 to 64 year olds and 54% of those 65 or older.¹² Fewer Millennials and Generation Z individuals consider themselves religious as compared to previous generations. While 15% of adults over 50 are unaffiliated with a religion, nearly four in ten young adults aged 18 to 29 do not practice any faith or identify themselves as religious.¹³



8. Giving USA, "Giving to Religion," 2017, pg. 33.

9. Giving USA, "Giving to Religion," 2017, pg. 35-36.

10. Pew Research, "U.S. adults are more religious than Western Europeans," September 5, 2018.

11. Giving USA, "Giving to Religion," 2017, pg. 35-36.

12. Giving USA, "Giving to Religion," 2017, pg. 28.

13. PRRI, "Exodus: Why Americans are Leaving Religion—and Why They're Unlikely to Come Back," September 22, 2016.

What motivates donors to give?

Religious people are motivated to give by many of the same feelings that drive giving generally. Different religions and denominations profess some variations in the ranking of their main motivations for giving. It's important to note that all Protestant groups, as well as Jewish donors identified the importance of achieving change and impact with their donations.¹⁴ These groups also felt it is important that their donations help to make the world a better place.

Religious group	Motivations for giving
Jews	Helping those with less, Making the world a better place, Achieving change and impact
Evangelical Protestants	Religious affiliation, Helping those with less, Making the world a better place, Achieving change and impact
Mainline Protestants	Achieving change and impact, Making the world a better place, Giving back
Roman Catholics	Helping those with less, Giving back, Live up to the values of parents and grandparents

Engaging faith-based donors: why stewardship matters most

People of faith believe in the importance of stewardship. The word steward refers to a person who manages—but does not own—a household. In ancient times, a good steward was trustworthy and accountable for everything from a household's finances and property to its reputation.

The Judeo-Christian concept of stewardship is about more than financial management; it is more generally about taking good care of the things that God entrusts to us. In the Gospel of Matthew, Jesus illustrated stewardship with a parable of a master entrusting three servants with varying amounts of silver. The first two work hard and invest wisely so that when the master returns, they have each doubled the money given to them. Both were rewarded with praise and additional responsibility. But the third servant, afraid of his master, simply hid the silver and returned it later. The master concluded this servant was lazy, stripped him of all responsibility, and cast him out.

Most churches have finance committees or councils and boards of trustees. In addition to these fiduciaries, the National Congregations Study (NCS) found that, "the number of congregations holding meetings to discuss financial management increased from 47% in 1998 to 66% in 2012."¹⁵

How faith-based organizations can demonstrate good stewardship

To fully engage religious donors, faith-based nonprofits need to be able to demonstrate the impact of tithes, offerings, bequests and endowments on the dual missions of helping people and supporting the congregation. Precise accounting and complete, transparent reporting are the hallmarks of stewardship.

It is important for religious organizations to choose the right financial management solution. It should be easy enough to be used by an assortment of stakeholders with varying degrees of technical and accounting proficiency. It should also be powerful enough to provide full accountability over the resources needed to support missions and ministry. For a growing number of congregations, cloud-based financial management solutions offer the perfect way to facilitate good stewardship.

¹⁵ Giving USA, "Giving to Religion," 2017, pg. 11-12

Eight financial management technology tips for religious nonprofits

1. **Select user-friendly accounting software:** In religious organizations, much work is carried out by volunteers, many of whom may not have a lot of experience with budgeting and accounting.
2. **Choose a cloud solution:** Spare your church the hassle and expense of dedicating IT resources such as people and a server. Cloud-based financial solutions can be accessed securely anywhere in the world at any time. The vendor will maintain and support the system and install updates.
3. **Look for established nonprofit experience:** Choose a vendor that has worked with many nonprofit organizations. Businesses operate for a profit motive. Churches operate very differently—and with a higher calling.
4. **Establish good internal controls:** Because many of the people running programs in your church are not accountants, you will want to have a good system of internal controls and budget/expense approvals to safeguard your financial management.
5. **Insist on fund accounting functionality:** Most churches earmark certain funds for particular purposes, such as a building fund, a directed bequest, or a fund for missionaries. If that is the case with your congregation, you will have an easier time managing these funds with a flexible and configurable solution that easily allows for restrictions and automated release of restrictions. This lets you assign incoming revenue and outgoing expenses to these individual areas.
6. **Consider the need for multi-entity and multi-location accounting:** Smaller congregations may keep just one set of books. But when churches grow, you may want to keep track of the finances of each church separately, while still being able to roll financials up for an executive view. Congregations also may want to keep separate books for separate entities outside of the main church property, such as bookstore, childcare or school, food pantry, foundation, and other ministries.
7. **Automate reporting for different roles and stakeholders:** Look for a solution that makes reporting very easy for non-accountant, non-technical people. You want to be able to set up automated report packages and even visual dashboards that can be run at any time with up-to-date information.
8. **Measure and demonstrate outcomes and impact:** Choose a financial management solution that helps you engage donors with information about the good that's accomplished

through tithes and offerings. By selecting a system that can also track operational statistics about outcomes and impact, you will be able to tell the congregations about how many meals they've served, books they've distributed, or how many visitors they've welcomed.

Getting religious about the cloud

Although large congregations are leading the way in their adoption of cloud technologies (80%), an increasing number of small congregations (55%) are also realizing the benefits of the Cloud.¹⁶ Nearly twice as many congregations, both large and small, that utilize cloud-based technology have also experienced an increase in tithes and offerings.

Why faith-based congregations utilize the cloud

According to survey respondents, investing in cloud technologies can have far-reaching benefits for faith-based congregations.

- **Cost Savings**—Predictable, low monthly fees
- **Access**—Anytime, anywhere access
- **Ease**—Simple to support, manage and use
- **Security**—Tighter security than most congregations could implement on their own
- **Multisite**—Everyone can connect to the same system

Source: Sage Intacct survey

¹⁶ Sage Intacct survey, 2018.

Conclusion

Giving to religion has represented the largest share of nonprofit donations for six decades. Religious donors are passionate, committed, reliable givers. But the overall percentage of households affiliated with religion has started to shrink with each younger generation. Religious nonprofits will have to work hard to engage a smaller set of donors in order to fulfill their mission.

Religious donors understand stewardship and value it. The church should never waste money, but instead strive to grow financial assets in order to give more abundantly and fulfill its mission. Transparency, accountability, and financial reporting are prerequisites for maintaining trust with donors.

Best-in-class cloud-based financial solutions afford religious organizations the tools to demonstrate good stewardship among the committees, staff, and fiduciaries entrusted with management over church assets. These solutions help organizations to engage religious donors with reports about mission impact and outcomes that reinforce what they observe during their own volunteer experiences.

Additional resources

- [Infographic: Church Survey—Getting Religious About the Cloud](#)
- [Video: Sage Intacct for Faith-based Ministries](#)
- [Customer video: Canyon Ridge Christian Church](#)
- [Customer video: Roman Catholic Diocese of Portland](#)
- [Checklist: Nonprofit Accounting Software Buyer's Checklist](#)

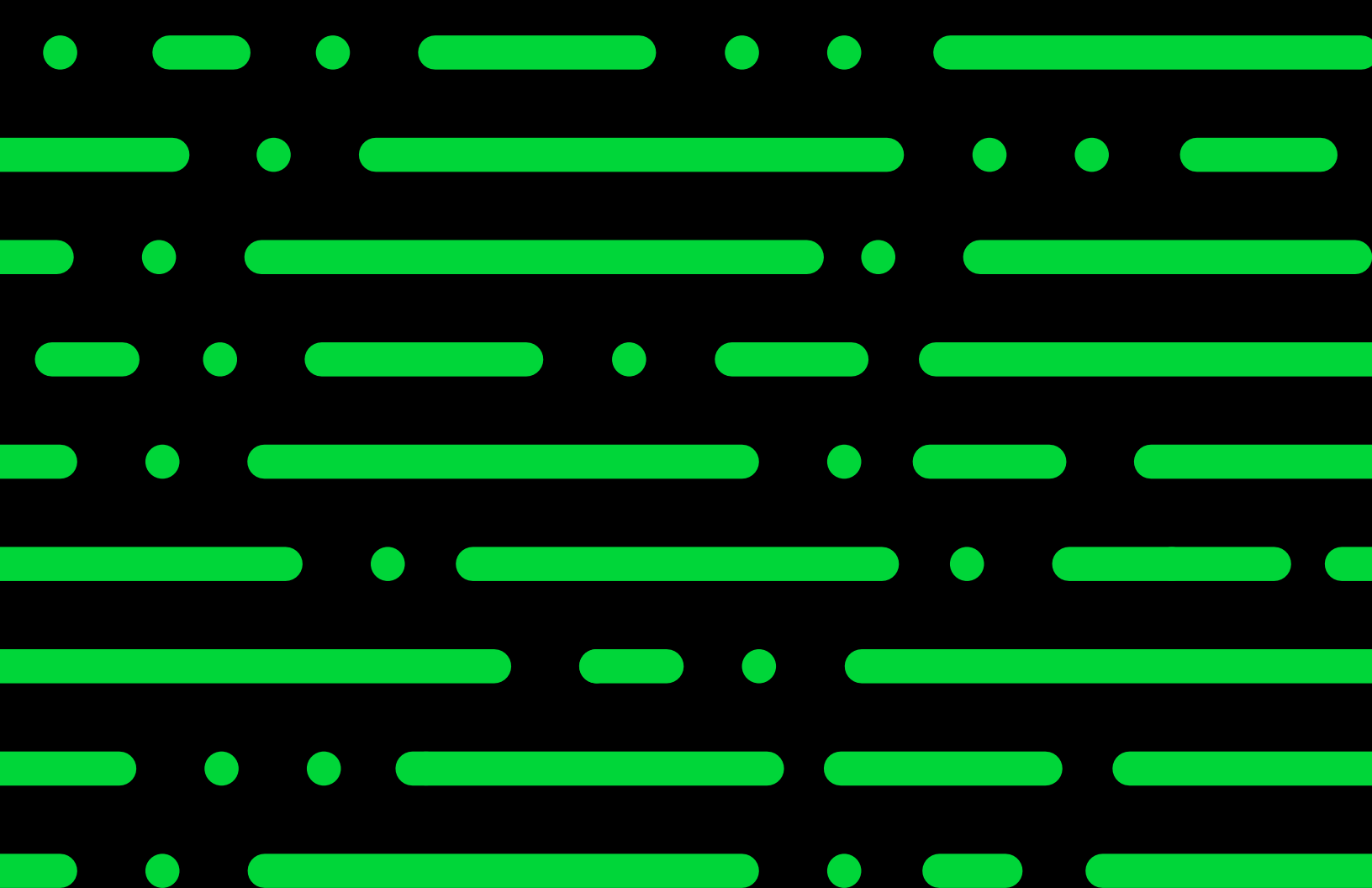
About Sage Intacct

Sage Intacct is the AICPA's preferred provider of cloud financial applications. Specializing in helping nonprofits of all types—including faith-based organizations, charities, trade and membership associations, and cultural institutions—Sage Intacct streamlines grant, fund, project, and donor accounting, while delivering real-time visibility into the metrics that matter.

Our modern, true cloud solution, with open APIs, gives nonprofits the connectivity, visibility and efficiency they need to do more with less. At Sage Intacct, we help nonprofits strengthen stewardship, build influence, grow funding, and achieve mission success.



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