Exploratory Studies on Fundraising Practices

*Based on Institutions of a Public Character (IPCs)
in the Health, Social and Welfare Sectors*

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FOREWORD BY CHARTERED INSTITUTE OF MANAGEMENT ACCOUNTANTS (CIMA)

Following the research in 2015 on the financial characteristics of Institutions of a Public Character (IPCs), we are delighted that this year the CSDA ream has extended their research into the philanthropic landscape and fundraising practices of Health, Social and Welfare IPCs in Singapore. The CIMA Centre of Excellence South East Asia is pleased to sponsor this research.

It is our collective responsibility that the less fortunate and marginalised group is taken care of for the greater good of society so that human potential is developed to the fullest and the nation can prosper as a whole. CIMA is committed to the development of human potential in terms of providing a global professional qualification in management accounting and in so doing, help people and businesses to succeed. CSDA's noble research on the social service sector is clearly aligned to our aspirations.

CSDA's current research on fundraising practices will be useful for formulating better policies and improving fundraising opportunities in Singapore. Coupled with good disclosure practices in financial management, donors will have the comfort of transparency and accountability that the funds are well managed for the benefit of the beneficiaries.

We commend the team at CSDA for their efforts in the research and the successful release of this report.

Dr Noel Tagoe FCMA, CGMA
Executive Vice President, Academics
Chartered Institute of Management Accountants (CIMA)

ABOUT CIMA

The Chartered Institute of Management Accountants (CIMA), founded in 1919, is the world's leading and largest professional body of management accountants, with over 229,000 members and students operating in 176 countries, working at the heart of business. CIMA members and students work in industry, commerce, the public sector and not-for-profit organisations.

CIMA works closely with employers and sponsors leading-edge research, constantly updating its qualification, professional experience requirements and continuing professional development to ensure it remains the employers' choice when recruiting financially-trained business leaders. Professionalism and ethics are at the core of CIMA's activities with every member and student bound by robust standards so that integrity, expertise and vision are brought together.

CIMA has formed a joint venture with the American Institute of CPAs (AICPA) to establish the Chartered Global Management Accountant (CGMA) designation. CGMA is the global quality standard that further elevates the profession of management accounting. The designation recognises the most talented and committed management accountants with the discipline and skill to drive strong business performance.

CIMA is proud to be the first professional accounting body to offer a truly global product in the fast-moving area of Islamic Finance. CIMA also offers a Global Business Services qualification, in conjunction with The Hackett Group, the first and only global professional qualification in the shared services and outsourcing arena.

For more information about CIMA, please visit www.cimaglobal.com.

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FOREWORD BY DEPARTMENT OF SOCIAL WORK, FACULTY OF ARTS AND SOCIAL SCIENCES, NATIONAL UNIVERSITY OF SINGAPORE
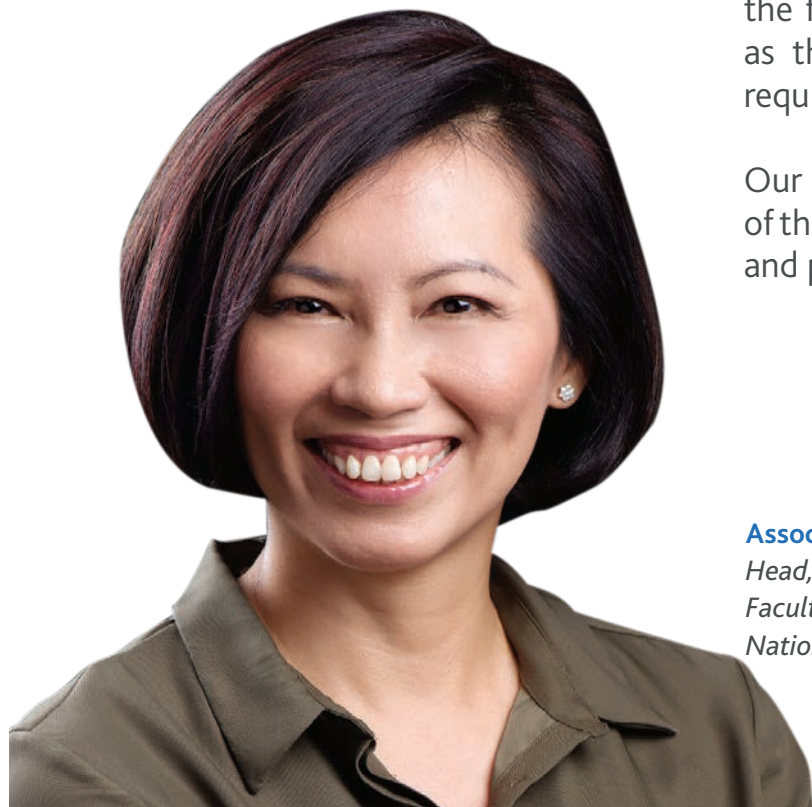
The Centre for Social Development Asia (CSDA) established under the domain of The Department of Social Work, Faculty of Arts and Social Sciences, National University of Singapore is committed to producing innovative and pioneering research. We are therefore very pleased to support CSDA's research on Singapore's social service sector and would like to extend our heartfelt appreciation to all who have enabled its publication.

Charities in the Health, Social and Welfare sectors play a vital role in serving the needs of marginalised or disadvantaged groups. They perform an essential public service. Their work is complicated by the ever-evolving financial and social landscape. Hence, the ability of charities to raise funds in order to continue their good work is a vital area of inquiry. This report provides two exploratory studies on fundraising in Singapore. It highlights how fundraising is carried out in Singapore, the key persons or groups involved, the fundraising regulatory frameworks, as well as the fundraising compliance and disclosure requirements.

Our congratulations to the team on the release of this report. We look forward to future research and publications.

Associate Professor Esther, C. L. Goh
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ABOUT DEPARTMENT OF SOCIAL WORK

Social Work as a subject in the University first started in 1952, when it offered the first professional social work qualification in Singapore – the two-year Diploma in Social Studies of the Department of Social Work, at the then Singapore University. Since then, the department has evolved with the changing times, circumstances and requirements of the country into its present form.

The department's vision is to be a leading educational and research institution within the international social work community, providing a distinctive Asian perspective in social work and social development. Its mission is:

1. To produce and develop competent social work graduates who can contribute to the well-being of society by

    •   Promoting the social functioning of people within the environment from the perspectives of the individual, family and community;

    •   Enabling the development of human potential to the fullest;

    •   Providing effective social work leadership;

    •   Undertaking research and creating awareness and understanding of social issues and social change

2. To lead in the development and promotion of regional social work education, practice and research in collaboration with Asian and other international partners.

For more information about the Department of Social Work, please visit http://www.fas.nus.edu.sg/swk/.

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REPORT HIGHLIGHTS
SINGAPORE'S CHARITY LANDSCAPE

MAIN SOURCES OF INCOME[a]

Donations refers to gifts to charities (including IPCs) such as donations in cash and donations in kind; in other words, they are voluntary gifts.

Fundraising Income refers to the income generated by activities to raise funds for the charities, including IPCs. The activities involve an element of exchange, with the charities receiving income in return for providing goods or services.

Sponsorship Income refers to the "value of in-kind support received and which are used in fund-raising exercise". In short, they refer to gifts made to an IPC in exchange for either marketing or advertising opportunities for the sponsor.

KEY REGULATIONS FOR CHARITIES

Some Key Legislations

- Charities Act
- Charities (Institutions of a Public Character) Regulations (2007)
- Charities (Accounts and Annual Reports) Regulations (2011)
- Charities (Fund Raising Appeals for Local and Foreign Charitable Purposes) Regulations (2012)

Fundraising Requirements

- Maintenance of accounting record for a minimum of 5 years
- Disclosure of information after fundraising in their financial statements
- Duty to donors to provide accurate information and to ensure accountability

Number of Registered Charities
Increasing over the years from 1,944 in 2008 to 2,217 in 2015[b]

Charities with Annual Receipts less than SGD 250,000
50.1% of the registered charities, including IPCs, were relatively small with annual receipts of less than SGD 250,000[c]

Seven Sectors[d]
(1) Arts and Heritage, (2) Community, (3) Education, (4) Health, (5) Religious and Others, (6) Social and Welfare, and (7) Sports

Health, Social and Welfare Sectors
48.2% of the total IPCs are from the Health, Social and Welfare sectors[e]

Tax-Deductible Donations
Tax deductible donations have increased by more than 24% to SGD 1.4 billion in 2015[f]

Corporate and Individual Donors
About two-thirds of the tax deductible donations are corporate contributions, while one-third is by individual donors[g]

Role of Government
Besides the role of the regulator, the Government also supports the charity sector by 1) providing grants to charities 2) granting tax relief to donors for qualifying donations to IPCs

FEATURING BOX STORIES

Box Story 1: Donations and Tax Deductions

The Government introduced tax deductible donations to foster better charitable giving. Coupled with the Care & Share grant by Community Chest, donations have been increasing.

Box Story 2: Charitable Giving

The eight mechanisms that drive charitable giving are: Awareness of Needs, Solicitation, Costs & Benefits, Altruism, Reputation, Psychological Benefits, Values, and Efficacy.

Box Story 3: Community Chest

Community Chest is the largest fundraising body in Singapore. It has collaborated with and supported over 80 different charities each year.

Box Story 4: Giving.sg

Giving.sg , an online giving portal, makes giving more accessible and lowericost of fundraising. It was launched by National Volunteer and Philanthropy Centre (NVPC) in 2015.

Notes:
a. The definitions are extracted from the 'Accounting Glossary for Charities and IPCs' on the Charity Portal. Please refer to https://www.charities.gov.sg/Documents/Accounting_Glossary.pdf.
b. The data are obtained from Chart 1, Page 12, Commissioner of Charities Annual Report 2015.
c. The data are obtained from Chart 2, Page 13, Commissioner of Charities Annual Report 2015.
d. The data are obtained from Table 1, Page 12, Commissioner of Charities Annual Report 2015.
e. The data are obtained from Chart 9, Page 19, Commissioner of Charities Annual Report 2015.
f. The data are obtained from Chart 10, Page 19, Commissioner of Charities Annual Report 2015.
g. The data are obtained from Chart 12, Page 20, Commissioner of Charities Annual Report 2015.

REPORT HIGHLIGHTS
QUANTITATIVE RESEARCH STUDY

SAMPLE SIZE OF 126 IPCs

- The COC Office provided the list of charities with active IPC status in FY2012, FY2013 and FY2014.

- A list of 283 charities in the Health, Social and Welfare sectors, with IPC status for the three financial years were identified.

- A search for publicly available annual reports and financial statements of these 283 IPCs was conducted, using the charities' official websites and the Charity Portal.

- Of these 283 IPCs, 130 of them have publicly available annual reports and financial statements, from FY2012 to FY2014.

- Out of the 130 IPCs shortlisted for the sample, 3 IPCs were removed as they do not have consistent 12-month accounting data for each of the three financial years.

- To avoid the possibility of skewed findings, a very large health foundation was also removed. Thus, leaving a final sample of 126 IPCs in the Health, Social and Welfare sectors.

STAGE 1   **STAGE 2**   **STAGE 3**

FINDINGS

Fundraising Manpower

- Volunteers, including fundraising committee members played a major role in the charities' fundraising operations.

- Only some IPCs had full-time fundraising staff.

- The use of third party fundraising agency was not a common practice.

Fundraising Methods

- Special Events remained the most common fundraising methods used by charities.

- Flag Day remained a popular fundraising method.

- Personal Appeals, Direct Mailers, and Regular Giving Programmes were not commonly utilised by IPCs.

- Online donation is gaining popularity.

Donor Acknowledgement

- It is common practice for charities to acknowledge the individuals and corporations for their donations and sponsorship in charities' annual reports.

Disclosure Of Fundraising Efficiency Ratio

- Most IPCs do not report their fundraising efficiency ratio in their annual reports and financial statements.

LIMITATIONS

Sample is limited to 126 IPCs in Health, Social and Welfare sectors
The findings may not explain the fundraising practices of smaller charities, or charities without IPC status, or charities in other sectors.

Findings are limited by the availability of public information and quality of disclosure by IPCs
The lack of disclosure in annual reports and financial statements by the IPCs resulted in poor quality of data collected, thereby affecting the overall findings.

FUTURE RESEARCH

Survey Research on Fundraising Manpower and Methods
Future research involving survey method on charities' fundraising manpower and methods may yield better insights.

Fundraising Practices for Other Groups of Charities
What are the different constraints faced by different groups of charities in their fundraising operations? Does IPCs' ability to issue tax-deductible receipt, affect donor behavior and the charities' fundraising practices?

Research on Online Fundraising
Who donate through online platforms? How can charities reach out to these group of donors? What are the risks of online fundraising? Can small charities benefit from online fundraising, if so, how?

REPORT HIGHLIGHTS
QUALITATIVE RESEARCH STUDY

34 PARTICIPANTS

Classification by Sector
- Health Sector
- Social and Welfare Sector

Classification by Total Operating Expenditure (TOE) Size
- Small: TOE < SGD 1M
- Medium: SGD 1M < TOE < SGD 5M
- Large: TOE > SGD 5M
- Small and Medium: TOE < SGD 5M

Focus Group A — Small and Medium IPCs in Health Sector

Focus Group B — Large IPCs in Health Sector

Focus Group C — Small IPCs in Social and Welfare Sector

Focus Group D — Medium IPCs in Social and Welfare Sector

Focus Group E — Large IPCs in Social and Welfare Sector

FINDINGS

Who Fundraise for IPCs

How do IPCs fundraise?

How do IPCs carry out donor engagement?

What are the IPCs' fundraising accountability, compliance and disclosure practices?

What are the main fundraising challenges that IPCs face?

Fundraising Manpower
- Volunteers (including Board members and Fundraising Committee)
- Fundraising Professionals
- Third Party Fundraisers

Fundraising Methods
- Current Fundraising Norms
- Future Fundraising Trends

Donor Engagement
- Donor Relations
- Donor Databases
- Donor Appreciation

Fundraising Accountability Compliance and Disclosure
- Accountability to Donors
- Tax Deduction for Donors and Sponsors
- Fundraising Compliance and Disclosure

Fundraising Challenges
- Public's Perception of Charities
- Increase Expectation and Involvement by Corporate donor
- Competitive Fundraising Enviroment
- Lack of Comprehensive Fundraising Strategy
- Lack of trained Fundraising Staff

LIMITATIONS

Sample is contingent upon the voluntary acceptance from the participants
The IPCs that accepted the invitations to the focus group discussions, may have better track record at fundraising than those who rejected.

Participants' Discussions may be biased
Focus group participants' responses may be influenced by the social settings. This is due to selective memory, telescoping, attribution and exaggeration.

FUTURE RESEARCH

Role of Board Members in Fundraising
What is the role of Board members and/or committee members for fundraising? How to select the right persons, and how to motivate them?

Charities need to know what donors care about
What do donors want? What matters to donors? What does it mean for donors to be satisfied? Are the donors committed to future giving?

INTRODUCTION

This report is an outcome of a three-year collaboration between the Chartered Institute of Management Accountants (CIMA) and the Centre for Social Development Asia (CSDA) at the Department of Social Work, Faculty of Arts and Social Sciences, National University of Singapore. The first report was an exploratory study on the financial characteristics of Institutions of a Public Character[1] (IPCs) in the Social Service Sector. This second report seeks to provide an overview of the charity landscape and fundraising in Singapore.

As documented in the first report, donation and fundraising activities remain the most important sources of income for charities. Despite the importance of donation and fundraising income for charities, there is little research on the topic in Singapore. Hence, this report aims to provide some insight on the fundraising practices of IPCs. Two exploratory research studies on the fundraising practices of IPCs in Health, Social and Welfare sectors in Singapore were carried out. The IPCs in the Health, Social and Welfare sectors were specifically chosen as they play an important role in delivering health and social services to the poor, vulnerable and the disadvantaged.[2]

The first exploratory study is a quantitative research carried out using archival research method. It examines the annual reports and financial statements of 126 IPCs in the Health, Social and Welfare sectors, over three financial years (FY2012, FY2013 and FY2014). This will provide insights on the disclosure of fundraising practices of IPCs in Singapore.

The second exploratory study is a qualitative research using focus group method. IPCs' board members and senior management who are involved in fundraising for their charities were engaged. They were invited to share their experiences, insights and perspectives on fundraising for charities. Participants from 34 IPCs from the Health, Social and Welfare sectors took part in five focus group discussions.

Besides documenting the results of these two studies, the report also provides an overview of the charity landscape and fundraising in Singapore. Four box stories covering various aspects of fundraising are included in this overview. The four box stories are: (1) Donations and Tax Deductions – the lead up to SG50; (2) Eight Mechanisms that Drive Charitable Giving; (3) Community Chest, a Nonprofit Fundraising Organisation for Singapore's Social Service Sector; and (4) Online Giving Portal – Giving.sg.

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[1]   IPCs are able to issue tax deductible receipts to donors for qualifying donations (Charity Portal, 2016b).
[2]   With the ageing population in Singapore, services by the IPCs in these two sectors are expected to be in greater demand. The number of citizens aged 65 and above doubled from 220,000 in 2000 to 440,000 today, and is expected to increase to 900,000 by 2030 (Ng, 2015).

The report is structured as follows:

- **Section 1**
  Charity Landscape and Fundraising in Singapore

- **Section 2**
  Disclosure of Fundraising Practices

- **Section 3**
  Focus Group Discussions on Fundraising

Although the research studies on fundraising practices are largely exploratory, they could serve as a starting point for stakeholders to come together for further dialogue. A better understanding of fundraising practices, as well as on fundraising compliance and disclosure issues, will contribute towards developing and strengthening the charity sector.

Section 1.
CHARITY LANDSCAPE AND FUNDRAISING IN SINGAPORE

This section covers the following topics:

1. SINGAPORE'S CHARITY LANDSCAPE
1.1 Charities in Singapore

Charities in Singapore play a crucial role in serving the needy in society, with the Government emphasising on "self-reliance and mutual support"[3], rather than an over-reliance on government welfare. Under the Many Helping Hands (MHH) approach, the Government encourages community-led initiatives and a community-based framework where government bodies, enablers, grantmakers, donors, volunteers and voluntary welfare organisations (VWOs), provide social assistance to the poor, vulnerable and disadvantaged (Sim, Ghoh, Loh & Chiu, 2015).

Charities are required by law to apply for charity registration with the Office of Commissioner of Charities (COC). They are classified into seven broad sectors, namely - (1) Arts and Heritage, (2) Community, (3) Education, (4) Health, (5) Religious and Others[4], (6) Social and Welfare, and (7) Sports. All registered charities, including IPCs, enjoy income and property tax exemption on premises used exclusively for charitable purposes. The charitable purposes (Commissioner of Charities, 2016) include:

- the relief of poverty;
- the advancement of education;
- the advancement of religion; and
- other purposes beneficial to the community.

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[3]   Excerpt from 2015 National Day Rally Speech: http://www.pmo.gov.sg/mediacentre/prime-minister-lee-hsien-loong-national-day-rally-2015-speech-english

[4]   Charities under 'Others' sector includes charities set up for animal welfare, environment conservation and youth development (Commissioner of Charities, 2016).

Figure 1: Number of Registered Charities and IPCs in Singapore (2008 to 2015)
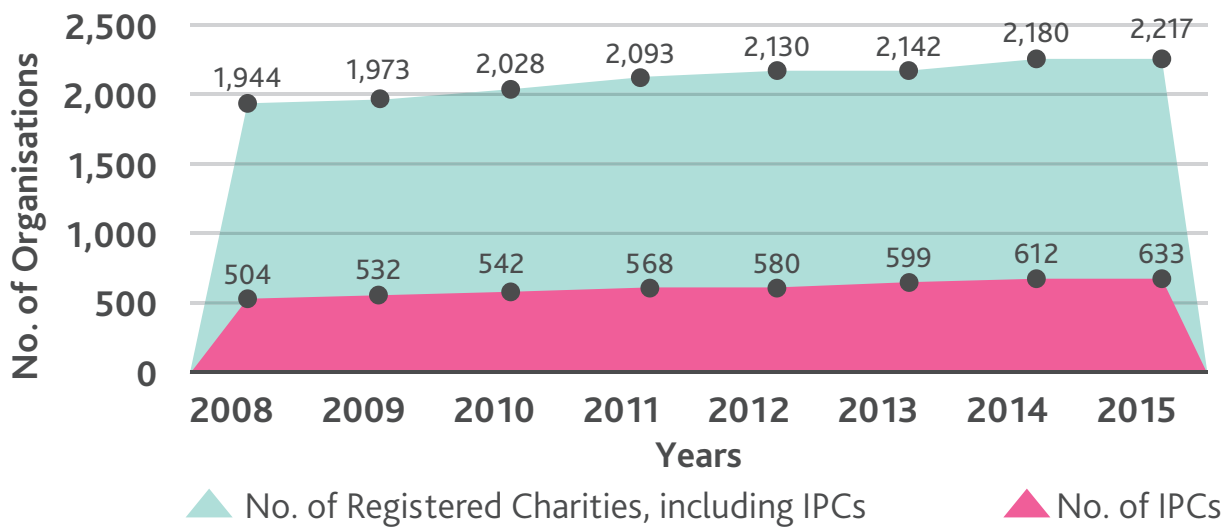
Notes:
For the number of charities, the figures are obtained from Chart 1, Page 12, Commissioner of Charities Annual Report 2015.
For the number of IPCs, the figures are obtained from Chart 8, Page 18, Commissioner of Charities Annual Report 2015.

With reference to Figure 1, the number of registered charities, including IPCs, has increased over the years from 1,944 in 2008 to 2,217 in 2015. Correspondingly, registered charities with IPC status also increased from 504 in 2008 to 633 in 2015 (Commissioner of Charities, 2016).

Figure 2: Distribution of Charities by Income Size in 2014 (Based on Annual Receipts)

Notes:
Figures are obtained from Chart 2, Page 13, Commissioner of Charities Annual Report 2015.

The COC Office classifies charities into six categories based on their annual receipts (which included donations, government grants, fees and charges for services rendered). Figure 2 shows that 50.1 per cent of the registered charities including IPCs are relatively small, with annual receipts of less than SGD 250,000. Large charities with annual receipts of more than SGD 10 million account for only 6.9 per cent of the total (Commissioner of Charities, 2016).

Table 1: Breakdown of Total Annual Receipts and Donations received by Charity Sector in FY2014

Sector	Total Annual Receipts in FY2014 (SGD Million)	Total Donations Received in FY2014 (SGD Million)
Arts and Heritage	$883.00	$75.70
Community	$77.50	$24.90
Education	$8,794.50	$345.90
Health	$921.70	$276.70
Religious and Others	$2,071.90	$1,344.90
Social and Welfare	$1,693.20	$424.80
Sports	$137.70	$31.50
Total	$14,579.50	$2,524.40

Notes:
For the total annual receipt in FY2014, the data is obtained from Chart 3, Page 14, Commissioner of Charities Annual Report 2015. For the total donation received in FY2014, the data is obtained from Chart 7, Page 17, Commissioner of Charities Annual Report 2015. Figures are compiled based on the annual returns submitted by charities for financial years ending in 2015, and the data covers both tax deductible and non-tax deductible donations. Hence, the data may depict a different trend from the tax deductible donations data due to different reporting periods and data coverage. Charities and IPCs under the 'Others' sector include charities set up for animal welfare, environment conservation and youth development.

The Government continues to support charities by providing grants. Some examples of grants provided by the Government include:

- Increased funding of SGD 10 million a year for VWOs running social services and programmes (Ministry of Social and Family Development, 2012);

- SGD 250 million in matching grants in 2014 (subsequently increased by an additional SGD 250 million in 2015) to support the 'Care & Share Movement' (Community Chest, 2015). This contribution had the effect of encouraging more members of the public to come forward with donations (National Council of Social Service, 2015); and

- 'Our Singapore Fund' of up to SGD 25 million announced in April 2016 by the Ministry of Culture, Community and Youth (MCCY). The fund provides grants of SGD 50,000 to charities, which have projects that build national identity and help the underprivileged (Goy, 2016a).

1.2 Institutions of a Public Character (IPCs) in Singapore

The government plays an important role in the development of charities in Singapore by granting tax relief to donors for qualifying donations to IPCs. A charity can apply for IPC status, which allows it to issue tax deductible receipts to donors[5], if it is dedicated to serving the needs of the community in Singapore as a whole and not be confined to sectional interests or groups of persons based on race, belief or religion. As of 31 December 2015, there are 633 approved IPCs, with charities from the Social and Welfare sector constituting the largest group (Commissioner of Charities, 2016).

Since 2009, tax deductible donations to IPCs have been steadily increasing. In 2014, IPCs received SGD 1,092.3 million in tax deductible donations, up from SGD 969.7 million in 2013. The Social and Welfare sector received the most donations, about SGD 402.1 million of tax deductible donations, followed closely by the Education and Health sectors (Commissioner of Charities, 2015). Between 2006 and 2014, corporate donors contribute about two-thirds of the tax deductible donations, while the balance is by individual donors.

In 2015, the total amount of tax deductible donations received by the IPCs increased by more than 24 per cent to SGD 1,361.0 million, up from SGD 1,092.3 million received in 2014. This increase was spurred by the increase in tax deduction for qualifying donations from 250 per cent to 300 per cent to encourage the spirit of philanthropy and charitable giving. Contributions to the Social and Welfare, Education and Health sectors accounted for 80 per cent of these donations (Commissioner of Charities, 2016).

For the breakdown of registered charities, IPCs and their tax deductible donations received by sector in 2014, refer to Table 2.

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[5]   Under the Income Tax Act, outright cash donations, donations of shares by individual donors, donations of computers (including hardware, software, accessories and peripherals) by corporate, artefacts donations, donations under the Public   Art Tax Incentive Scheme, and land and building donations will qualify for tax deduction.

Table 2: Breakdown of Registered Charites, IPCs and IPCs' Tax Deductible Donations Received by Charity Sector in 2014

Sector	No. of Registered Charities in 2014	No. of IPCs in 2014	Tax Deductible Donations Received by IPCs in 2014 (SGD Mil)
Arts and Heritage	124	67	$55.20
Community	88	71	$27.10
Education	119	43	$307.70
Health	131	78	$229.00
Religious and Others	1,290	94	$64.80
Social and Welfare	364	220	$402.10
Sports	64	39	$6.40
Total	2,180	612	$1,092.30

Notes:
Table 2 is an estimated comparison based on data available. For the number of registered charities in 2014, the data is obtained from Table 1, Page 13, Commissioner of Charities Annual Report 2014. It includes the number of IPCs and the figure is net of charities deregistered in that year. For the tax deductible donations received by IPCs in 2014, the data is obtained from Chart 11, Page 21, Commissioner of Charities Annual Report 2014. There are no IPCs under the Religious sector. Charities and IPCs under 'Others' sector include charities set up for animal welfare, environment conservation and youth development.

A case study on the effect of tax deductions on donations to IPC is presented in Box Story 1.

Understanding donors' motivation on charitable giving could be crucial to a successful fundraising strategy. Box Story 2 presents a summary of the findings by Bekkers and Wiepking (2010) on the motivation for charitable giving, based on their literature review of more than 500 articles.

Box Story 1: Donations and Tax Deduction – the Lead Up to SG50

Before 2002, the tax deduction given for donations is of the amount equivalent to the cash donations (Tee, 2002). To foster better giving and charitable behaviour in Singaporeans, as well as to encourage charities to increase their fundraising efforts (Tan, 2003), there has been changes in the policies - with the introduction of a double tax deduction in 2002 (Tee, 2002), and to 2.5 times deduction in 2009 (Tan, 2009).

Since then, tax deductible donations saw a significant uptrend, reaching an unprecedented amount of SGD 1,092 million in 2014 (Commissioner of Charities, 2016), though it should be noted that the uptrend could also be a result of other factors, such as increase in incomes, change in tax rates and increase in the number of eligible charities. In the 2015 Budget speech, the then Finance Minister Tharman Shanmugaratnam extended the 2.5 times deduction till 2018, as the tax incentives have helped boost both individual and corporate donations over the years (Ministry of Finance, 2015).

Figure 3: Tax Deductible Donations (TDD) by Source – Trend 2006 to 2015
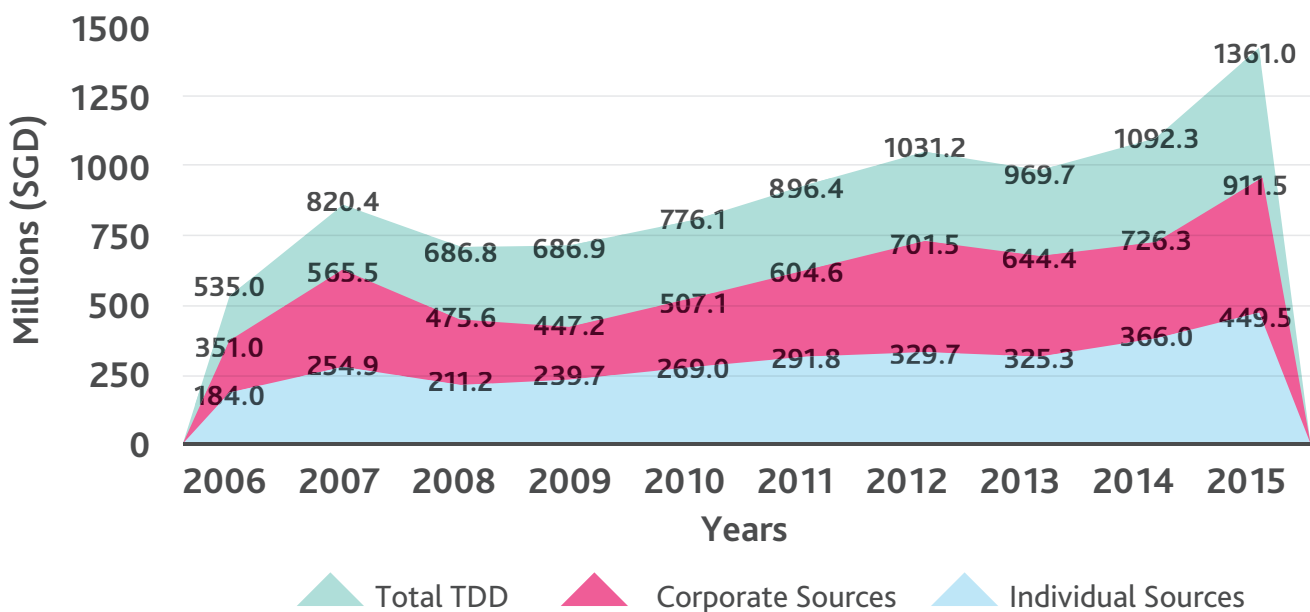
Note:
Figures are obtained from Chart 12, Page 20, Commissioner of Charities Annual Report 2015.

In the same speech, Mr Shanmugaratnam further enhanced the tax deductions to 300 per cent for donations made in Singapore's Jubilee year as part of SG50 celebrations (Ministry of Finance, 2015). This resulted in a stark increase in tax deductible donations of 24 per cent in 2015 (from SGD 1.1 billion in 2014 to SGD 1.4 billion in 2015). This continued the uptrend of tax deductible donations observed over the last ten years.

Press releases regarding the rise of tax deductible donations (specifically articles published by the Straits Times) also attributed the increase to the Care & Share @ SG50 Movement. The 'Care & Share @ SG50 Movement' or 'Care & Share' is a national fundraising and volunteerism movement led by Community Chest for the social service sector to bring Singapore together to show care and concern for the needy and recognise the contributions made by social service organisations (Community Chest, 2014). Donations made to the social service organisations during this movement were matched dollar-for-dollar (Goy, 2015). As such, the effect of governmental grants and initiatives on philanthropic giving has been observed in the increase of tax deductible donations because of the Care & Share grant and the increase in tax deductions.

Box Story 2: Eight Mechanisms that Drive Charitable Giving

Research on the determinants of charitable giving has been carried out through a systematic literature review of more than 500 articles by Bekkers and Wiepking (2010). According to Bekkers and Wiepking, research on philanthropy appears in journals from different disciplines including marketing, economics, social psychology, biological psychology, neurology and brain sciences, sociology, political science, anthropology, biology, and evolutionary psychology.

Bekkers and Wiepking examined the literature from different disciplines and structured their literature review on the central question of why people want to donate money to charitable organisations. They identified eight mechanisms as the most important forces that drive charitable giving: (1) awareness of need; (2) solicitation; (3) costs and benefits; (4) altruism; (5) reputation; (6) psychological benefits; (7) values; and (8) efficacy. A summary of their research is presented below.

1. AWARENESS OF NEEDS
- Donors are connected to certain causes when they are aware of these needs (Bekkers & Wiepking, 2010).
- Donors who were, or know of victims of certain situations are more likely to donate to causes that address them, even more so if a relative is currently affected (Small & Simonsohn, 2006; Bekkers, 2008; Burgoyne, Young, & Walker, 2005).
- Increased media attention and promotion by charities increase awareness (Bekkers & Wiepking, 2010; Simon, 1997).

2. SOLICITATION
How charities seek donors greatly affects the contribution level (Bekkers & Wiepking, 2010):
- Charities who more actively seek out donors often receive more donations (Bekkers, 2005a; Lee & Farrell, 2003; Schlegelmilch, Love, & Diamantopoulos, 1997; Simmons & Emanuele, 2004; Tiehen, 2001; Wiepking & Maas, 2009).
- However, if donors are overwhelmed with requests for contribution, they tend to donate less (Van Diepen, Donkers, & Franses, 2009; Wiepking, 2008b).

3. COSTS & BENEFITS
The requested amount per donation also impacts whether benefactors choose to donate:
- As donation costs decrease, giving increases (Bekkers, 2005b; Eckel & Grossman, 2003, 2004; Karlan & List, 2006). However, if the donor deems the cost excessive, they will not donate, or donate less (Doob & McLaughlin, 1989).

4. ALTRUISM

The concern over the organisations' output from donations impacts a benefactor's contribution (Bekkers & Wiepking, 2010):

- Purely altruistic donors (in the economic sense) would actually donate less if they know others contributed more, thus resulting in a 'crowding out' effect (Bekkers & Wiepking, 2010).
- Altruistic motives are thus mostly "impure" (Andreoni, 1989, 1990; Kingma, 1989), and are dominated by private benefits and selective incentives (Olson, 1965).

5. REPUTATION

- Reputation is the social impact the donor experiences from giving (Bekkers & Wiepking, 2010).
- People who donate are thought more highly of by their peers (Muehleman, Bruker, & Ingram, 1976; Wiepking, 2008a).
- Those who do not donate experience the opposite effect especially when the donations are announced publicly (Alpizar, Carlsson & Johansson-Stenman, 2007; Barclay, 2004; Bateson, Nettle, & Roberts, 2006; Bereczkei, Birkas, & Kerekes, 2007; Harris, Benson, & Hall, 1975; Hoffman, McCabe, & Smith, 1996; Long, 1976; Satow, 1975; Soetevent, 2005).
- Because of this, people tend to donate more when their donation receives public recognition (Andreoni & Petrie, 2004).

6. PSYCHOLOGICAL BENEFITS

- When donors give, they improve their self- image, and become happier (Bekkers & Wiepking, 2010).
- Giving makes donors happy, as it can alleviate guilt and improve self-image, or simply because givers know, they have helped others (Bekkers & Wiepking, 2010; Basil, Ridgway, & Basil, 2006).
- Giving is also motivated by adherence to self- image; those who hold themselves to a high moral responsibility donate to maintain it (Carlsmith & Gross, 1969; Freedman, Wallington, & Bless, 1967; Konecki, 1972; Regan, Williams, & Sparling, 1972).

7. VALUES

Donors will contribute according to their own ideals (Bekkers & Wiepking, 2010):

- Those who recognise the importance of the areas charities address are more likely to donate, so as to fulfil their responsibility towards global improvement (Wiepking, 2010).
- Perceived similarities between charity and donor ideals increase the probability of giving (Bennett, 2003).

8. EFFICACY

Benefactors are more willing to give if they know the impact of their donations:

- Informing donors of the results brought about by their contributions can increase donations (Jackson & Matthews, 1995; Parsons, 2003, 2007).
- When people see others donate, they have more confidence in the intention of the organisation, and are thus more likely to donate (Bryan & Test, 1967; Lincoln, 1977; Reingen, 1982).

Note:

The information is summarised from 'A Literature Review of Empirical Studies of Philanthropy: Eight Mechanism that Drive Charitable Giving' (Bekkers & Wiepking, 2010).

1.3 Regulations and Code of Governance Governing Charities in Singapore

Charities are accountable to the public and their stakeholders. Good governance is an important criterion for the public and stakeholders to make an informed decision whether to donate or volunteer their services to a charity.

IPCs in the social service sector are dependent on external sources of funds (such as donations, fundraising income and government grants) to sustain financially. Income from donations and fundraising remain the most important source of income, with government grants being the next most important source of funding (Sim, Ghoh, Loh, & Chiu, 2015).

Fundraising guidelines stipulate the classification of the income received from public into donations, fundraising income, and sponsorship income. As there are tax deduction implications for each of the items, it is therefore important for charities, including IPCs, to accurately report the incomes received from the different sources. However, some may find complying with the guidelines a challenge. The following definitions, extracted from the 'Accounting Glossary for Charities and IPCs' on the Charity Portal[6], may offer some guidance:

- **Donations** refers to gifts to charities or approved IPCs (that) comprise donations in cash and donations in kind; in other words, they are voluntary gifts. These gifts can take several forms, including cash donations, donations of shares, or artefact donations among others. Donations cannot contain the element of exchange in any form. In other words, the donor does not receive any benefit in return for his or her donation. Under the Charities Accounting Standards (CAS), donations are subsumed under the Voluntary Income earned by an IPC. Tax deductible donations are donations to IPCs which qualify for tax deduction under Section 37(3)(b) to 37(3)(f) of the Income Tax Act.

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[6] For the 'Accounting Glossary for Charities and IPCs', refer to https://www.charities.gov.sg/Documents/Accounting_ Glossary.pdf

- **Fundraising income** refers to the income generated by activities to raise funds for the Charities/ IPCs … (of which these activities) involve an element of exchange, with the Charities/IPCs receiving income in return for providing goods or services". For instance, at a fundraising event such as a concert, the exchange that occurs between the giver and the IPCs is the exchange of gift for the enjoyment of the concert. As such, such gifts cannot be defined as donations. Under the CAS, Fundraising Income is subsumed under Income from Charitable Activities.

- **Sponsorship** refers to the "value of in-kind support received and which are used in fund-raising exercise". In short, they refer to gifts made to an IPC in exchange for either marketing or advertising opportunities for the sponsor. For instance, a sponsor may choose to gift a sum of money to fund a particular event run by an IPC. In return, the IPC would be required to advertise the company at the event, for instance displaying the company's logo. Under the CAS, sponsorship income is subsumed under Income from Charitable Activities.

In addition, charities in Singapore are expected to follow certain regulations stipulated by the Charities Act with regards to the accountability of their fundraising practices. Under the Charities Act, it is mandatory for charities, including IPCs, to submit their annual reports, including statement of accounts to the COC Office.

To encourage charities to adopt principles and best practices in key areas of governance and management, the Charity Council introduced the 'Code of Governance for Charities and Institutions of Public Character (IPCs)' (hereafter, the Code) in 2007 (subsequently revised in 2011) (Charity Portal, 2016b). The Code encourages a charity to make available to its members and donors annual reports that include information regarding its programmes, activities, financials, board members and executive management available to its members and donors. Should the charity not be able to comply, the charity would need to provide its justification.

The Charity Council developed and launched the Charity Transparency Framework (CTF) in July 2015. It is a scorecard for the purpose of charities' self-assessment. It aims to help charities enhance their disclosure and governance practices, and serves as a public education tool by highlighting key areas of disclosure that will aid in informed giving.

To aid the public in making informed choices as to which charity they desire to support, the COC Office has published the annual reports and financial statements of all charities for online viewing via the Charity Portal (www.charities.gov.sg). The Governance Evaluation Checklists (GECs) of charities to which the Code applies are also published.

Some key legislations and voluntary disclosure guidelines for charities in Singapore are presented in Table 3.

Table 3: Some Key Legislations and Voluntary Disclosure Guidelines for Charities in Singapore

Some Key Legislations	
Regulations	**Descriptions**
Charities Act (Chapter 37) (first introduced in 1995)	Parent act to regulate all charities in Singapore.
Charities (Institutions of a Public Character) Regulations (2007)	Subsidiary legislation to provide specific guidelines for a more specific group of charities, which is the IPCs.
Charities (Accounts and Annual Reports) Regulations (2011)	Subsidiary legislation to provide specific guidelines regarding the reporting aspect of all charities.
Charities (Fund Raising Appeals for Local and Foreign Charitable Purposes) Regulations (2012)	Subsidiary legislation to provide specific guidelines regarding the fundraising matters of all charities.
Voluntary Disclosure Guidelines	
Guidelines	**Descriptions**
Code of Governance for Charities and IPCs (first introduced in 2007, latest revision in 2011)	Provides principles and practices of governance and management for charities and IPCs.
Charity Transparency Framework (CTF) (introduced in July 2015)	Charity transparency scorecard to help charities enhance their disclosure and governance practices. The inaugural Charity Transparency Awards was held in September 2016.

Notes:
For more information on legislations, refer to the Charity Portal: https://www.charities.gov.sg/manage-your-charity/Pages/Legislation%20Governing%20Charity_IPC.aspx

2. FUNDRAISING IN SINGAPORE

2.1 Donation, Fundraising Activities and Sponsorship as Main Sources of Income for Charities

Sim, Ghoh, Loh, and Chiu (2015) found that income from donation and fundraising activities remain the most important sources of income for IPCs in the social service sector. Table 4 provides a summary of their findings, based on 202 IPCs in the sector, from FY2011 to FY2013. It shows that the charities' income is derived from three main sources, namely (1) Income from Donation, Fundraising Activities and Sponsorship, (2) Income from Government and Other Grants, (3) Other Income - comprising income derived from Programme, Social Enterprise and Investment. The smaller charities[7] received 56.6 per cent of their income from donation, fundraising activities and sponsorship whereas the larger charities[8] are more dependent on income from government and other grants, which constitutes 43.1 per cent. Given that the charities are dependent on external income generated through donation, fundraising activities and sponsorship, it is therefore vital for charities to develop and strengthen their fundraising capability.

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[7]   In this case, the small charities refer to IPCs of total operating expenditure (TOE) size of less than SGD 250,000.
[8]   In this case, the large charities refer to IPCs of total operating expenditure (TOE) size of more than SGD 10 million.

Table 4: Breakdown of Sources of Income for IPCs in the Social Service Sector (FY2011 to FY2013)

IPC's Size as measured by Total Operating Expenditure (TOE)	Year	No. of IPCs in Sample (n=202)	Income from Donation, Fundraising and Sponsorship	Income from Government and Other Grants	Other Incomes
More than SGD 10 million	FY2011	26	24.4%	41.3%	34.3%
	FY2012	27	23.2%	42.4%	34.4%
	FY2013	30	23.0%	45.6%	31.5%
	3-year Average	-	23.5%	43.1%	33.4%
From SGD 5 million to 10 million	FY2011	23	35.6%	33.8%	30.6%
	FY2012	28	37.7%	35.7%	26.6%
	FY2013	28	31.5%	40.9%	27.7%
	3-year Average	-	34.9%	36.8%	28.3%
From SGD 1 million to 5 million	FY2011	82	30.3%	37.5%	32.1%
	FY2012	80	34.7%	39.7%	25.7%
	FY2013	84	30.6%	44.6%	24.8%
	3-year Average	-	31.9%	40.6%	27.5%
From SGD 500,000 to 1 million	FY2011	30	49.3%	25.5%	25.2%
	FY2012	32	52.5%	27.8%	19.7%
	FY2013	30	44.9%	35.6%	19.5%
	3-year Average	-	48.9%	29.6%	21.4%
From SGD 250,000 to 500,000	FY2011	25	54.2%	30.7%	15.1%
	FY2012	21	53.4%	30.9%	15.7%
	FY2013	17	57.3%	12.1%	30.6%
	3-year Average	-	55.0%	24.6%	20.5%
Less than SGD 250,000	FY2011	16	43.6%	49.1%	7.3%
	FY2012	14	61.1%	26.1%	12.8%
	FY2013	13	65.2%	19.9%	14.9%
	3-year Average	-	56.6%	31.7%	11.7%

Notes:
The data is obtained from 'The Social Service Sector in Singapore: An Exploratory on the Financial Characteristics of Institutions of a Public Character (IPCs) in the Social Service Sector' (Sim, Ghoh, Loh & Chiu, 2015). 'Other Income' includes income from programmes, social enterprise and investment.

2.2 Media Analysis on Fundraising in Singapore

The media provides very little coverage about fundraising activities of charities, with coverage often limited to Community Chest. Given this lack of information, the report will look at Community Chest to obtain some background on the fundraising practices, and the challenges it may face. Following that, a limited media analysis, covering news articles from 2013 to 2016, is then briefly presented.

Community Chest has served as a nonprofit fundraising organisation to Singapore's social service sector for more than three decades. It is the largest fundraising body in Singapore. Some insights on Community Chest's fundraising operations are presented in Box Story 3.

Box Story 3: Community Chest, a Nonprofit Fundraising Organisation for Singapore's Social Service Sector

Background

For more than three decades, the Community Chest played a vital role in the community by acting as the central coordinating mechanism for fundraising and volunteering. It collaborates with and supports over 80 different charities each year across five social causes - adults with disabilities, dignified ageing, families in need, children with special needs and youths at risk, and people with mental health issues. With its operation and fundraising costs mostly covered by Tote Board and Singapore Pools, 100 per cent of donations raised go towards helping the charities to support the less fortunate.

As a result of the Care & Share Movement during SG50, donations from 1st December 2013 to 31st March 2016 were matched dollar-for-dollar by the government, leading to a record year of growth. The matched amount goes towards building the capabilities and capacities of the social service sector and supporting social services to meet rising needs.

Community Chest's Fundraising Track Record

Figure 4 is a breakdown of the financial outcomes per year across the last decade. It shows a stable, even upward trend in total funds raised.

Figure 4: Fundraising Proceeds from Community Chest – Trend from FY2005 to FY2014

Million (SGD)

45.0	47.0	52.0	50.8	52.6	55.3	55.7	64.6	53.7	78.2
2005	2006	2007	2008	2009	2010	2011	2012	2013	2014

Financial Year (FY)
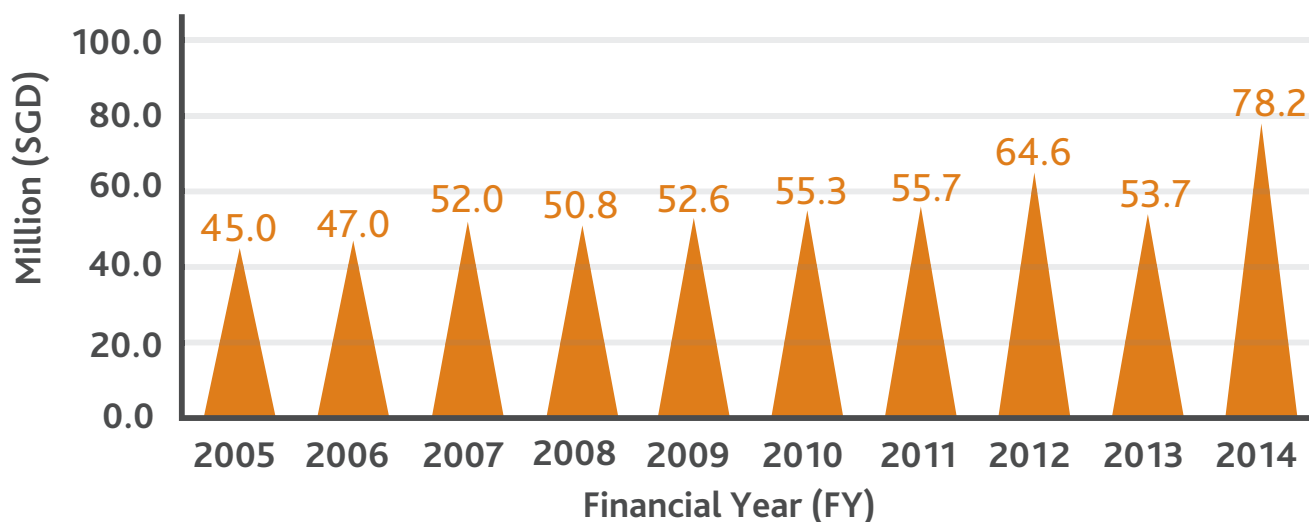
Notes:

Data collated from National Council of Social Service (NCSS) Annual Reports FY2005 to FY2014. Fundraising proceeds from Community Chest had a record year of growth in FY2014.This may be a result of the Care & Share movement

During an interview with CSDA, Ms Ng Ling Ling, Managing Director of Community Chest shared that "the why" is the starting point. She explained that for Community Chest, all fundraising efforts begin with articulating the charitable causes to be supported.

Community Chest's Fundraising Approach

Fundraising in Community Chest is anchored on three key factors - accountability, innovation and renewal. According to Ms Ng, their fundraising approach is in a form of public outreach, telling donors a story in a simple and succinct way, and developing a relationship of trust with donors. She highlighted that today's donors want to be informed. To be accountable, Community Chest engaged in personalised donor communication to facilitate informed giving. She emphasised that it is important for Community Chest to stay relevant, by innovating and harnessing the latest technology such as online fundraising. Special Events remain an important fundraising method in Community Chest. However, this fundraising approach needs constant updating to generate public interests through creative events.

Collaborating with Corporations

According to Ms Ng, the future points towards greater collaboration with the corporate sector. As part of the Care & Share Movement, the Government agreed to match donations towards Community Chest's SHARE programme, a monthly giving programme. This is for a period of three years from 1 April 2016 onwards, and up to SGD 15 million. The donations received will go towards current needs as well as underserved and unmet areas. The Government's matching grants will boost corporations' corporate social responsibilities (CSR) efforts, and the charities will benefit from this.

Notes:
The background information is extracted from Community Chest FY2014 Impact Report: http://www.comchest. org.sg/comchest/Portals/0/Resources/Impact%20Reports/Impact%20Report%2014_FA_1509.pdf. The information regarding the SHARE programme is obtained from: http://www.comchest.org.sg/comchest/SHAREasOne/AboutUs/ tabid/1187/Default.aspx. Care & Share @ SG50 Movement is a national fundraising and volunteerism movement led by Community Chest for the social service sector to bring our nation together to show care and concern for the needy and recognise the contributions made by social service organisations (Community Chest, 2014).

The following section is based on the media analysis covering websites and newspaper articles from 2013 to 2016. The limited findings are classified into two broad areas, namely common fundraising methods used and challenges faced by charities in Singapore. They are briefly presented below.

Common Fundraising Methods used by Charities in Singapore

Based on media analysis, Special Events, Corporate Partnerships and Sponsorships, and Online Donations appear to be the most common fundraising methods used by charities in Singapore.

- *Special Events*

  Choi, Menon and Ross (2013) found that most charities in Singapore focused on Special Events as their main fundraising activity. Mass events such as Charity Walkathons and niche events, such as Gala Dinners and Charity Golf Tournaments are seen as the most visible and viable platforms. Some examples are cited below:

  - In 2013, The Hospice Sunflower Ball raised over SGD 1.1 million ("Bringing sunshine to more lives", 2013).
  - The 2014 President's Star Charity show raised over SGD 6.3 million (Cheong, 2014).
  - In 2014, Singapore Airlines raised SGD 2.5 million for Community Chest through a Charity Gala Dinner and Charity Run (AsiaOne, 2014).
  - The 2015 Marina Bay Sands Charity Festival raised over SGD 5.4 million for charity(Kok, 2015).

- *Corporate Partnerships and Sponsorships*

As part of the corporate social responsibility (CSR) mandate, many companies are coming forward to work together with charities to help the poor, vulnerable and disadvantaged. This has led to a greater interaction between the corporate world and the charity sector (Tay, 2015). An example of charities' Corporate Partnerships and Sponsorships is the Make-a-Wish Foundation collaborating with more than thirty restaurants such that the proceeds from selected dishes would go to charity (Mendoza, 2013). Charities may combine different methods to maximize fundraising effort. For example, Singapore's Children Society garnered some SGD 3.2 million through two fundraising initiatives - 1000 Enterprises programme, which encouraged firms to make annual donations, and 1000 Philanthropists programme where individuals pledged annual contributions of SGD 1,000 ("Singapore Children's Society raises record S$3.2 million", 2015).

- *Online Donations*

Online Donation is gaining traction, given the advancement in technology. In 2013, Choi, Menon and Ross found little evidence of online activities by charities. However, this has changed in recent years, as Giving.sg, GoFundME, and GIVEasia have become the main online platforms for collecting and coordinating funds raised through the Internet in Singapore. The numbers of charities registered on Giving.sg has doubled from 200 to 399 in 2010 (Cheng, 2016). In 2014, SGD 13 million was collected by the online donation portal, SG Gives[9] ("Singaporeans more likely to donate at year-end: NVPC", 2015). Singapore-based charity crowd funding platform GIVEasia saw the number of local charities it serves surged ten-fold to more than 250 in 2016.

A case study on the online giving portal, Giving.sg, is presented in Box Story 4.

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[9]   SG Gives has combined with SG Cares to form Giving.sg.

Box Story 4: Online Giving Portal - Giving.sg

Background

Launched by National Volunteer and Philanthropy Centre (NVPC) in 2015, Giving.sg is an online aggregator that aims to make giving more accessible by cutting down paperwork on the administrative processes. The following highlights its potential in empowering Singaporeans to participate in a giving culture.

Knowing where the audience is

Cheque-book philanthropy used to be a common sight in the local philanthropic scene. However, as new donors turn to strategic giving and Internet transactions, charities require a portal to cater to an audience that is used to speed and technology. Giving.sg fills in the gap by allowing users to sign up, volunteer and donate all on a single online platform. By extending their presence into the cyber world, it is easier for Giving.sg to connect with the audience rather than relying on traditional offline methods.

Information availability

While many organisations provide information on their own online platforms, the information explosion on the Internet can get overwhelming for potential donors. Giving. sg resolves this challenge by providing giving opportunities from at least 400 nonprofits on one platform with an easy-to-use interface. From the three main pages related to volunteering, donating and campaigning, there are search functions that can be further refined to single out specific causes, skills and locations. The convenience of accessing and sieving information reduces unnecessary information overload and better matches charities with the right donors and volunteers.

Accountability

By signing up an account with Giving.sg, a user is able to track his or her donation and volunteering records. Additionally, Giving.sg is extremely transparent about donation process - it is clearly stated on the website that banks would receive 1.5 per cent of all donations, while Giving.sg receives zero service fee. Such transparency increases the accountability of Giving.sg, and thus improves public confidence in charity work processes.

Note:
Information extracted from Giving.sg website: https://www.giving.sg/

Fundraising Challenges Faced by Charities in Singapore

Donors' Preferences and Biases

It is a challenge for charities to raise funds for their overheads. Donors want all their donations to go directly to the beneficiaries but this is unrealistic. Donations that go towards administrative overheads or fundraising efforts are just as critical as those directed exclusively towards beneficiaries (Low, 2014). The lack of donations and funding for administrative overheads or fundraising efforts can be a vicious cycle for charities. This vicious cycle starts with donors' unrealistic expectations of charities' operational expenses, and results in charities skimping on their overheads (Gregory & Howard, 2009).

Some charities faced more challenges in fundraising than others. This is because donors have preferences and biases in terms of the social causes they would like to support. Social causes, revolving around migrant workers, ex-offenders, and AIDS patients, are often marginalised in favour of causes that centre around health, the elderly, and the disabled (Lian, 2013).

Online Fundraising for Charities

It is becoming essential for charities to maintain an online presence. Furthermore, online fundraising for charities is gaining popularity. The existence of an online charity profile is insufficient to make online fundraising a success. For any online fundraising campaign to gain traction, efforts have to be made to connect with its target audience and sustain any momentum generated (Cheng, 2016).

Menon (2010) conducted a study on the uptake of newer methods for fundraising through Information and Communications Technologies (ICTs) by charities in Singapore. Results showed that charities' main barrier to the adoption of ICTs was due to the lack of tech-savvy manpower. Additional constraints included high infrastructural costs and security concerns surrounding the use of ICTs.

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Section 2.
DISCLOSURE OF FUNDRAISING PRACTICES

This section covers the following topics:

1. Research Objective

2. Regulatory Framework for Fundraising in Singapore

3. Research Sample and Methodology

4. Research Results
    4.1 Findings on Fundraising Manpower
    4.2 Findings on Fundraising Methods
    4.3 Findings on Donor Acknowledgement
    4.4 Findings on Disclosure of Fundraising Efficiency Ratio

5. Discussions, Limitations and Future Research
    5.1 Discussions
    5.2 Limitations
    5.3 Future Research

1. RESEARCH OBJECTIVE

There is little research on fundraising for charities in Singapore. This exploratory research study aims to provide a snapshot of fundraising practices of charities in Singapore, specifically in four areas: (1) Fundraising Manpower; (2) Fundraising Methods; (3) Donor Acknowledgement; and (4) Disclosure of Fundraising Efficiency Ratio. The objective is to collate information presented in the individual charities' annual reports and financial statements, to provide an overview on fundraising landscape in Singapore. The study involves the examination of annual reports and financial statements of 126 IPCs in the Health, Social and Welfare sectors. Following the earlier study by Sim, Ghoh, Loh and Chiu (2015), a baseline of three financial years (FY2012, FY2013 and FY2014) was selected to facilitate data collection and analysis. The regulatory framework for fundraising in Singapore will be presented in the next section. It provides the background to understanding charities' disclosure of their fundraising practices in their annual reports and financial statements.

2. REGULATORY FRAMEWORK FOR FUNDRAISING IN SINGAPORE

To understand Singapore's fundraising regulatory framework, the following sections cover the role of the Office of the Commissioner of Charities (COC), key fundraising legislations, fundraising efficiency ratio, guidelines on fundraising practices in the Code of Governance (2011) and the Charity Portal.

Charities rely largely on donations and grants from individuals, government entities and other organisations to carry out their charitable activities. They are expected to utilise their funding in an accountable manner while maximising benefits to their beneficiaries. Good governance is important, as it helps charities to be more effective, transparent and accountable to the public and their stakeholders.

To help develop a well-governed and thriving charity sector with strong public support in Singapore, the COC Office was set up on 1 July 2006. The COC Office aims to promote good governance and best practices amongst charities and Institutions of a Public Character (IPCs); and ensure regulatory relevance and compliance; and be a proactive charity advisory.

The COC Office has key legislations pertaining to fundraising such as the Charities Act, Charities (Fund-Raising Appeals for Local and Foreign Charitable Purposes) Regulations 2012, as well as Charities (Institutions of a Public Character) Regulations. Within the regulations, some of the key requirements encompassed are (1) Duty to maintain accounting records; (2) Requirements relating to financial statements and audits of charities; and (3) Duty to donors.

The two key legislations, namely the Charities (Fund-Raising Appeals for Local and Foreign Charitable Purposes) Regulations 2012 and Charities (Institutions of a Public Character) Regulations, require charities, including IPCs, to adhere to the 30/70 fundraising rule. This rule specifies that the total fund-raising expenses of a charity or IPC in a financial year shall not exceed 30 per cent of the total receipts from fundraising and sponsorships for that financial year. The law also requires auditors to certify in the auditor's report of the financial statements whether the charity or IPC has complied with the requirements. Hence, charities and IPCs are encouraged, as a practice of good governance and transparency, to disclose their fundraising efficiency ratio in their annual reports and financial statements.

The fundraising efficiency ratio is the ratio of the total fund-raising expenses of a charity or IPC to its total receipts from fundraising and sponsorships. It is computed as follows:

$$\left(\frac{E+S}{R+S} \right) \times 100\% \leq 30\%$$

where E refers to the total expenses relating to fund-raising for the financial year, including
   (a) direct and material indirect expenses of any kind; and
   (b) payments made to commercial fund-raisers engaged by the charity, but excluding, in a case of the sale of goods by or on behalf of the charity for fund-raising (and not trading), the cost of the goods sold;

R refers to –
  (a) in a case of the sale of goods by or on behalf of the charity for fund-raising (and not trading), the total receipts from such sale (after deducting only the cost of the goods sold); and
  (b) the total gross receipts from any other fund-raising for that financial year; and

S refers to –
  (a) the total amount of sponsorships in cash received by the charity relating to fund-raising for that financial year that is conditioned upon the provision of direct or indirect commercial benefit to the sponsors; and
  (b) [Only applicable to IPCs] the total cost or value of sponsored property, goods and services for which tax deduction receipts are issued relating to fund-raising for that financial year.

In 2007, the Code of Governance for Charities and IPCs[10] ("The Code") was introduced, to encourage registered charities and IPCs to adopt best practices in nine key areas of governance and management[11] . It was refined in 2011 to provide greater clarity and relevance to the charity sector in Singapore. While the Code is not mandatory, the Board of a charity (which is largely responsible for putting in place the principles and practices of good governance in the organisation) would have to provide explanation for non-compliance.

Fundraising practices is one of the nine areas of guidance outlined in the Code. The general principle of fundraising practices as outlined in the Code states that: "The charity should ensure that its fundraising activities are transparent and ethical. It should account to its donors on what, how and when the funds would be used. The charity should also be prudent in engaging third party fundraisers[12]."

The Code has different set of guidelines for charities, depending on their size and activity, with IPCs being held to a higher standard, in terms of regulatory compliance and governance. This is because IPCs are able to issue tax deductible receipts for qualifying donations to donors (Charity Portal, 2016b). In general, charities including IPCs are required to: (1) Submit and disclose a Governance Evaluation Checklist (GEC)[13] on the Charity Portal; and (2) Explain the reasons for non-compliance and the steps they plan to take to comply, or explain why if it decides not to comply.

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[10] The following are extracted from the Code of Governance for Charities and IPCs. For other key areas and best practices, refer to https://www.charities.gov.sg/manage-your-charity/Day-to-Day-Operations-of-Charity-IPC/Pages/Code%20 of%20Governance%20for%20Charities%20and%20IPCs.aspx

[11]   The nine key areas are: (1) Board Governance; (2) Conflict of Interest; (3) Strategic Planning; (4) Programme Management; (5) Human Resource Management; (6) Financial Management and Controls; (7) Fundraising Practices; (8) Disclosure and Transparency; and (9) Public Image.

[12] Third Party Fundraiser refers to any person or organisation that solicits or procures money or property for the benefit of a charity or IPC. It excludes service providers who are paid a fixed fee in return for services rendered in the fundraising event, such as event companies (Charity Portal, 2016b).

[13] For more information regarding the GEC, refer to https://www.charities.gov.sg/manage-your-charity/Annual%20 Submission/Pages/Governance%20Evaluation%20Checklist.aspx

The COC Office maintains the Charity Portal, a one-stop website for stakeholders in the charity sector. Charities are required to submit their annual reports and financial statements to the Charity Portal. Through the portal, the public can access information regarding these charities, such as the organization profile, financial information, annual report and code compliance,[14] to help in their decision on which charity to support. The Charity Portal is a useful resource for members of the public, who donate and volunteer their services to charities. They are able to access information about charities to make an informed decision on which charity to support.

3. RESEARCH SAMPLE AND METHODOLOGY

A sample of 126 IPCs, made up of 26 IPCs from the Health sector and 100 IPCs from the Social and Welfare sector was used for both quantitative and qualitative analysis. The sample was derived from a three-stage process, as follows:

Stage 1: The COC Office provided the list of charities with active IPC status. A list of 283 charities in the Health, Social and Welfare sectors, with IPC status for three financial years between FY2012 and FY2014 was identified.

Stage 2: Only IPCs with publicly available annual reports and financial statements for the three financial years were selected for the sample. This was done by searching on the charities' official websites and the Charity Portal. A list of 130 IPCs were shortlisted.

Stage 3: Of the 130 IPCs, three were removed as they did not have consistent 12-month accounting data for each of the three financial years (making their financial statements not comparable to other IPCs). To avoid the possibility of the findings being skewed, another IPC, a large health foundation, was also removed. Thus, the final sample is 126 IPCs.

A coding manual was developed to facilitate data collection in four areas: (1) Fundraising Manpower; (2) Fundraising Methods; (3) Donor Acknowledgement; and (4) Disclosure of Fundraising Efficiency Ratio. Assessment on the quality of fundraising information is not included in the scope of this study.

4. RESEARCH RESULTS

The results for the research study are presented in this section. The findings were based on the disclosure of fundraising information provided by 26 IPCs in the Health sector and 100 IPCs in the Social and Welfare sector in their annual reports and financial statements from FY2012 to FY2014.

The four sections are disclosure of fundraising manpower, disclosure of fundraising methods, disclosure of donor acknowledgement, and disclosure of fundraising efficiency ratio. For ease of reference, results will be presented alongside with summary tables.

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[14] In 2014, charities' financial statements are made publicly available on the Charity Portal. And in December 2015, the COC Office also made available the annual reports and Governance Evaluation Checklists for public viewing on the portal (Office of the Commissioner of Charities, 2016).

4.1 Findings on Fundraising Manpower

The results indicated that charities' fundraising activities were carried out by a combination of fundraising committee, volunteers, full-time fundraising staff and third party fundraising agency[15]. An overview on the fundraising manpower used, as disclosed in IPCs' annual reports and financial statements, is presented as below. The figures presented below are based on a three-year average from FY2012 to FY2014.

1. Fundraising Committee
- Of the 26 Health IPCs, 20 disclosed that they have a fundraising committee.
- Of the 100 Social and Welfare IPCs, 39 disclosed that they have a fundraising committee.

2. Volunteer Involvement in Charities Fundraising Activities
- Of the 26 Health IPCs, 11 disclosed that volunteers are involved in the charities' fundraising activities.
- Of the 100 Social and Welfare IPCs, 60 disclosed that volunteers are involved in the charities' fundraising activities.

3. Full-time Fundraising Staff
- Of the 26 Health IPCs, 11 disclosed that they have full-time fundraising staff.
- Of the 100 Social and Welfare IPCs, 31 disclosed that they have full-time fundraising staff.

4. Third Party Fundraising Agency
- Of the 26 Health IPCs, 5 disclosed that they use a third party fundraising agency.
- Of the 100 Social and Welfare IPCs, 2 disclosed that they use a third party fundraising agency.

In summary, the findings suggested that: (1) volunteers, including fundraising committee members, played a major role in the charities' fundraising operations; (2) only some IPCs had full-time fundraising staff; and (3) use of third party fundraising agency was not a common practice.

For a detailed breakdown on the fundraising manpower disclosed in annual reports and financial statements from FY2012 to FY2014, refer to Table 5a (for Health IPCs) and Table 5b (for Social and Welfare IPCs).

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[15] Third Party Fundraising Agency refers to any person or organisation that solicits or procures money or property for the benefit of a charity or IPC. It excludes service providers who are paid a fixed fee in return for services rendered in the fundraising event, such as event companies. Source: Code of Governance for Charities and Institutions of a Public Character (2011)

Table 5a: Fundraising Manpower as Disclosed in Annual Reports and Financial Statements (IPCs in Health Sector)

Year	IPC's Size as measured by Total Operating Expenditure (TOE)	No. of IPCs in TOE category (n=26)	Presence of Fundraising Committee	Volunteer Involvement in Fundraising Activities	Full-time Fundraising Staff	Use of Third Party Fundraising Agency
		Numbers reported refers to number of IPCs				
FY2012	>SGD 10 million	6	4	2	4	1
	SGD 5 million-10 million	6	5	4	4	2
	SGD 1 million-5 million	11	6	3	2	1
	SGD 500,000-1 million	0	0	0	0	0
	SGD 250,000-500,000	3	2	1	0	0
	<SGD 250,000	0	0	0	0	0
	Total	26	17	10	10	4
FY2013	>SGD 10 million	7	6	3	5	3
	SGD 5 million-10 million	6	6	4	4	2
	SGD 1 million-5 million	10	6	5	3	1
	SGD 500,000-1 million	0	0	0	0	0
	SGD 250,000-500,000	2	2	1	1	0
	<SGD 250,000	1	0	0	0	0
	Total	26	20	13	13	6
FY2014	>SGD 10 million	7	6	3	5	2
	SGD 5 million-10 million	8	7	5	3	2
	SGD 1 million-5 million	8	5	2	1	1
	SGD 500,000-1 million	1	1	0	0	0
	SGD 250,000-500,000	1	1	1	0	0
	<SGD 250,000	1	0	0	0	0
	Total	26	20	11	9	5

Notes:

TOE refers to Total Operating Expenditure. The IPCs can be categorized based on TOE size, ranging from SGD 0 - 250k, SGD 250k - 500k, SGD 500k - 1m, SGD 1m - 5m, SGD 5m - 10m, and SGD 10m and above (Sim, Ghoh, Loh & Chiu, 2015). Third Party Fundraising Agency refers to any person or organisation that solicits or procures money or property for the benefit of a charity or IPC. It excludes service providers who are paid a fixed fee in return for services rendered in the fundraising event, such as event companies (Charity Portal, 2016a).

Table 5b: Fundraising Manpower as Disclosed in Annual Reports and Financial Statements (IPCs in Social and Welfare Sector)

Year	IPC's Size as measured by Total Operating Expenditure (TOE)	No. of IPCs in TOE category (n=100)	Presence of Fundraising Committee	Volunteer Involvement in Fundraising Activities	Full-time Fundraising Staff	Use of Third Party Fundraising Agency
		Numbers reported refers to number of IPCs				
FY2012	>SGD 10 million	13	6	6	6	0
	SGD 5 million-10 million	8	4	6	2	0
	SGD 1 million-5 million	42	13	29	9	1
	SGD 500,000-1 million	18	6	13	6	0
	SGD 250,000-500,000	12	2	5	1	0
	<SGD 250,000	7	0	2	0	0
	Total	**100**	**31**	**61**	**24**	**1**
FY2013	>SGD 10 million	15	9	5	9	0
	SGD 5 million-10 million	9	3	5	1	0
	SGD 1 million-5 million	42	19	31	15	1
	SGD 500,000-1 million	19	8	10	8	0
	SGD 250,000-500,000	9	2	6	1	0
	<SGD 250,000	6	0	1	0	0
	Total	**100**	**41**	**58**	**34**	**1**
FY2014	>SGD 10 million	13	6	5	6	0
	SGD 5 million-10 million	12	4	7	3	0
	SGD 1 million-5 million	45	26	36	17	2
	SGD 500,000-1 million	18	8	9	7	1
	SGD 250,000-500,000	8	1	4	1	0
	<SGD 250,000	4	0	0	0	0
	Total	**100**	**45**	**61**	**34**	**3**

Notes:
TOE refers to Total Operating Expenditure. The IPCs can be categorized based on TOE size, ranging from SGD 0 - 250k, SGD 250k - 500k, SGD 500k - 1m, SGD 1m - 5m, SGD 5m - 10m, and SGD 10m and above (Sim, Ghoh, Loh & Chiu, 2015). Third Party Fundraising Agency refers to any person or organisation that solicits or procures money or property for the benefit of a charity or IPC. It excludes service providers who are paid a fixed fee in return for services rendered in the fundraising event, such as event companies (Charity Portal, 2016a).

4.2 Findings on Fundraising Methods

The results indicated that charities carried out fundraising operations using a combination of fundraising methods, namely Special Events, Flag Day, Personal Appeals, Direct Mailers, Regular Giving Programmes and Online Donations. An overview on the fundraising methods used, as disclosed in IPCs' annual reports and financial statements, is presented as below. The figures presented below are based on a three-year average from FY2012 to FY2014.

1. **Special Events**
   - Of the 26 Health IPCs, 21 disclosed that they hold Special Events.
   - Of the 100 Social and Welfare IPCs, 56 disclosed that they hold Special Events.

2. **Flag Day**
   - Of the 26 Health IPCs, 6 disclosed that they organized Flag Day as a fundraising activity.
   - Of the 100 Social and Welfare IPCs, 18 disclosed that they organized Flag Day as a fundraising activity.

3. **Personal Appeals**
   - Of the 26 Health IPCs, 6 disclosed that they carried out Personal Appeals.
   - Of the 100 Social and Welfare IPCs, 9 disclosed that they carried out Personal Appeals.

4. **Direct Mailers**
   - Of the 26 Health IPCs, 4 disclosed that they used Direct Mailers.
   - Of the 100 Social and Welfare IPCs, 12 disclosed that they used Direct Mailers.

5. **Regular Giving Programmes**
   - Of the 26 Health IPCs, 5 disclosed that they have Regular Giving Programmes.
   - Of the 100 Social and Welfare IPCs, 12 disclosed that they have Regular Giving Programmes.

6. **Online Donations**
   - Of the 26 Health IPCs, 5 disclosed that they received Online Donations through their websites.
   - Of the 100 Social and Welfare IPCs, 13 disclosed that they received Online Donations through their websites.

Firstly, the findings suggested that Special Events remained the most common fundraising methods used by charities. These Special Events include Charity Dinner, Charity Run, Charity Golf and Charity Walkathon. See Figure 5 for the breakdown of the popular special events organised by IPCs as disclosed in their annual reports and financial statements.

Figure 5: Popular Special Events Organised by IPCs in the Health, Social and Welfare Sectors (FY2012 to FY2014)
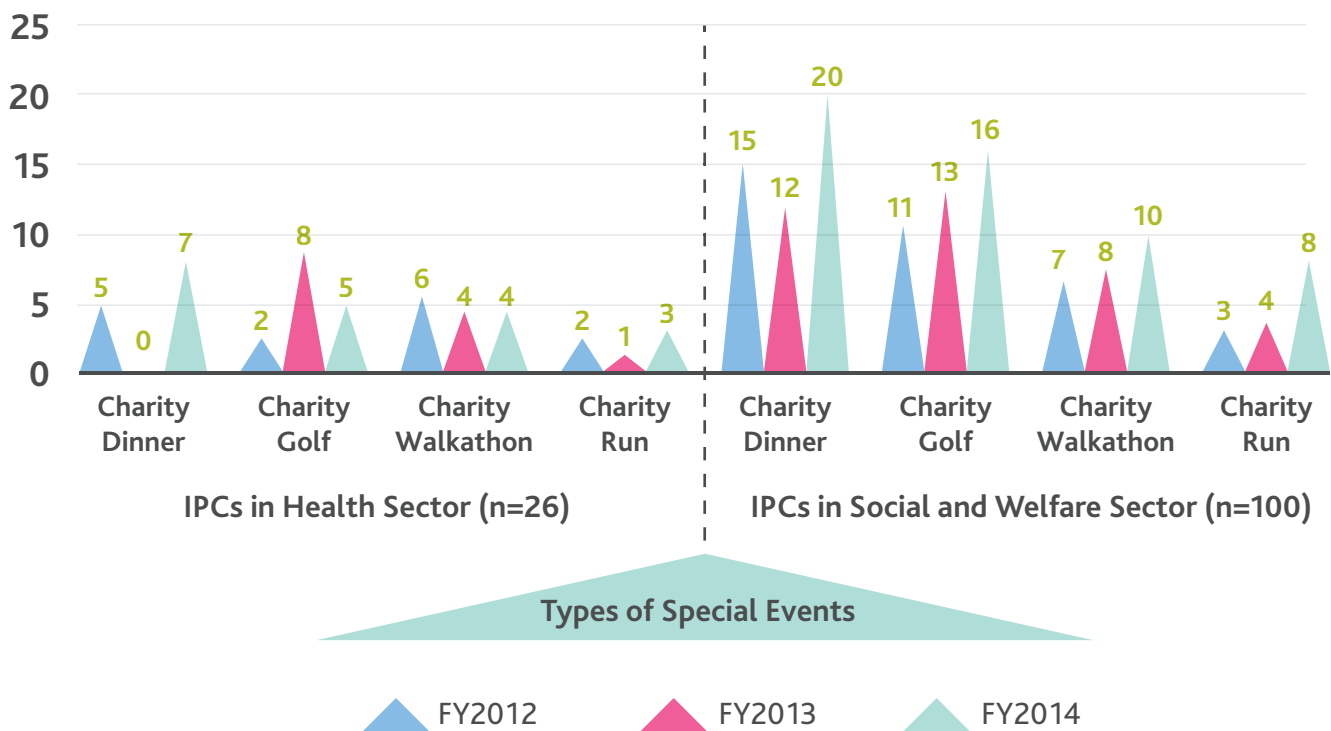
Secondly, the results suggested that Flag Day remained a popular fundraising method. Thirdly, Personal Appeals, Direct Mailers, and Regular Giving Programmes were not commonly utilised by IPCs. Lastly, it seemed that online donation is gaining popularity, given the increasing number reported over the three years period.

For detailed breakdown on the fundraising methods used by IPCs as disclosed in annual reports and financial statements from FY2012 to FY2014, refer to Table 6a (for Health IPCs) and Table 6b (for Social and Welfare IPCs).

Table 6a: Fundraising Methods as Disclosed in Annual Reports and Financial Statements (IPCs in Health Sector)

Year	IPC's Size as measured by Total Operating Expenditure (TOE)	No. of IPCs in TOE category (n=26)	Fundraising Events	Flag Day	Personal Appeals	Direct Mailers	Regular Giving Programmes	Online Donations
		Numbers reported refers to number of IPCs						
FY2012	>SGD 10 million	6	4	1	2	0	2	0
	SGD 5 million -10 million	6	5	2	1	2	1	1
	SGD 1 million -5 million	11	8	1	2	2	1	4
	SGD 500,000 -1 million	0	0	0	0	0	0	0
	SGD 250,000 -500,000	3	3	1	1	0	0	0
	<SGD 250,000	0	0	0	0	0	0	0
	Total	**26**	**20**	**5**	**6**	**4**	**4**	**5**
FY2013	>SGD 10 million	7	6	1	2	0	2	0
	SGD 5 million -10 million	6	6	2	1	2	1	1
	SGD 1 million -5 million	10	5	2	2	2	1	4
	SGD 500,000 -1 million	0	0	0	0	0	0	0
	SGD 250,000 -500,000	2	1	1	0	0	0	0
	<SGD 250,000	1	1	0	1	0	0	0
	Total	**26**	**19**	**6**	**6**	**4**	**4**	**5**
FY2014	>SGD 10 million	7	6	3	2	0	3	0
	SGD 5 million -10 million	8	8	2	2	2	2	2
	SGD 1 million -5 million	8	6	0	1	2	1	4
	SGD 500,000 -1 million	1	1	1	0	0	0	0
	SGD 250,000 -500,000	1	1	1	0	0	0	0
	<SGD 250,000	1	1	0	1	0	0	0
	Total	**26**	**23**	**7**	**6**	**4**	**6**	**6**

Notes:

TOE refers to Total Operating Expenditure. The IPCs can be categorized based on TOE size, ranging from SGD 0 - 250k, SGD 250k - 500k, SGD 500k - 1m, SGD 1m - 5m, SGD 5m - 10m, and SGD 10m and above (Sim, Ghoh, Loh & Chiu, 2015).

Table 6b: Fundraising Methods as Disclosed in Annual Reports and Financial Statements (IPCs in Social and Welfare Sector)

Year	IPC's Size as measured by Total Operating Expenditure (TOE)	No. of IPCs in TOE category (n=100)	Fundraising Events	Flag Day	Personal Appeals	Direct Mailers	Regular Giving Programmes	Online Donations
		Numbers reported refers to number of IPCs						
FY2012	>SGD 10 million	13	8	4	1	3	3	0
	SGD 5 million -10 million	8	7	1	1	1	3	1
	SGD 1 million -5 million	42	22	7	5	1	4	5
	SGD 500,000 -1 million	18	8	2	0	1	1	1
	SGD 250,000 -500,000	12	8	2	0	0	0	0
	<SGD 250,000	7	3	1	1	1	0	1
	Total	**100**	**56**	**17**	**8**	**7**	**11**	**8**
FY2013	>SGD 10 million	15	11	4	1	3	5	1
	SGD 5 million -10 million	9	5	1	1	1	2	0
	SGD 1 million -5 million	42	21	8	5	7	5	6
	SGD 500,000 -1 million	19	9	2	1	1	0	2
	SGD 250,000 -500,000	9	4	2	0	0	0	0
	<SGD 250,000	6	2	1	1	1	0	1
	Total	**100**	**52**	**18**	**9**	**13**	**12**	**10**
FY2014	>SGD 10 million	13	10	4	3	3	5	2
	SGD 5 million -10 million	12	7	2	1	0	2	0
	SGD 1 million -5 million	45	30	9	5	9	5	13
	SGD 500,000 -1 million	18	8	2	1	1	0	2
	SGD 250,000 -500,000	8	4	1	0	0	0	1
	<SGD 250,000	4	1	1	1	2	0	2
	Total	**100**	**60**	**19**	**11**	**15**	**12**	**20**

Notes:
TOE refers to Total Operating Expenditure. The IPCs can be categorized based on TOE size, ranging from SGD 0 - 250k, SGD 250k - 500k, SGD 500k - 1m, SGD 1m - 5m, SGD 5m - 10m, and SGD 10m and above (Sim, Ghoh, Loh & Chiu, 2015).

4.3 Findings on Donor Acknowledgement

The results indicated that charities provided information about individual donors, corporate donors, corporate sponsorship and corporations that adopted their charities (i.e. corporate adoption in short) in their annual report. An overview of donor information, as disclosed in IPCs' annual reports and financial statements, is presented as below. The figures presented below were based on a three-year average from FY2012 to FY2014.

1. **Individual Donors**
   - Of the 26 Health IPCs, 14 acknowledged the individuals who donated to their charities.
   - Of the 100 Social and Welfare IPCs, 56 acknowledged the individuals who donated to their charities.

2. **Corporate Donors**
   - Of the 26 Health IPCs, 12 acknowledged the corporations who donated to their charities.
   - Of the 100 Social and Welfare IPCs, 60 acknowledged the corporations who donated to their charities.

3. **Corporate Sponsorship**
   - Of the 26 Health IPCs, 10 acknowledged the corporations who provided sponsorships to their charities.
   - Of the 100 Social and Welfare IPCs, 27 acknowledged the corporations who provided sponsorships to their charities.

4. **Corporate Adoption**
   - Of the 26 Health IPCs, 5 acknowledged the corporations who adopted their charities.
   - Of the 100 Social and Welfare IPCs, 10 acknowledged the corporations who adopted their charities.

In summary, the findings suggested that it is a common practice for charities to acknowledge the individuals and corporations for their donations and sponsorship in charities' annual reports. For a detailed breakdown on the donor acknowledgement, as disclosed in annual reports and financial statements from FY2012 to FY2014, refer to Table 7a (for Health IPCs) and Table 7b (for Social and Welfare IPCs).

Table 7a: Donor Acknowledgement as Disclosed in Annual Reports and Financial Statements (IPCs in Health Sector)

Year	IPC's Size as measured by Total Operating Expenditure (TOE)	No. of IPCs in TOE category (n=26)	Types Of Acknowledgement			
			Individual Donors	Corporate Donors	Corporate Sponsorship	Corporate Adoption
			Numbers reported refers to number of IPCs			
FY2012	>SGD 10 million	6	2	1	2	1
	SGD 5 million-10 million	6	4	4	2	1
	SGD 1 million-5 million	11	6	5	3	2
	SGD 500,000-1 million	0	0	0	0	0
	SGD 250,000-500,000	3	2	2	1	1
	<SGD 250,000	0	0	0	0	0
	Total	**26**	**14**	**12**	**8**	**5**
FY2013	>SGD 10 million	7	2	1	3	3
	SGD 5 million-10 million	6	5	5	3	0
	SGD 1 million-5 million	10	5	4	4	3
	SGD 500,000-1 million	0	0	0	0	0
	SGD 250,000-500,000	2	2	2	2	1
	<SGD 250,000	1	0	0	0	0
	Total	**26**	**14**	**12**	**12**	**7**
FY2014	>SGD 10 million	7	3	2	3	1
	SGD 5 million-10 million	8	5	5	4	0
	SGD 1 million-5 million	8	4	4	5	1
	SGD 500,000-1 million	1	1	1	0	1
	SGD 250,000-500,000	1	1	1	0	0
	<SGD 250,000	1	0	0	0	0
	Total	**26**	**14**	**13**	**12**	**3**

Notes:
TOE refers to Total Operating Expenditure. The IPCs can be categorized based on TOE size, ranging from SGD 0 - 250k, SGD 250k - 500k, SGD 500k - 1m, SGD 1m - 5m, SGD 5m - 10m, and SGD 10m and above (Sim, Ghoh, Loh & Chiu, 2015). Corporate sponsorship is where corporations pay for some of the costs that charities incurred during their operations. Corporate adoption refers to corporations adopting the charities.

Table 7b : Donor Acknowledgement as Disclosed in Annual Reports and Financial Statements (IPCs in Social and Welfare Sector)

Year	IPC's Size as measured by Total Operating Expenditure (TOE)	No. of IPCs in TOE category (n=100)	Types Of Acknowledgement			
			Individual Donors	Corporate Donors	Corporate Sponsorship	Corporate Adoption
			Numbers reported refers to number of IPCs			
FY2012	>SGD 10 million	13	9	10	4	3
	SGD 5 million-10 million	8	4	4	5	2
	SGD 1 million-5 million	42	29	30	11	3
	SGD 500,000-1 million	18	8	7	7	1
	SGD 250,000-500,000	12	2	3	2	3
	<SGD 250,000	7	5	4	2	0
	Total	100	57	58	31	12
FY2013	>SGD 10 million	15	9	11	2	3
	SGD 5 million-10 million	9	4	5	4	1
	SGD 1 million-5 million	42	28	29	8	2
	SGD 500,000-1 million	19	10	9	7	3
	SGD 250,000-500,000	9	2	3	3	0
	<SGD 250,000	6	3	4	1	0
	Total	100	56	61	25	9
FY2014	>SGD 10 million	13	8	10	1	2
	SGD 5 million-10 million	12	7	7	5	1
	SGD 1 million-5 million	45	27	30	11	2
	SGD 500,000-1 million	28	8	8	5	2
	SGD 250,000-500,000	8	3	4	2	0
	<SGD 250,000	4	2	2	0	0
	Total	100	55	61	24	7

Notes:

TOE refers to Total Operating Expenditure. The IPCs can be categorized based on TOE size, ranging from SGD 0 - 250k, SGD 250k - 500k, SGD 500k - 1m, SGD 1m - 5m, SGD 5m - 10m, and SGD 10m and above (Sim, Ghoh, Loh & Chiu, 2015). Corporate sponsorship is where corporations pay for some of the costs that charities incurred during their operations. Corporate adoption refers to corporations adopting the charities.

4.4 Findings on Disclosure of Fundraising Efficiency Ratio

The charities' disclosure of their fundraising efficiency ratio, as reported in IPCs' annual reports and financial statements, is presented here. The figures presented below were based on a three-year average, from FY2012 to FY2014. Only 4 out of the 26 Health IPCs, and 5 out of 100 Social and Welfare IPCs, reported their fundraising efficiency ratio.

For a detailed breakdown of IPCs with fundraising efficiency ratio disclosed in annual reports and financial statements from FY2012 to FY2014, refer to Table 8 (for Health, Social and Welfare IPCs).

Table 8: Fundraising Efficiency Ratio as Disclosed in Annual Reports and Financial Statements (IPCs in Health, Social and Welfare Sectors)

Year	IPC's Size as measured by Total Operating Expenditure (TOE)	Health Sector IPCs		Social and Welfare Sector IPCs	
		No. of IPCs in Sample (n=26)	Fundraising Efficiency Ratio Disclosed	No. of IPCs in Sample (n=100)	Fundraising Efficiency Ratio Disclosed
		Numbers reported refers to number of IPCs			
FY2012	>SGD 10 million	6	1	13	2
	SGD 5 million-10 million	6	2	8	1
	SGD 1 million-5 million	11	0	42	1
	SGD 500,000-1 million	0	0	18	0
	SGD 250,000-500,000	3	1	12	0
	<SGD 250,000	0	0	7	0
	Total	**26**	**4**	**100**	**4**
FY2013	>SGD 10 million	7	1	15	2
	SGD 5 million-10 million	6	2	9	1
	SGD 1 million-5 million	10	0	42	1
	SGD 500,000-1 million	0	0	19	0
	SGD 250,000-500,000	2	0	9	0
	<SGD 250,000	1	1	6	0
	Total	**26**	**4**	**100**	**4**
FY2014	>SGD 10 million	7	1	13	3
	SGD 5 million-10 million	8	2	12	1
	SGD 1 million-5 million	8	0	45	1
	SGD 500,000-1 million	1	0	18	2
	SGD 250,000-500,000	1	0	8	0
	<SGD 250,000	1	1	4	0
	Total	**26**	**4**	**100**	**7**

Notes:
TOE refers to Total Operating Expenditure. The IPCs can be categorized based on TOE size, ranging from SGD 0 - 250k, SGD 250k - 500k, SGD 500k - 1m, SGD 1m - 5m, SGD 5m - 10m, and SGD 10m and above (Sim, Ghoh, Loh & Chiu, 2015). The fundraising efficiency ratio is the ratio of the total fundraising expenses of a charity or IPC to its total receipts from fundraising and sponsorships. For more information regarding the fundraising efficiency ratio, refer to Charities (Fund-Raising Appeals for Local and Foreign Charitable Purposes) Regulations 2012. This is commonly known as the 30/70 fundraising rule.

5. DISCUSSIONS, LIMITATIONS AND FUTURE RESEARCH
5.1 Discussions

Limited Disclosure of Fundraising Practices

This exploratory research study aims to collate information about the Singapore's charities' fundraising practices by examining individual IPCs' annual reports and financial statements.

In general, both 26 IPCs in the Health sector and 100 IPCs in the Social and Welfare sector provided limited disclosure on their fundraising manpower, methods and donor acknowledgement in their annual reports and financial statements. The poor disclosure pattern was consistent throughout the three financial years (FY2012, FY2013 and FY2014). For more information, see the disclosure table tabulated in the Table 9 below. Given the lack of disclosure, the results presented may not necessarily reflect the actual fundraising practices.

Table 9: Poor Disclosure of Information on Fundraising Practices (FY2014)

Disclosure of Fundraising Practices in 126 IPCs from Health, Social and Welfare Sectors (FY2014 only)	IPCs in Health Sector (n=26)	IPCs in Social and Welfare Sector (n=100)
Disclosure of Fundraising Manpower		
Have Fundraising Committee	20	45
Volunteers are involved in fundraising	11	61
Have full-time fundraising staff	9	34
Used Third Party Fundraising Agency	5	3
Disclosure of Fundraising Methods		
Fundraising Events	23	60
Flag Day	7	19
Personal Appeals	6	11
Direct Mailers	4	15
Regular Giving Programmes	6	12
Online Donations	6	20
Disclosure of Donor Acknowledgement		
Individual Donors	14	55
Corporate Donors	13	61
Corporate Sponsorship	10	24
Corporate Adoption	3	7

Notes:
Third Party Fundraising Agency refers to any person or organisation that solicits or procures money or property for the benefit of a charity or IPC. It excludes service providers who are paid a fixed fee in return for services rendered in the fundraising event, such as event companies (Charity Portal, 2016a). Corporate sponsorship is where corporations pay for some of the costs that charities incurred during their operations. Corporate adoption refers to corporations adopting the charities.

Limited Disclosure of Fundraising Efficiency Ratio

Fundraising efficiency ratio could be useful information to donor and the public. Voluntary disclosure of charities' fundraising efficiency ratio in their annual reports and/or financial statements should be encouraged, as it reflects the charities' commitment to be more effective, transparent and accountable to their stakeholders. However, the disclosure of this item was very limited. Only four IPCs in the Health sector (15 per cent) and seven IPCs in the Social and Welfare sector (7 per cent) provided voluntary disclosure of their fundraising efficiency ratio.

5.2 Limitations

Sample is limited to 126 IPCs in Health and Social & Welfare Sectors

This study was based on a sample of 126 IPCs in Health, Social and Welfare sectors from FY2012 to FY2014. It represented only a small segment of IPCs of the whole charity sector. The findings were reflective of this group of charities over this period. It may not explain the fundraising practices of smaller charities, charities without IPC status, or charities in other sectors.

Findings are Limited by the Availability of Public Information and Quality of Disclosure by IPCs

The sample size for the research was dependent on the availability of public information provided by IPCs. In this case, there was a constraint in the sample as only 126 IPCs had complete data for the three-year period (FY2012 to FY2014).

The Code, which provides guidance on good governance and transparency, is not mandatory. Disclosure of information is up to the discretion of the board and senior management of the IPCs. Given the lack of disclosure in the annual reports and financial statements, the quality of the data collected could be poor, thereby affecting the overall findings.

5.3 Future Research

Survey Research on Fundraising Manpower and Methods

The exploratory study provided a snapshot of the fundraising landscape of charities in Singapore and could serve as a good starting point for future research on charities' fundraising practices. Future research involving survey method on charities' fundraising manpower and methods may yield better insights.

Fundraising Practices for Other Groups of Charities

Registered charities in Singapore are categorised by sector, size as defined by annual receipts, and IPC status. Besides charities in the Health, Social and Welfare sectors, there are other registered charities in the Arts and Heritage, Community, Education, Sports, Religious and Others sectors. The bulk of the registered charities are relatively small in size (50.1 per cent) with annual receipts below SGD 250,000. Moreover, there are only 28.5 per cent (633 out of 2,217) of the registered charities have IPCs status (Commissioner of Charities, 2016).

Future research could be directed at fundraising practices for other groups of charities. It would be useful if there were research studies that look into fundraising issues and practices for charities without IPC status, the different charity sectors and charity sizes. Possible research questions may include: What are the different constraints faced by different groups of charities in their fundraising operations? Does IPC's ability to issue tax deductible receipt affect donor behaviour and the charities' fundraising practices?

Research on Online Fundraising

Online donation as a fundraising method was observed to be gaining popularity. More research on online giving is needed. Possible research questions may include: Who donates through online platforms? How can charities reach out to this group of donors? What are the risks of online fundraising? Can small charities benefit from online fundraising, if so, how?

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Section 3.
FOCUS GROUP DISCUSSION ON FUNDRAISING

This section covers the following topics:

1. Research Objective

2. Research Sample and Methodology
    2.1 Research Sample
    2.2 Focus Group Method
    2.3 Data Collection, Coding and Analysis

3. Research Results
    3.1 Fundraising Manpower
    3.2 Fundraising Methods
    3.3 Donor Engagement
    3.4 Fundraising Accountability, Compliance and Disclosure
    3.5 Fundraising Challenges

4. Discussions, Limitations and Future Research
    4.1 Discussions
    4.2 Limitations
    4.3 Future Research

1. RESEARCH OBJECTIVE

The research objective of this qualitative study is to find out IPCs' fundraising practices in terms of fundraising manpower, fundraising methods, donor engagement, fundraising compliance and disclosure, and fundraising challenges. Five focus group discussions were carried out with participants from 34 IPCs from the Health, Social and Welfare sectors, following approval from the NUS Institutional Review Board (NUS-IRB Reference: A-16-102) for the research proposal. These participants are IPCs' board members and senior management involved in fundraising for their charities. They shared their experiences, insights and perspectives on fundraising for charities during the discussions. The focus group study complements the quantitative study on disclosure relating to charities' fundraising practices.

2. RESEARCH SAMPLE AND METHODOLOGY

2.1 Research Sample

The sample for this focus group discussion was drawn from the 126 IPCs used in the quantitative research study comprising of 26 from the Health sector and 100 from the Social and Welfare sector. For the purposes of the focus group study, the 126 IPCs were classified, based on their total operating expenditures (TOE)[16], as follows:

- Small IPCs are those with TOE size of below SGD 1 million;
- Medium IPCs are those with TOE size of between SGD 1 million and SGD 5 million; and
- Large IPCs are those with TOE size of above SGD 5 million

Table 10 shows the distribution of the sample by sector across TOE size.

Table 10: Distribution of Sample into Small, Medium and Large Charities

Size by TOE / Number of IPCs	Health IPCs (n=26)			Social and Welfare IPCs (n=100)		
	FY2012	FY2013	FY2014	FY2012	FY2013	FY2014
Small (TOE Size smaller than SGD 1 million)	3	3	3	37	34	30
Medium (TOE Size from SGD 1 million to 5 million)	11	10	8	42	42	45
Large (TOE Size larger than SGD 5 million)	12	13	15	21	24	25

Notes:
TOE refers to Total Operating Expenditure. The IPCs can be categorized based on TOE size, ranging from SGD 0 - 250k, SGD 250k - 500k, SGD 500k - 1m, SGD 1m - 5m, SGD 5m - 10m, and SGD 10m and above (Sim, Ghoh, Loh & Chiu, 2015).

The five focus groups were formed based on their sector and TOEs size distribution, as shown in Table 11. For the Social and Welfare sector, three groups were formed, one to represent each size categories. However, as there are only 26 IPCs in the Health sector, it was feasible to have only two focus groups. One to represent the small and medium IPCs in the Health sector (TOE size of below SGD 5 million), and the other to represent the large IPCs in the Health sector (TOE size of above SGD 5 million).

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[16]   This study adopts the same classification of IPCs based on their annual TOE sizes as the earlier study, 'The Social Service Sector in Singapore: An Exploratory Study on the Financial Characteristics of Institutions of a Public Character (IPCs) in the Social Service Sector' (Sim, Ghoh, Loh & Chiu, 2015). The 126 IPCs has been categorised by TOE sizes in Singapore Dollars (SGD), "0 – 250k", "250k – 500k", "500k – 1m", "1m – 5m", "5m – 10m" and ">10m".

Table 11: Classification of the Five Focus Groups

Size by TOE	Sector	Group Name
Small and Medium	Health	Focus Group A
Large	Health	Focus Group B
Small	Social and Welfare	Focus Group C
Medium	Social and Welfare	Focus Group D
Large	Social and Welfare	Focus Group E

Notes:
'Small' refers to TOE < SGD 1 million. 'Medium' refers to SGD 1 million < TOE < SGD 5 million . 'Large' refers to TOE > SGD 5 million. 'Small and Medium' refers to TOE < SGD 5 million.

2.2 Focus Group Method

Focus Group Participants

A total of 34 participants took part in the focus group discussions. Table 12 gives a breakdown of the participants' designations in their organisations. All participants are involved in fundraising operations. This maintained a degree of participant homogeneity and ensured that the participants were equipped with active, meaningful, and encompassing insights which in turn facilitated meaningful discussion in the focus group proper (Elliot & Associates, 2005; Krueger & Casey, 2002; Powell & Single, 1996).

Table 12: Breakdown of Focus Group Participants

Type of IPCs	Sample Size	No. of Focus Group Participant	Participant's Designation			
			ED/CEO/ Managers	Chairperson of Fundraising Committee	Fundraising Staff	Others
Focus Group A (Health; Small and Medium)	11	6	5	0	1	0
Focus Group B (Health; Large)	15	7	5	0	2	0
Focus Group C (Social and Welfare; Small)	30	6	3	3	0	0
Focus Group D (Social and Welfare; Medium)	45	9	7	0	0	2
Focus Group E (Social Welfare; Large)	25	6	6	0	0	0
Total	126	34	26	3	3	2

Notes:
'ED' refers to Executive Director. 'CEO' refers to Chief Executive Officer. 'Others' refers to other designations include being a Team Leader or Executive. For Focus Group A, which is made up of small and medium IPCs from the Health sector (TOE size below SGD 5 million), six out of the 11 IPCs in the sample signed up for the focus group. Five senior management staff and one fundraising staff participated in the focus group discussion. For Focus Group B, which is made up of large IPCs from the Health sector (TOE size above SGD 5 million), seven out of the 15 IPCs in the sample signed up for the focus group. Five senior management staff and two fundraising staff participated in the focus group discussion. For Focus Group C, which is made up of small IPCs from the Social and Welfare sector (TOE size below SGD 1 million), six out of the 30 IPCs in the sample signed up for the focus group. Three senior management staff and three chairpersons of fundraising committee participated in the focus group discussion. For Focus Group D, which is made up of medium IPCs from the Social and Welfare sector (TOE size between SGD 1 million and SGD 5 million), nine out of the 45 IPCs in the sample signed up for the focus group. Seven senior management staff and two centre administrators participated in the focus group discussion. For Focus Group E, which is made up of large IPCs from the Social and Welfare sector (TOE size above SGD 5 million), six out of the 25 IPCs in the sample signed up for the focus group. Six senior management staff participated in the focus group discussion.

Conducting the Focus Groups

The five focus group discussions were held over three days, with a maximum of two groups per day. The venue for the discussions was at the Bone Marrow Donor Programme (BNDP) at Novena Specialist Centre, a convenient central location with easy access by public transport.

The sitting arrangements for participants and moderators are also important consideration when conducting focus group discussions. For this study, participants were seated around the table in a rectangular fashion. Nameplate (which shows the name of the participant and the respective IPC) was used for identification. This table setting provided a basis for building greater rapport amongst the participants. It also provided a sense of security for the more reserved members in the group, and helped to establish personal space for participants to feel more comfortable (Stewart & Shamdasani, 2014).

The moderator, situated at the front of the room, was primarily responsible for the facilitation of open and uninhibited dialogue among the participants (Powell & Single, 1996). The moderator is a veteran fundraiser in the charity sector with vast experience in conducting focus group discussions. This lends legitimacy to the study and facilitated the lively discussions for all five groups. The focus group was semi-structured. The moderator had the autonomy to facilitate the discussions, using only a list of questions to prompt the participants.

Five note takers were present during the discussions to observe and take notes. Observations were both verbal and nonverbal, including but not limited to gestures, tone, consensus, themes, and identification information (Stewart & Shamdasani, 2014). To minimise disturbance, they were seated at non-intrusive locations around the room (Krueger & Casey, 2002).

The maximum duration of each focus group was limited at 90 minutes, with a 10-minute refreshment break in the middle. The break served as an opportunity for the moderator to get to know the participants better, especially the more reserved members in the group, to elicit better discussion in the second half of the discussion. In the event that the focus group discussions exceeded the maximum duration of 90 minutes, the moderator sought the participants' consent before continuing.

2.3 Data Collection, Coding and Analysis

Data Collection

The focus group study involved three stages:

Stage 1: Pilot Test
Four IPCs from the Social and Welfare sector across the three TOE size categories were involved in the pilot test. Information gathered from the session was subsequently used to improve the questionnaire. The session also provided useful tips for the moderator when conducting the main focus group discussions.

Stage 2: Questionnaires
Questionnaires were sent to the 34 participants two weeks before the focus group meetings, to prepare them for the focus group discussions. The questionnaires cover various aspect of IPCs' fundraising operation such as fundraising manpower, fundraising methods, donor engagement, fundraising compliance and disclosure, and fundraising challenges. Data from the questionnaires were tabulated and presented to the participants during the discussions for further dialogue.

Stage 3: Focus Group Discussions
Five focus group discussions were conducted. Notes were scripted and the content coded for analysis.

Data Coding and Analysis

Note-based analysis was applied (Onwuegbuzie, Dickinson, Leech & Zoran, 2009). The note takers recorded discussions from the groups and the notes were used for analysis. The transcribed notes captured the essence of the discussions, which included consensus, proxemics, chronemic, kinesics and paralinguistic information (Onwuegbuzie, Dickinson, Leech & Zoran, 2009). The notes were captured in a systematic way; a hierarchical classification was applied. Each focus groups had their own sets of notes recorded. Within each of these focus groups' notes, the recording of notes were classified according to the questions asked by the moderator under a particular theme, and further divided into each individual's response in temporal-sequential order (Elliot & Associates, 2005). Using the framework of exploratory focus group discussion (Fern, 2001), the notes recorded provided insights on some of the needs, expectations and challenges faced by the IPCs in the fundraising process.
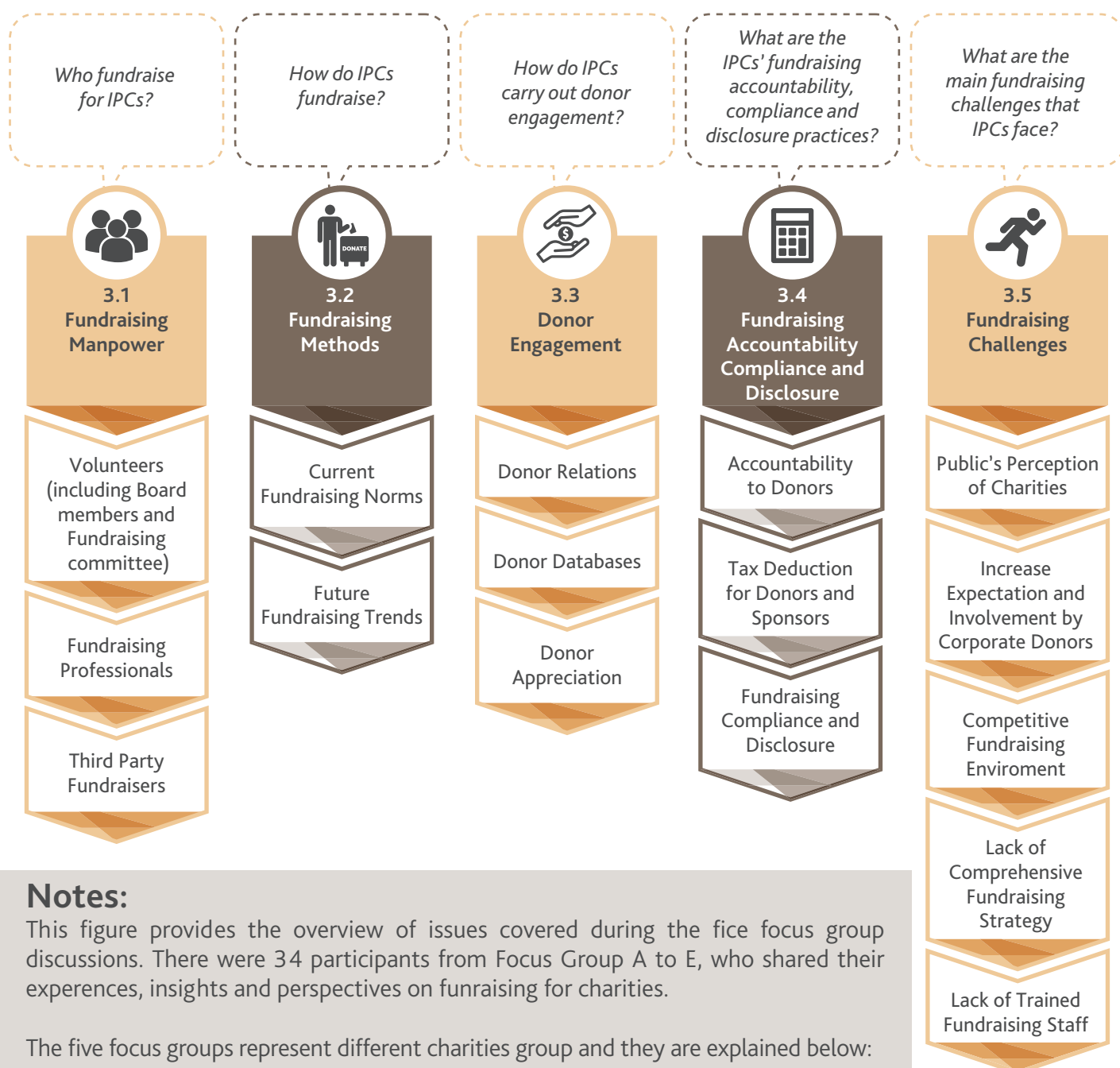
A mixed-method content analysis was used for this qualitative research study. It is a combination of constant comparison analysis and classical content analysis to examine the transcripts (Onwuegbuzie, Dickinson, Leech & Zoran, 2009). The constant comparison analysis used in this study comprised of three stages. They are open coding, axial coding and selective coding (Strauss & Corbin, 1998). The information analysed from constant comparison coding is mixed with the information from classical content analysis, and the results obtained are presented in the next section.

3. RESEARCH RESULTS

This section presents the findings of the focus group discussions. An overview of the findings is first presented (see Figure 6), followed by findings on fundraising manpower, fundraising methods, donor engagement, fundraising compliance and disclosure, and fundraising challenges. Summary tables for major issues raised during the discussions, as well as quotations from the participants where available, are also presented for reference.

These findings are based on the participants' sharing during the focus group discussions. Hopefully, it can serve as a reference for stakeholders, to encourage further dialogue on fundraising matters to benefit charities. They do not necessarily reflect the views of the authors.

Figure 6: IPCs' Fundraising Operations - Overview of Focus Group Discussions

Who fundraise for IPCs?

How do IPCs fundraise?

How do IPCs carry out donor engagement?

What are the IPCs' fundraising accountability, compliance and disclosure practices?

What are the main fundraising challenges that IPCs face?

3.1 Fundraising Manpower

3.2 Fundraising Methods

3.3 Donor Engagement

3.4 Fundraising Accountability Compliance and Disclosure

3.5 Fundraising Challenges

3.1	3.2	3.3	3.4	3.5
Volunteers (including Board members and Fundraising committee)	Current Fundraising Norms	Donor Relations	Accountability to Donors	Public's Perception of Charities
Fundraising Professionals	Future Fundraising Trends	Donor Databases	Tax Deduction for Donors and Sponsors	Increase Expectation and Involvement by Corporate Donors
Third Party Fundraisers		Donor Appreciation	Fundraising Compliance and Disclosure	Competitive Fundraising Enviroment
				Lack of Comprehensive Fundraising Strategy
				Lack of Trained Fundraising Staff

Notes:

This figure provides the overview of issues covered during the fice focus group discussions. There were 34 participants from Focus Group A to E, who shared their experences, insights and perspectives on funraising for charities.

The five focus groups represent different charities group and they are explained below:

- **Focus Group A** represents small and medium IPCs from the Health sector (TOE size below SGD 5 million).
- **Focus Group B** represents large IPCs from the Health sector (TOE size above SGD 5 million).
- **Focus Group C** represents small IPCs from the Social & Welfare sector (TOE size below SGD 1 million).
- **Focus Group D** represents medium IPCs from the Social & Welfare sector (TOE size between SGD 1 million and SGD 5 million).
- **Focus Group E** represents large IPCs from the Social & Welfare sector (TOE size above SGD 5 million).

3.1 Fundraising Manpower

From the focus group discussions, it was found that the fundraising operations of IPCs in Health, Social and Welfare sectors are run by: (1) volunteers (including board members and fundraising committees), (2) fundraising professionals (full-time or part-time staff), and (3) third party fundraisers.

The participants also shared the following about fundraising manpower:

- Fundraising can be a labour intensive activity. Charities often lack the manpower to carry out fundraising operations. They depend on volunteers to carry out most of their fundraising activities.

- Volunteers are mobilised largely for the running of special events and flag day. However, the volunteers are not trained staff members. They have other commitments, and may lack experience and expertise to carry out fundraising activities.

- Participants expressed that it is important for the Board members to play an active role in fundraising. Board members and members of the fundraising committees bring along fundraising expertise and social networks. They provide the donor contacts, and assist in planning and implementation of fundraising activities.

- Many charities cannot afford to have a dedicated fundraising staff. Even if they have dedicated fundraising staff, their work scope will include more than just fundraising. It included other administrative work, volunteer management and public awareness of the charitable cause.

- There is a lack of professional fundraisers in the industry. The existing fundraising staff in the industry may not have professional training or certification. Furthermore, there are high turnover rates for fundraising staff.

- IPCs rarely outsource their fundraising operations to third party fundraisers. They are concerned that the third party fundraisers may tarnish their charities' reputation with over-the-top methods. Other reason includes poor terms and conditions offered by third party fundraisers.

Some issues on fundraising manpower, raised by the different groups, are presented in Table 13 and the participants' quotes are presented in Quotation 1.

Table 13: Discussion Points raised by Focus Groups A to E on Fundraising Manpower

Fundraising Manpower					
Discussion Points Raised	**Focus Group A** Small and Medium Health IPCs	**Focus Group B** Large Health IPCs	**Focus Group C** Small Social and Welfare IPCs	**Focus Group D** Medium Social and Welfare IPCs	**Focus Group E** Large Social and Welfare IPCs
Volunteers					
Youth volunteers lack training, experience and expertise					✔
Board's Role in Fundraising					
The Board plays a crucial role in fundraising	✔	✔	✔		
Fundraising Committee					
Forming fundraising committees	✔			✔	
Dedicated Fundraising Staff					
Recruiting fundraising staff		✔		✔	
Lack of experienced fundraising staff	✔	✔	✔		

Note:
The tick (✔) denoted that the particular discussion point was brought up by the respective focus groups. It meant that the issue was relevant to the specific group.

Quotation 1: Quotes on Fundraising Manpower

On fundraising manpower...

"Fundraising is crucial to all charities and VWOs, but it's not being taken seriously. Honestly, it's not really being taught nor is it something that's really being looked into. Hence, we always have a shortage of professional fundraisers in the market."

**Chia Boon Khiang,
Singapore Children's Society**

"It's not simply about having a fundraising committee, more importantly it's about who is on that committee."

**Freddie Low,
Morningstar Community Service**

"We have quite an increasing number of individuals and corporations coming forward to say that they want to raise funds or host an event for us. In a way, this could be considered third-party fundraising, but on a more community level."

**Albert Ching,
Singapore Cancer Society**

Note:
Focus group participants have given their consents and permissions to publish their names, organisations, and quotes in the report.

3.2 Fundraising Methods

Participants from both the sectors shared that Special Events and Flag Day are currently popular fundraising methods, and Online Fundraising will be the future norm. Details about their discussions on fundraising methods are as follows:

- Special Events are popular but they may not be effective as they are costly to host and require extensive manpower. On the other hand, Special Events such as niche and mass Special Events can help to raise awareness of the charities and their charitable causes.

- Some charities are more successful than others in raising funds through signature or niche Special Events, such as Gala Dinners and Golf Tournaments. For example, AWARE's ALAMAK! Awards and Children's Cancer Foundation's Hair for Hope. There seems to be a saturation of niche events with too many special events by different charities, resulting in donor fatigue.

- Another popular fundraising activity is mass events such as Walkathons and Marathons. They may not be cost effective as they require extensive planning and involve complicated logistics.

- Flag Day are still heavily utilised. Observations about Flag Day: (1) More Flag Day organised by charities in the Health sector than those in the Social and Welfare sector; (2) More dollar notes collected, compared to coins; (3) Better collections during festive seasons; and (4) More donations collected in the heartlands, compared to Central Business District (CBD) areas.

- Many believe that Flag Day are outdated and losing effectiveness. However, charities continue to organise Flag Day because they believe it is a good outreach platform.

- Some participants highlighted that Legacy Giving[17] can be a potential source of income for charities. However, it is not a common fundraising method in Singapore. One participant suggested that the charities should come together to develop a system of Legacy Giving for donors.

- Charities are utilising the Internet to raise awareness of their charities and charitable causes, through emails, online portals, online newsletters, social media and websites. They are embracing online fundraising methods, such as Online Donation and Crowdsourcing.

- Participants observed that: (1) Donors are more tech-savvy; (2) Online fundraising operates at minimal cost and requires less logistics; (3) Although Online Donation may not a major source of income, it is a passive side income; and (4) Larger IPCs seem more ready to embrace online fundraising methods, while smaller IPCs lack the resources.

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[17] "A legacy gift is a planned future donation to a charity, given through a will or other form of designation." (Casey House Foundation, 2016)

Some issues on fundraising methods, raised by Focus Groups A to E are presented in Table 14.

Table 14: Discussion Points raised by Focus Groups A to E on Fundraising Methods

Fundraising Methods					
Discussion Points Raised	**Focus Group A** Small and Medium Health IPCs	**Focus Group B** Large Health IPCs	**Focus Group C** Small Social and Welfare IPCs	**Focus Group D** Medium Social and Welfare IPCs	**Focus Group E** Large Social and Welfare IPCs
Corporate Donations					
IPCs are dependent on corporate donations	✔	✔		✔	✔
Specific Fundraising Methods					
Decreasing use of Direct Mailers	✔		✔		✔
Flag Day is regarded as ineffective			✔	✔	✔
IPCs organise special niche events	✔	✔	✔	✔	
Legacy Giving as a potential fundraising source		✔			
Engagement of Third Party fundraisers		✔			
Online fundraising is regarded as effective					✔
Fundraising Trends					
A rise in donations in 2015 due to SG50	✔	✔			

Note:
The tick (✔) denoted that the particular discussion point was brought up by the respective focus groups. It meant that the issue was relevant to the specific group.

3.3 Donor Engagement

Donor engagement is an important part of the charities' fundraising operations. Charities normally engage their donors in more than one way. They provide donors with updates and show their appreciations. The participants shared their experiences and insights on donor relations, management of donor databases, and donor appreciation. Details are presented as below:

- Different charities manage donor relations differently. The larger and more established IPCs indicated that they do not need to spend extra effort to educate their donors about their charities. Instead, they are concerned about maintaining their charities' images, given the recent charity scandals. On the other hand, smaller IPCs struggle to raise public awareness of their charities. They put priority in building personal relationships, especially with high net worth individuals (HNWI) and corporations.

- To serve and attract donors, charities need to understand donors' motivation, i.e. what drives the donors' decisions to support the charities. Not all IPCs keep donors' records or maintain donor databases. Some use customer relationship management (CRM) software to maintain their donor databases. However, these IPCs faced many challenges as they lack the resources and expertise to manage the system. Only a couple of IPCs track donor attrition rate.

- The most common method of donor appreciation is the acknowledgement of donors in the charities' annual reports. However, some donors may wish to remain anonymous and IPCs will need to respect their decisions. Other common methods of donor appreciation include: (1) Regular thank-you - through cards, emails and social media; (2) Opportunity for donors to interact with beneficiaries where appropriate; (3) Invitations to charities' events or functions; (4) Presentation awards or tokens of appreciation to donors; and (5) Donor appreciation events.

Some issues on donor engagement, raised by the different groups, are presented in Table 15 and the participants' quotes are presented in Quotation 2.

Table 15: Discussion Points raised by Focus Groups A to E on Donor Engagement

Donor Engagement					
Discussion Points Raised	**Focus Group A** Small and Medium Health IPCs	**Focus Group B** Large Health IPCs	**Focus Group C** Small Social and Welfare IPCs	**Focus Group D** Medium Social and Welfare IPCs	**Focus Group E** Large Social and Welfare IPCs
Donor Relations					
Charities' reputation is an important factor that influence donors' decision to donate					✔
Importance of staff-donor relationships	✔			✔	
Donor Database Management					
IPCs using CRM software		✔		✔	
IPCs keen in using CRM software	✔				
CRM software must be user-friendly		✔			✔
Donor Appreciation					
A range of donor engagement methods used	✔	✔	✔	✔	✔
Personalised engagement methods for different group of donors		✔	✔		✔

Note:
The tick (✔) denoted that the particular discussion point was brought up by the respective focus groups. It meant that the issue was relevant to the specific group.

Quotation 2: Quotes on Donor Engagement

On donor engagement…

"Staff, time, and resources are needed to effectively carry out donor engagement. You also need a very robust database to manage your data."

**Albert Ching,
Singapore Cancer Society**

"The buzzword is 'personalise': different donors like to be engaged in different ways. As a charity, we also practise customer service. This helps us better understand the different types of donors and what they like."

**Chia Boon Khiang,
Singapore Children's Society**

"From the past few years, we found that donors donate more with increased donor engagement. This includes visits to the home, spending time with the beneficiaries…it's mutually beneficial."

**Jeffrey Yang,
Lion's Community Service Foundation (Lions Home for the Elderly)**

Note:
Focus group participants have given their consents and permissions to publish their names, organisations, and quotes in the report.

3.4 Fundraising Accountability, Compliance and Disclosure

Accountability is crucial in developing public trust in the charity sector (Sloan, 2008). Charities are accountable to donors for the donation, fundraising income and sponsorship income received. They need to comply with the mandatory disclosure requirements and meet voluntary disclosure guidelines set for charities (see Table 3 in Section 1 for details). For those involved in fundraising operations, they need to fulfil the requirements set out in the Charities (Fund-Raising Appeals for Local and Foreign Charitable Purposes) Regulations 2012.

During the discussions, the participants also shared about their charities' experiences on accountability to donors, issues on tax deduction for donors and sponsors, and fundraising compliance and disclosure, as follows:

- In general, IPCs show accountability by providing updates of the IPCs' operations through: (1) Annual reports; (2) Newsletters; (3) Social media; and (4) Websites.

- There is general agreement amongst the IPCs that donors want to know how their contributions have help the beneficiaries. Some donors even request for reports. However, the measuring and reporting of social impacts is difficult.

- Many participants expressed that they encountered difficulties in explaining about tax deductible donations to the donors and sponsors, in particular, in relation to the differences between donations, proceeds from fundraising activities, sponsorship and donation in-kind. For example, if an IPC organises a fundraising event, such as a Gala Dinner, the price of the ticket normally comprises of two components - the cost of the event and a donation. Donors can only be given tax exemption for their donation component of the Gala Dinner. This is because donation cannot contain any element of exchange in any form.

- Many explained the difficulties they often faced in classifying incomes received from donations, fundraising activities, and sponsorships. For example, after a successful fundraising event, a charity may continue to receive funds from individuals or corporations because of the publicity received. The charities are often unsure whether to classify such receipts as donations or as fundraising income.

- Participants also expressed the importance of the fundraising expenses[18] guideline (commonly known as 30/70 Rule). It helps fundraisers to stay vigilant in keeping their fundraising expenses below 30 per cent, so that at least 70 per cent of the funds raised go to the beneficiaries.

- The cost of compliance has been increasing, given the mandatory disclosure requirements and voluntary disclosure guidelines that IPCs are required to fulfil. IPCs expressed that they have to pay higher audit costs. They often do not have trained personnel who understands charities' compliance and disclosure requirements set by the regulators.

- Most participants expressed difficulties using the Charity Portal for annual submission of their Governance Evaluation Checklist (GEC), annual reports and statements of account as part of compliance requirements. The portal's sluggish processing and loading speed is the main concern.

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[18] Charities (Fund-Raising Appeals for Local and Foreign Charitable Purposes) Regulations 2012 states that the total fund-raising expenses of a charity for the financial year ending on or after 1st April 2008, and for every subsequent financial year, shall not exceed 30% of the total receipts from fundraising and sponsorships for that financial year

Some issues on fundraising accountability, compliance and disclosure, raised by the focus groups are presented in Table 16.

Table 16: Discussion Points raised by Focus Groups A to E on Fundraising Accountability, Compliance and Disclosure

Fundraising Accountability, Compliance and Disclosure					
Discussion Points Raised	**Focus Group A** Small & Medium Health IPCs	**Focus Group B** Large Health IPCs	**Focus Group C** Small Social & Welfare IPCs	**Focus Group D** Medium Social & Welfare IPCs	**Focus Group E** Large Social & Welfare IPCs
Auditors, Income Classification & Tax Deduction, and Reserves Policy					
Incomes from donation, fundraising activities and sponsorship are not always mutually exclusive, making categorization difficult.	✔				
IPCs perceived that there are grey areas in tax deductibility.	✔				
For greater clarity, there should be more detailed guidelines for reserves policy.					✔
IPCs are supportive on disclosing their reserves policy in their annual reports			✔		
IPCs faced challenges when they change auditors. This is because different auditors have differentmethods and approach to audit the financial statements.	✔		✔		
Fundraising Legislation					
Inland Revenue Authority of Singapore (IRAS), NCSS and Charity Portal provide helpful information and assistance to charities on fundraising issues		✔	✔	✔	
Fundraising Compliance and Disclosure					
Need to upgrade Charity Portal, so compliance can be more efficient and less time consuming	✔		✔	✔	

Note:
The tick (✔)denoted that the particular discussion point was brought up by the respective focus groups. It meant that the issue was relevant to the specific group.

3.5 Fundraising Challenges

Fundraising challenges is the last theme for the focus group discussions. Participants from all five focus groups shared extensively about the challenges they face in their day-to-day operations. These challenges in fundraising operations can be broadly classified into five areas: (1) Public's perception of charities, (2) Increase expectations and involvement by corporate donors, (3) Competitive fundraising environment, (4) Lack of comprehensive fundraising strategy; and (5) Lacked of trained fundraising staff. The details of the discussion are as follows:

- Some participants highlighted that there is a lack of public awareness and understanding about charities and their charitable causes. Some members of the public perceived that charities are self-sufficient and do not need donations, as they receive government funding. This makes fundraising a challenge.

- All participants observed an increase in corporate donors' involvement. These corporations are becoming more strategic in their involvement in the charity sector, to increase their corporate visibility. Corporations also encourage their staff to be involved in the corporations' fundraising and volunteering efforts. Increasingly, corporations want charities to track, measure and inform them about the social impact of their involvements.

- Corporate adoption of charities is gaining popularity. The charity sector welcomes the corporate involvement; however, there is competition amongst IPCs for corporate adoption. Many charities expressed that they are learning to manage the expectations of these corporate donors. However, not all IPCs have connections to these corporate donors, and many may not have the resources to manage their expectations.

- The participants expressed that the charities' fundraising environment is competitive, and the fundraisers compete for donors' dollars. They explained that donors prefer to give to charities serving children, elderly and needy families[19]. Hence, it is more difficult for charities serving other charitable causes to raise funds.

- Participants agreed that fundraising collaboration amongst charities is good as it can generate greater public interest. It also facilitates the transfer of expertise and knowledge between charities. However, other participants expressed that collaboration between charities can be challenging, as there may be conflict of interest between charities.

- Participants explained that charities generally do not have a comprehensive fundraising strategy. Many regard fundraising as organising of special events. However, fundraising involves more than just organising special events. It includes public education, soliciting for new donors and volunteers, planning and coordinating new fundraising events etc. Some participants expressed that their charities are over reliant on existing fundraising methods and donors, and are not doing enough to try new fundraising methods or approach new donors.

- All participants expressed that there is a need for trained fundraising staff. Professional fundraising certification will be beneficial for the charity sector. They agreed that there is a need to recruit tech savvy staff, as online fundraising is becoming a norm.

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[19] This is validated by NVPC's Corporate Giving Survey 2015, where the top three causes supported by the companies were children (44 per cent), the elderly (40 per cent) and needy families (34 per cent) in 2014 (Goy, 2016c).

Some issues on fundraising challenges, raised by the groups are presented in Table 17 and the participant's quotes are presented in Quotation 3.

Table 17: Discussion Points raised by Focus Groups A to E on Fundraising Challenges

Fundraising Challenges					
Discussion Points Raised	Focus Group A Small and Medium Health IPCs	Focus Group B Large Health IPCs	Focus Group C Small Social and Welfare IPCs	Focus Group D Medium Social and Welfare IPCs	Focus Group E Large Social and Welfare IPCs
Public's Perception of Charities					
Charity's Image – Dissemination of charities' information through mainstream media	✔				
The sector should work on educating and raising public awareness so that public fundraising can be more effective.			✔		
Increase Expectations and Involvement by Corporate Donors					
Securing corporate donations is becoming increasingly challenging since they are becoming more discerning.	✔			✔	✔
In making donation decisions, corporations are increasingly concerned with IPCs' outcomes			✔		✔
Impact factor – donors are keen to know how they have helped beneficiaries			✔		
Competitive Fundraising Environment					
Competition amongst charities for public donations		✔			
Costs of Fundraising are rising					✔
Encourage collaboration between IPCs to allow the sharing of knowledge, experience and resources					✔
Lack of Trained Fundraising Staff					
Fundraising should not be limited to fundraising staff. The entire organisation, from beneficiaries to board members, to volunteers should be involved.	✔				
Tech savvy staff should be hired to reach out to online donors	✔				

Note:
The tick (✔) denoted that the particular discussion point was brought up by the respective focus groups. It meant that the issue was relevant to the specific group.

Quotation 3: Quotes on Fundraising Challenges

On fundraising challenges…

My opinion is that corporations are becoming more discerning as they look at the return of investment for their donations."

Freddie Low, Morningstar Community Service

"There is an over-reliance on 'Hair for Hope' as a key fundraising programme. If that fails, it can become a risk."

Neo Lay Tin, Children's Cancer Foundation

"The philanthropic nature of foundations has changed. Many of the foundations now seem to be moving towards more strategic giving, and have very specific directions on how the foundation should be donating, and about KPIs."

Freddie Low, Morningstar Community Services

Notes:
Focus group participants have given their consents and permissions to publish their names, organisations, and quotes in the report.

4. DISCUSSIONS, LIMITATIONS AND FUTURE RESEARCH
4.1 Discussions

The focus group discussions covered the experiences, insights and opinions of fundraising representatives from the small, medium and large IPCs in the Health and Social and Welfare sectors. They covered topics on fundraising manpower, fundraising methods, donor engagement, fundraising compliance and disclosure, and the fundraising challenges they face. A summary of key issues for the charity sector's consideration is presented below.

Charity Sector as a Whole

Based on the focus group discussions, it seems that there is a need for public education about Singapore's charities and their role in serving the needy in society. Specifically, the public needs to understand about Singapore's Many Helping Hands (MHH) approach, which encourages community-led initiatives, rather than an over-reliance on government welfare. It is important for the public to understand that the charities need funding from numerous sources, including public donation, corporate donation, government grants, and income from fundraising activities, to sustain themselves. The public education campaign may make it easier for charities when they approach the public for donations.

The participants also noted that the fundraising environment is becoming more competitive and the cost of fundraising is increasing. Hence, public education about charities and the emphasis for public support is crucial. Hopefully, the public education campaign can encourage the public to continue their support for charities, so that the charities can continue doing good work.

Improving the Professional Standards of the Fundraising Industry

The fundraising industry is growing. There is a need for more professional fundraising management and staff. Charities can no longer depend solely on special events to raise funds. They need to develop fundraising strategy, work with corporate donors, manage donor relations, and be able to fundraise online. To do so, they need to have professionally trained fundraising staff. Many of the participants are supportive of the idea of specialised training and certification for fundraisers.

Fundraising Compliance and Disclosure for the Charity Sector

A comprehensive framework for fundraising compliance and disclosure is in place (see Table 3 in Section 1 for details). Participants provided positive feedback that they are able to find useful information from the Charity Portal (a website for charities under the COC Office), IRAS's and NCSS's websites. When they face difficulties on fundraising issues, they are able to get help from their sector administrators.

However, most participants expressed difficulties using the Charity Portal for annual submission of their annual reports, statement of accounts and Governance Evaluation Checklists (GECs) as part of compliance requirements. This should be a priority area for improvement.

Lastly, participants explained that they do not have trained personnel who understand charities' compliance and disclosure requirements set by the regulators. Hence, training on fundraising compliance and disclosure for charities' staff should be continued and emphasised.

4.2 Limitations

The qualitative focus groups research complements the quantitative research presented in Section 2 of this report. The focus group discussions by the IPCs' senior management and professional fundraisers provide insights on how fundraising are carried out by charities in Singapore. The research sample is based on only 126 charities in the Health, Social and Welfare sectors with IPC statuses from FY2012 to FY2014. Hence, the findings may not be representative of charities, whether from these two sectors or the charity sector as a whole.

Further, there are inherent limitations in the focus group research methods. Firstly, the sample is contingent upon the voluntary acceptance from the participants. There is possibly a fundamental difference between IPCs that consent to participating in the study and those that reject or ignore the invitations (Stewart, Shamdasani & Rook, 2007). For example, the IPCs that accepted the invitation to the focus group discussions may have better track record at fundraising than those who rejected. This could skew the qualitative results.

Secondly, the participants' discussions may be biased, due to selective memory, telescoping, attribution and exaggeration ("Limitations of the Study", 2016). The participants' responses may be also influenced by the social settings, as there is an inclination for one to self-censor certain opinions in order to be socially accepted (Smithson, 2000). In this case, the focus group participants may avoid mentioning negative aspects of their IPCs' fundraising operations.

4.3 Future Research

The focus group discussions provided some background in understanding the fundraising operations of charities in Singapore. This is the first step. More research on fundraising in Singapore should be carried out. Two specific areas for future research are: (1) The role of Board members in fundraising; and (2) What do donors want?

From the focus group discussions, it is clear that charities are dependent on their Board members and/or fundraising committee members for fundraising. In order for charities to sustain themselves, it is important for charities to understand the proper role of the Board in fundraising, how to select the right Board member and/or committee member for fundraising, and how to motivate them.

Additionally, Charities need to know what donors care about. What matters to donors? What does it mean for donors to be satisfied? Are the donors committed to future giving? Understanding the behaviour of donors should be the charities' priority.

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CONCLUSION

In Singapore, charities in the Health, Social and Welfare sectors play a crucial role in providing essential services for the poor, vulnerable and disadvantaged. They are dependent on government grants, private donations and fundraising activities to sustain their charitable operations. Income from donation and fundraising activities remains one of the most important sources of income.

Based on the COC Annual Report 2015, there has been an upward trend of tax deductible donations over the last ten years, reaching SGD 1.4 billion in 2015. However, there is limited literature on fundraising in Singapore. With this in mind, the report aims to fill the existing gap by: (1) providing an overview of Singapore's charity and fundraising landscape; (2) reporting results from a quantitative study on IPCs in the Health, Social and Welfare sectors on their disclosure of fundraising practices; and (3) reporting results from a qualitative study on IPCs in the Health, Social and Welfare sectors on their fundraising manpower, fundraising methods, donor engagement, fundraising disclosure and compliance, and fundraising challenges.

The quantitative research study was based on the annual reports and financial statements of 126 IPCs from the Health, Social and Welfare sectors from FY2012 to FY2014. The findings are summarised below:

- The findings on fundraising manpower suggest that: (1) volunteers, including fundraising committee members, play a major role in the charities' fundraising operations; (2) only some IPCs have full-time fundraising staff; and (3) the use of third party fundraising agency is not a common practice.

- The findings on fundraising methods suggest that: (1) Special Events is the most popular fundraising method used by charities; (2) Flag Day is still a popular fundraising method; (3) Personal Appeals, Direct Mailers, and Regular Giving Programmes are not commonly utilised by IPCs; and (4) Online Donation is gaining popularity.

- The findings on donor acknowledgement suggest that it is common practice for charities to acknowledge both individuals and corporations for their donations and sponsorship in the charities' annual reports.

- The findings on disclosure of fundraising efficiency ratio suggest that most IPCs do not report the ratio in their annual reports and financial statements.

The qualitative research study was based on five focus group discussions, comprising of 34 IPCs from the Health, Social and Welfare sectors. The participants presented their insights on fundraising manpower, fundraising methods, donor engagement, and funding compliance and disclosure. Specifically, the participants presented some of their charities' fundraising challenges. They include:

- The public's lack of awareness and understanding about charities and their charitable causes.

- Competitive fundraising environment with increasing costs of fundraising.

- Charities lack of comprehensive fundraising strategy.

- The need for trained fundraising staff for the charity sector.

Discussions and limitations for each of the two exploratory studies were also covered in the report. While both studies are largely exploratory, they provide some information about the fundraising practices of Singapore's charities. Hopefully, this report can be a useful reference for all stakeholders.

In conclusion, future research on fundraising could include: (1) survey research on fundraising manpower and fundraising methods; (2) fundraising practices of charities in othersectors; (3) research on online fundraising; (4) role of volunteers and board members in fundraising for charities; and (5) what motivate donors in Singapore?

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ACKNOWLEDGEMENTS

CSDA gratefully acknowledges the contributions of the Resource Committee Members, Reviewers, and CSDA Staff.

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CSDA gratefully acknowledges the contributions of multi-disciplinary interns from the National University of Singapore.

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PARTICIPANTS AND VENUE
FOR FOCUS GROUP DISCUSSIONS

CSDA gratefully acknowledges the contributions of organisations and participants who took part in the pilot test and the focus group discussions. They are:

- The National Youth Council for providing the venue for the pilot test and the Bone Marrow Donor Programme for providing the venue for the five focus group discussions.

- The four organisations' participants who took part in the focus group pilot test at National Youth Council. The 34 participants who took part in the five focus group discussions. Four focus group participants who graciously gave their consents and permissions to publish their names, organisations, and quotes in the report.

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ABOUT THIS REPORT

This report is an outcome of a three-year collaboration between the Chartered Institute of Management Accountants (CIMA) and the Centre for Social Development Asia (CSDA) at the Department of Social Work, Faculty of Arts and Social Sciences, National University of Singapore.

It seeks to examine the fundraising practices of Health, Social and Welfare IPCs in Singapore. It covers Singapore's charity and fundraising landscape, a quantitative research on the disclosure of fundraising practices and a qualitative research on fundraising manpower, fundraising methods, donor engagement, fundraising disclosure and compliance, and fundraising challenges. The findings of the quantitative research are based on 126 IPCs from FY2012 to FY2014, while the findings of the qualitative research are based on 34 IPCs, obtained from five focus groups. Discussions, limitations and future research for each of the two exploratory studies are also covered.

The report aims to uncover the key fundraising challenges faced by charities. Hopefully, it can serve as a resource for the various stakeholders in the nonprofit sector.

About CSDA

The Centre for Social Development Asia (CSDA) was launched in July 2007 by then Minister for Finance Mr Tharman Shanmugaratnam. It is under the purview of the Department of Social Work, Faculty of Arts and Social Sciences, National University of Singapore. The Centre was established in collaboration with the Centre for Social Development, George Warren Brown School of Social Work, Washington University in St Louis. The primary mission of CSDA is applied research and knowledge building to inform policies and programmes in social development, with a focus on Asia.

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