

Nonprofit Notes

Adapting to the Current Nonprofit Fundraising Landscape

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It is widely known that fundraising is integral to the financial health of many not-for-profit organizations, including some of the nation's largest and best-known charities. For many organizations, public support represents a significant and, in some cases, only source of revenue available to fund operations and mission-related expenditures. In some instances, the need for robust fundraising has an added urgency, as certain government funding is shrinking or going away entirely.

To keep their essential pipeline of contributions flowing, not-for-profits must adapt to substantive and evolving changes in the fundraising environment. Today's fundraising strategies include much more than traditional annual appeals and transactional giving. Current trends suggest that donors are more interested than ever in the impacts of their donations. As such, they expect transparent reporting and access to and engagement with, an organization's leadership. Successful fundraising techniques include donor retention, not simply one-time acquisition, and measurable impact reporting to donors.

Board members of not-for-profit organizations also play an important role in cultivating and maintaining donor networks as well as providing oversight for fundraising mechanisms and results. Boards should request information from management, such as:

- How much does it cost the organization to raise one dollar?
- How many recurring donors does the organization have?
- What is the process for donor retention?
- How much of the following year's budget is already secured through donations?
- What is the demographic of the organization's largest donors?
- What if the organization loses their largest donor and are there sufficient unrestricted funds to support operations?

Consideration by Boards and management should also be given to the impacts of economic uncertainty and reputational risk.

Several recent trends are reshaping how not-for-profit organizations fundraise. Understanding donor demographics, offering potential donors alternative methods of giving and providing creative vehicles for giving are all components of the current fundraising environment. To maximize their fundraising success, not-for-profit organizations must stay informed about these trends and be prepared to adapt their fundraising efforts accordingly.

Understanding Donor Demographics and Who is Giving

Targeting donors is one way for not-for-profits to maximize potential donations. To get this right, it is important to understand the audience most attracted to your organization's mission and values in order to find the demographic most likely to donate. Whether it's foundations, individuals, or even other public charities, knowing who to pursue can significantly improve the effectiveness of your fundraising efforts. Using AI, current data and trends, not-for-profit organizations can adjust their fundraising efforts to ensure they are reaching the most and best potential donors by tracking donor engagement and giving history.

Different Methods of Giving

Fundraisers have always strived to make the donor giving experience as simple as possible. With advancing technology, making donations has never been easier. In many cases, donors today can simply use their phone to provide credit card information to complete their donation. No need to go through the process of writing and mailing a check when a donor can just go online to make a donation with the click of a button. Mail-in fund drives are slowly starting to fade so it is important that not-for-profit organizations embrace the latest technology to enhance their fundraising success. A good example is the use of QR codes. More not-for-profit organizations are using QR codes to obtain donations. Whether in an advertisement or on the organization's website, the process of scanning a QR code and making an instant donation has proven to be a more efficient and effortless process for donors. And of course, the goal is all about making donating as easy as possible

Types of Donations

To provide a larger range of giving opportunities and to expand their donor base, not-for-profit organizations encourage and accept a variety of donated assets and widely-structured gifts. In response, donors are changing the types of donations they are giving as well. Because many not-for-profit organizations prefer to have a steady stream of donations, they are focused on establishing monthly giving plans, multi-year pledge agreements and the use of donor-advised funds. Donations that are received on a regular basis rather than once annually (or less), allows for more consistent and level budgeting.

Donor-advised funds are becoming a popular vehicle for donors to use to provide contributions to not-for-profit organizations. They require less involvement on the donor's behalf, while providing distinct tax advantages. Developments in technology over the past decade have made it easier and more efficient for donors to give in ways other than just cash. Asset-based donations like stocks, securities, real estate and even crypto continue to be popular among wealthy donors.

We Can Help

Not-for-profit organizations must continually adapt their fundraising strategies while maintaining strong governance, financial transparency and operational sustainability. PKF O'Connor Davies Not-for-Profit Services team works with organizations to strengthen financial reporting, enhance governance and oversight, evaluate operational and financial practices and navigate emerging trends that impact funding and long-term sustainability.

Contact Us

To learn more about our deep Not-for-Profit experience and how we can be of assistance to your organization, please contact your PKF O'Connor Davies client service team or:

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