



White paper

7 Trends That Will Define the Future of Nonprofits

The nonprofit world is evolving fast. Learn why efficiency and better decision-making are topping leaders' to-do lists.

Sage



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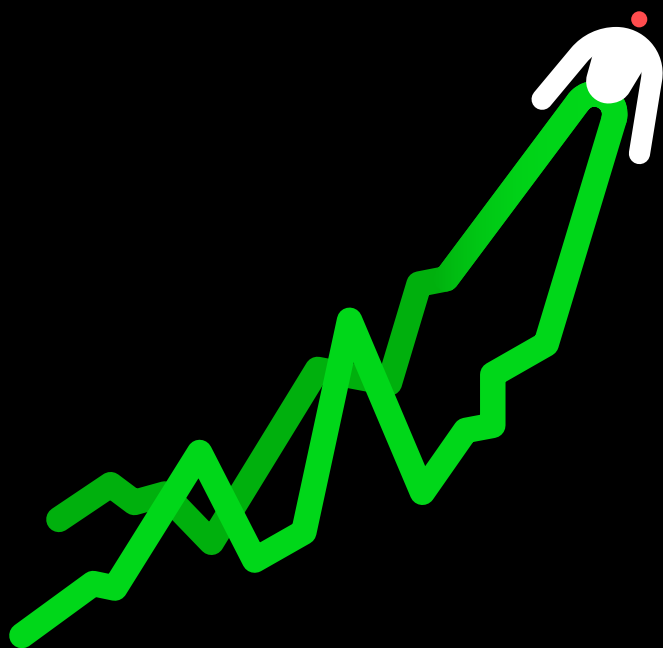
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Welcome to the era of resiliency and creativity



What will the future of nonprofits hold?

It's a question nearly every leader has faced head-on in recent years as organizations navigated an unprecedented era of disruption sparked by the pandemic. Now, nonprofits have new opportunities, new challenges, and a new perspective on the industry.

To learn which trends will have the most staying power, Sage surveyed more than 900 nonprofit leaders representing a variety of causes, from human services and education to community improvement, healthcare, and faith-based charities. Their honest answers revealed seven focus areas for nonprofits that want to ensure their financial health, improve their decision-making capabilities, and plot a course toward future success.

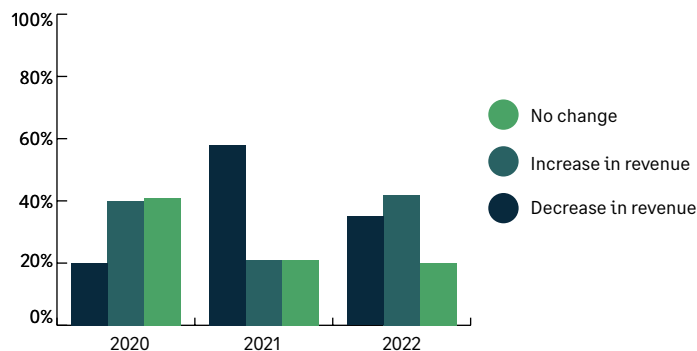
85% of survey respondents represented midsize U.S. organizations with annual revenues <\$24 million.

7 Nonprofit trends

Trend 1: Revenue and donor bases are expanding.

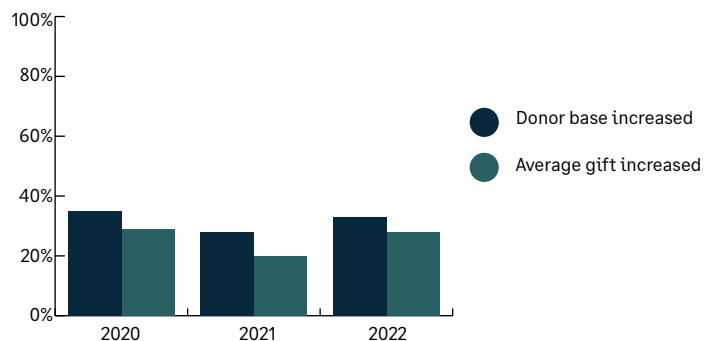
The good news: more than half (64%) of respondents said their organizations reported growing (44%) or flat (20%) revenues over the past year, a marked change from the lean times many nonprofits experienced during the heart of the pandemic. But it's not all good news: inflation is rising and the potential for a recession is looming. Revenue and donor bases are expanding now, but nonprofits should remain cautious nonetheless.

What changes have you experienced in your revenue in the past 12 months?



As revenue increases, so too does each nonprofit's donor base. Trends show that the size of donor bases are now where they were pre-pandemic, with the average gift amount also increasing steadily.

What changes have you experienced with your donor base in the last 12 months?

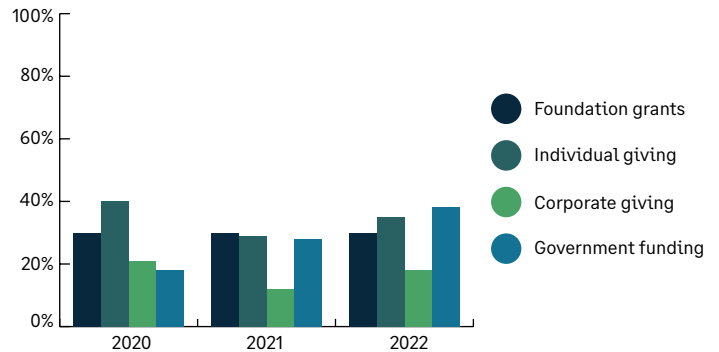


Trend 2: Individual giving is on the rise.

When it comes to funding, nonprofit leaders are also cautiously optimistic. Of the organizations that experienced an increase in funding over the last 12 months, 33% said they saw more than 25% growth.

Year-over-year trends show that government funding and individual giving are the top two funding sources over the past 12 months, with foundation grants close behind. Corporate funding, however, still needs to catch up.

In what funding areas have you seen an increase in the last 12 months?

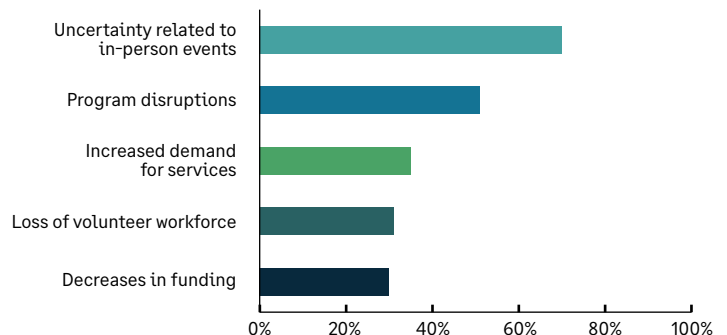


The bottom line: donation trends look promising for now — especially when it comes to individual giving — but inflation, geopolitical circumstances, and a recession could all contribute to that changing in the near future.

Trend 3: Organizational efficiency remains a serious pain point.

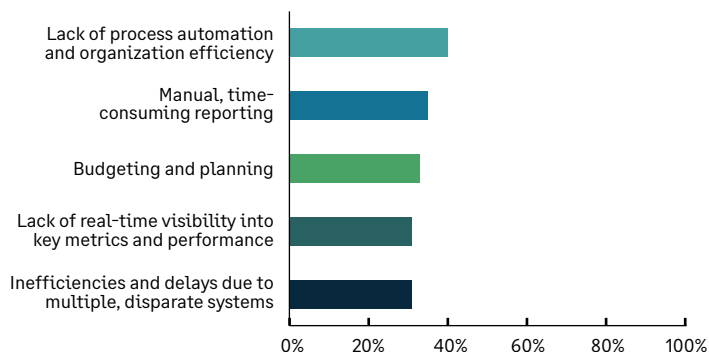
If your organization is still “doing things the way they’ve always been done,” your future growth will stall out. Leaders surveyed ranked continued uncertainty around in-person events and program disruptions as their top two external frustrations, showing that, even in a post-pandemic future, organizations will need to get creative when it comes to the types of events they host.

What are the biggest external frustrations your organization is facing today?



The biggest barrier to meeting the external challenges of creativity and resiliency, say nonprofit leaders, is a lack of innovation inside an organization. A “lack of process automation and organization efficiency” ranks as the #1 internal frustration, with leaders citing inefficient home-grown systems, workarounds, and heavy paper-based processes as especially troublesome.

The top five internal frustrations for 2022 were:

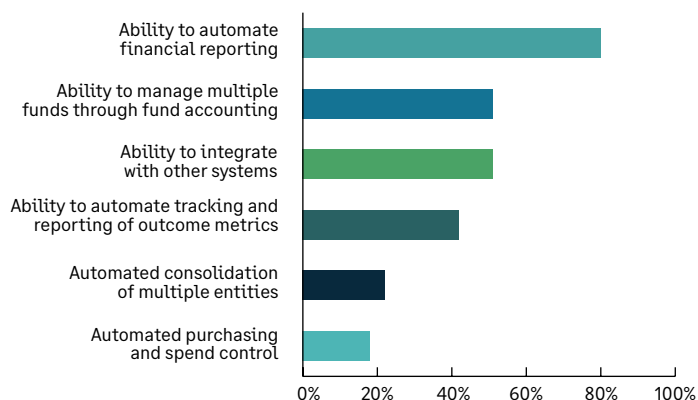


Trend 4: Frustrations mount regarding budgeting and planning.

In two prior surveys, budgeting and planning didn’t make the list of top internal frustrations. But in the most recent survey, organization leaders listed budgeting and planning as the third most common pain point. This speaks to the fact that budgeting and planning during turbulent times is more difficult than ever before. Organizations that acknowledge this fact and get the help they need to plan and forecast their growth strategies more accurately will win the day. Those that don’t may get left behind.

Many organizations are turning to technology as a way to make their reporting, budgeting, and planning capabilities more efficient. Survey respondents ranked the “ability to automate financial reporting” as the #1 priority they seek when they investigate financial management or accounting software.

When it comes to your financial management/accounting software, which of the following functionality is a priority to your organization?



Trend 5: Remote work is here to stay.

It’s clear that some pandemic-era innovations will remain for decades to come. One of those is remote work. Nearly one-quarter of survey respondents said remote work was an unexpected and positive effect of the pandemic, leading to better cost-effectiveness, higher employee productivity, and expanded opportunities to hire the best and brightest people.

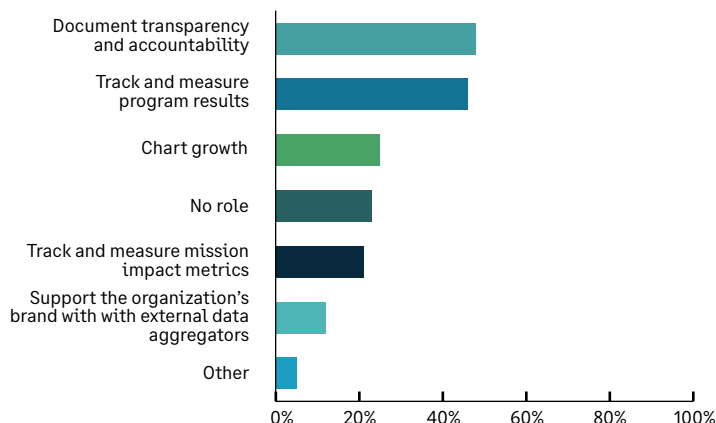
“We brought our organization into the 21st century. The realization that there is a high potential that some jobs will work remotely and can do so efficiently has been a huge plus.”

Human services nonprofit

Trend 6: Finance helps to build a more compelling mission impact story.

More than two-thirds (75%) of respondents said that their finance team is involved in telling their impact story, continuing a rising trend seen over the past few years. The steady increase of finance’s involvement shows the growing importance leaders place on tying financials to their mission impact and achievement.

What is the role of your finance team in helping to build a compelling story of mission impact?



Trend 7: Technology grows in importance.

The survey results were clear: organizations that pivoted in terms of technology were able to get more done and impact their communities on a deeper level. A prolific theme in the survey was the story of virtual — or non-traditional — programming, with respondents saying that technology helped them ease frustrations and pivot operations.

“More use of technology to reach rural communities and increase member engagement.”

Education nonprofit

“Some programs can continue to be remote, allowing us to reach more people overall.”

Human services nonprofit

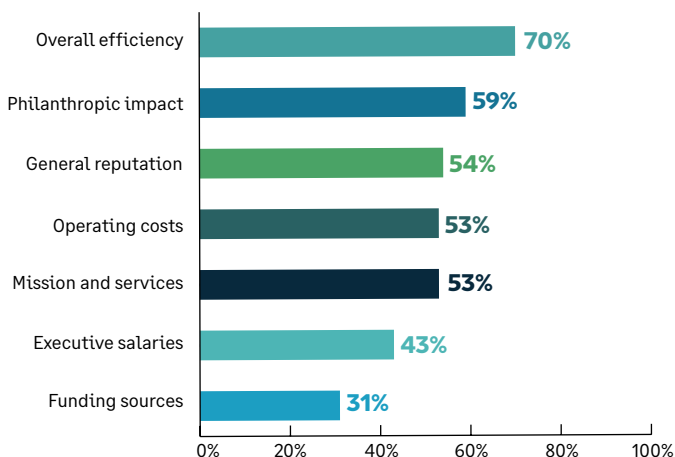
Steps nonprofits must take to future proof

While the seven trends from the survey show where nonprofits are heading, the pressure is on organizations to meet those trends head-on, strengthen their missions, and forge a clear path forward. By taking two steps, nonprofit leaders across all sectors will move closer to their ideal future state.

Step 1: Use compelling storytelling elements to engage constituents and boost donations.

Donors are choosy about where they spend their charitable dollars, and a majority of donors are conducting their research online. They care deeply about finding organizations that best reflect their personal values and priorities. They also want evidence of solid financial stewardship and strong mission impact. If they can't connect with your organization's story, they'll take their dollars elsewhere.

Before making contributions, donors consider the following factors:



Source: A Guide to Philanthropy in the U.S. 8th Edition, 2019 CCS Fundraising



Step 2: Connect financials to your mission to stand out.

Donor demand for transparency and accountability is forcing nonprofits to both produce and demonstrate successful outcomes. To meet the demand, organizations are linking their financials and mission with their outcome metrics to show funders and constituents how their organization is performing. Doing so also brings organizations plenty of benefits, including sustainable growth, greater efficiency, increased visibility, and an enhanced ability to course-correct in times of turbulence.

Whatever your organization's mission, define the metrics that best support impact and stewardship, and measure them. Giving donors transparency into metrics such as cost-per-meal-served or cost-per-reading-level-achieved will show them how their dollars connect to your organization's overall impact.

Only 21 %

of survey respondents currently track and share outcome metrics, but those that do were 82% more likely to increase corporate donations.

Take control of your nonprofit's future

Now that you have a finger on the pulse of what's trending with nonprofit organizations like yours, how can you best use that information? With the aftereffects of the pandemic just beginning to fade and new concerns already on the horizon, your organization needs to prepare for whatever lies ahead. But you don't have to figure it out by yourself.

To make the type of mission-critical, strategic decisions that determine long-term success, you need to rely on experts who can help you understand your organization's overall financial health and tie your finances directly to your mission's impact.

Outsourced accounting and advisory services can give you financial peace of mind, delivering both the expertise and the modern technology stack you need to improve efficiency, gain real-time visibility, demonstrate authenticity, and take control of your organization's future.

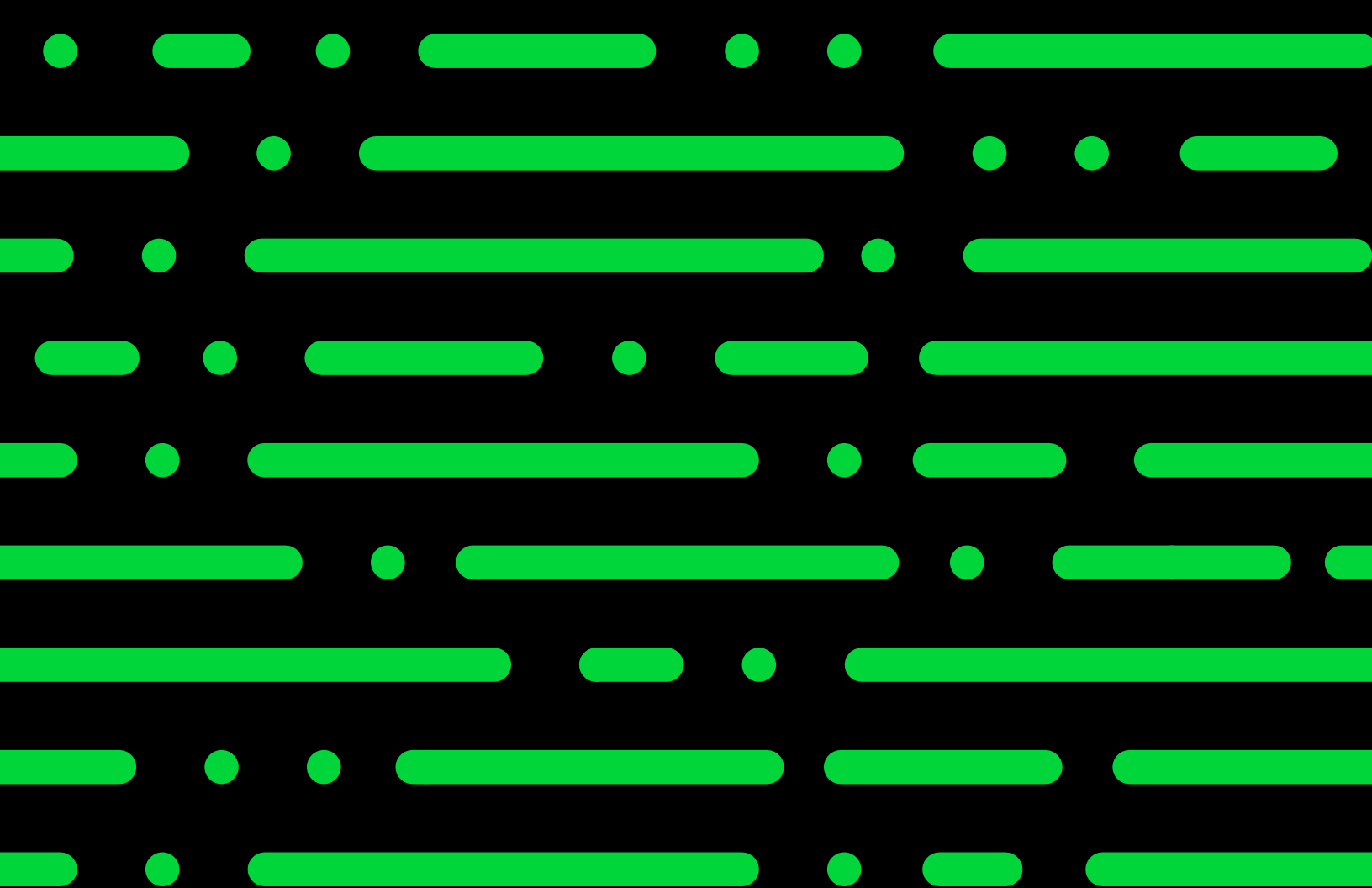
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About us

Since 1998, Kiwi Partners has been facilitating the good deeds of amazing organizations, by providing accounting, HR, and consulting services to nonprofits. In 2022, Kiwi Partners joined the Arabella Advisors family, continuing to provide expert advice and operational support to help our nonprofit clients realize bold visions and go from idea to impact. We enable clients across the philanthropic sector to tackle society's biggest challenges more efficiently, effectively, and equitably.

Is Sage Intacct the best fit for your organization? Our consulting services team can help review your accounting processes and technology to determine optimal tools and recommend best business practices for you.





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