CCS
FUNDRAISING

Table of Contents

A Window into Fundraising Practices in a Changing World

For over 75 years, CCS Fundraising has remained at the forefront of data and research to help nonprofits leverage this information to make better decisions that lead to greater impact. In the ever-evolving philanthropic landscape, we commit to understanding how nonprofits approach development and how organizations find fundraising success, no matter their starting point.

CCS is proud to present the 2nd edition of our *2023 Philanthropy Pulse Report*, providing a window into the fundraising practices of nearly 1,200 organizations based on data collected in the fall of 2022.

KEY FINDINGS FROM THE REPORT INCLUDE:

- Organizations across the board experienced fundraising revenue growth in FY21, regardless of their size or budget.

- Although 62% of organizations saw an increase in donors in FY21, only 36% of organizations reported new donor retention.

- Organizations that invested in hiring and retaining staff exhibited more fundraising revenue growth in FY21.

- DEI continues to be a driving fundraising strategy focus, as organizations that invested in DEI saw greater growth than those that did not.

2023 Philanthropy Pulse Data Collection

This report is based on data collected via an online survey commissioned by CCS Fundraising between the dates of October 12 and November 17, 2022, representing results from fiscal year 2021. All responses analyzed in this report were submitted voluntarily by 1,196 organizations.

While respondents self-identified and therefore may not accurately match the overall nonprofit sector, this sample provides a window into a wide array of nonprofit sectors, sizes, and geographic locations.

CCS extends our gratitude to Wendy Price and WHP Research, along with the CCS Data and Analytics team for their instrumental contributions in the execution and development of this report.

If you have any questions about this report or want to learn more about CCS Fundraising, please contact marketing@ccsfundraising.com.
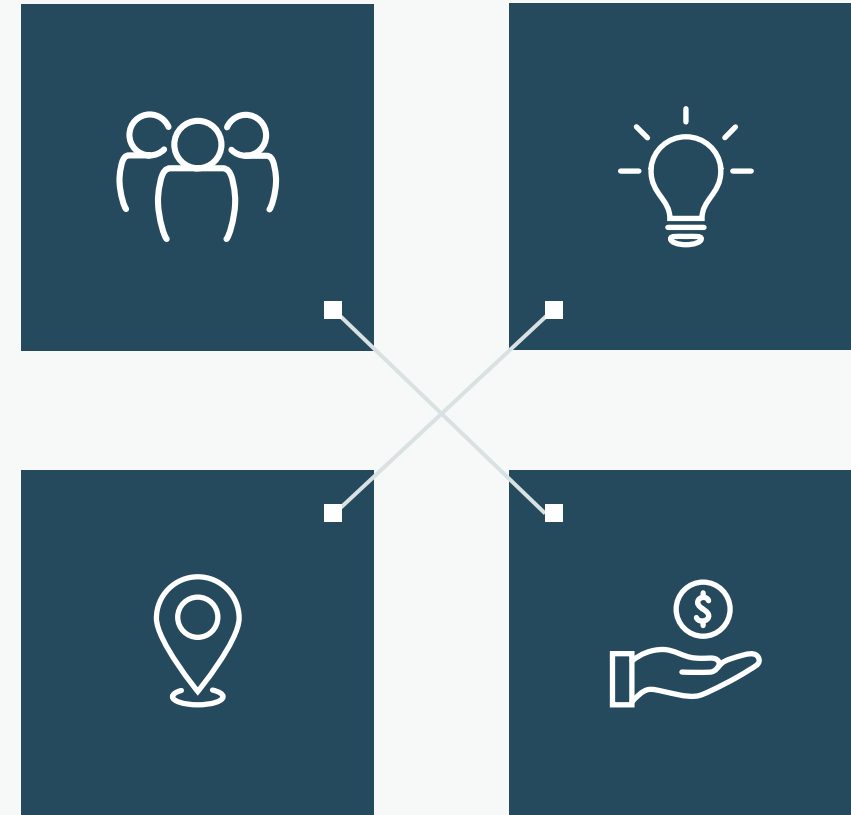
Executive Summary

- Regardless of organization size or budget, fundraising revenue grew across the board in 2021. <u>Page 09</u>

- More than 6 of 10 organizations reported having increased their new donors, though only 36% of respondents reported retaining the majority of their new donors from the previous fiscal year. <u>Page 13</u>
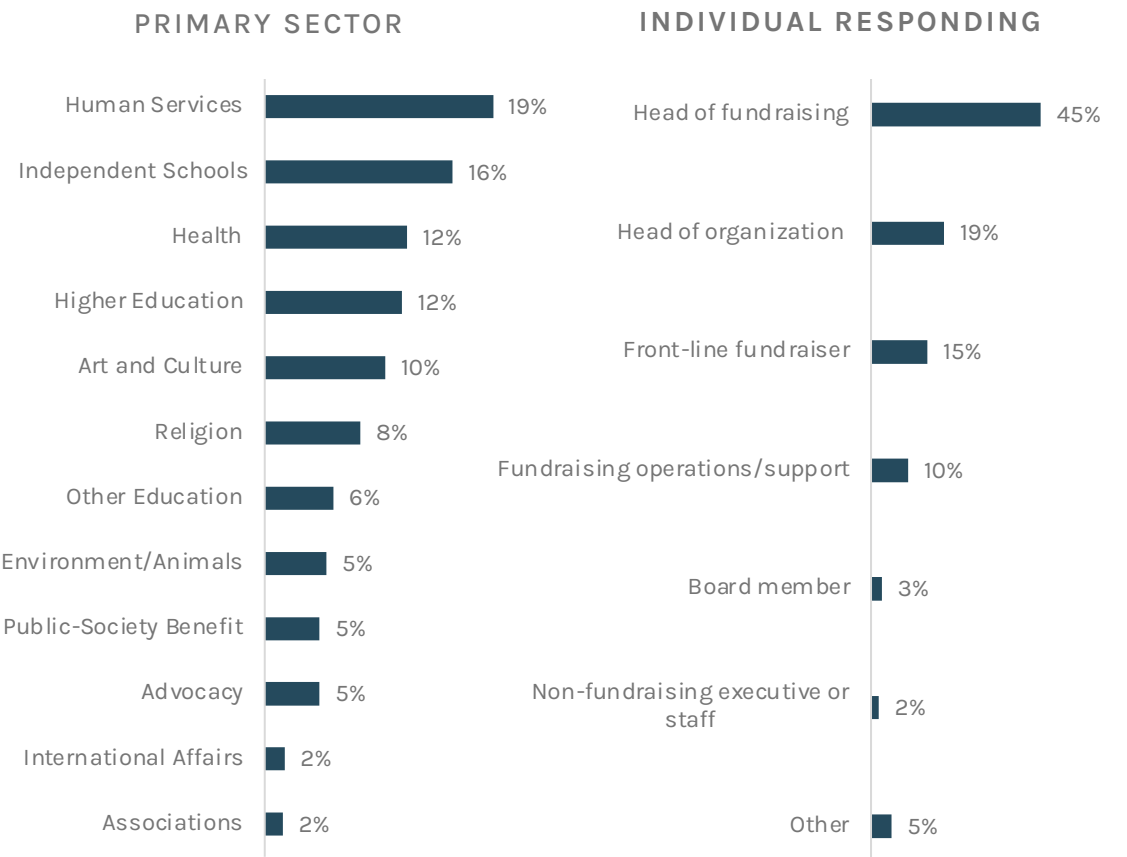
- Organizations continue to employ pandemic-era operational adjustments; however, they are shifting in priority, with social media surging to be the top focus, from 49% in 2020 to 65% in 2021. <u>Page 15</u>

- Most respondents only receive up to 20% of their contributions in the form of noncash assets, citing staff knowledge or ability to explain the noncash gifting process as the biggest challenges. <u>Page 19</u>

- Organizations that invested in hiring and retaining staff exhibited more growth. <u>Page 23</u>

- Respondents reported an increase in dissatisfaction with their organization's donor database. However, those that hired a systems consultant had increased database satisfaction and saw better fundraising results (11% more). <u>Page 27</u>

- Inconsistent, inaccurate, or incomplete data was the leading cause of 2/3 of organizations feeling unsatisfied with their donor database in 2021. <u>Page 26</u>

- While DEI conversations with donors have decreased, organizations that incorporate DEI into their fundraising strategy saw greater growth. <u>Page 30</u>

- Offering DEI training to staff and/or board members became the top tactic for organizations to meet DEI goals, with more than 50% of organizations citing it as their #1 strategy. <u>Page 31</u>

7 out of 10 survey respondents, spanning a variety of sectors and global locations, reported serving in a fundraising role.

LOCATION

- 6% Outside of U.S.
- 19% U.S. Midwest
- 20% U.S. West
- 21% U.S. South
- 34% U.S. Northeast

Legend: ■ Outside of U.S. ■ U.S. Midwest ■ U.S. West ■ U.S. South ■ U.S. Northeast

PRIMARY SECTOR

Sector	%
Human Services	19%
Independent Schools	16%
Health	12%
Higher Education	12%
Art and Culture	10%
Religion	8%
Other Education	6%
Environment/Animals	5%
Public-Society Benefit	5%
Advocacy	5%
International Affairs	2%
Associations	2%

INDIVIDUAL RESPONDING

Role	%
Head of fundraising	45%
Head of organization	19%
Front-line fundraiser	15%
Fundraising operations/support	10%
Board member	3%
Non-fundraising executive or staff	2%
Other	5%

Survey respondents included organizations of all budgets, size, and type, and most respondents (67%) reported increased revenues in FY21.

FISCAL YEAR FUNDRAISING DOLLARS RAISED

Less than $100K	9%
$100K - <$500K	11%
$500K - <$1000K	12%
$1M - <$2.5M	18%
$2.5M - <$5M	16%
$5M - <$10M	11%
$10M - <$25M	10%
$25M - <$50M	6%
$50M - <$100M	3%
$100M - <$500M	3%
$500 M or more	1%
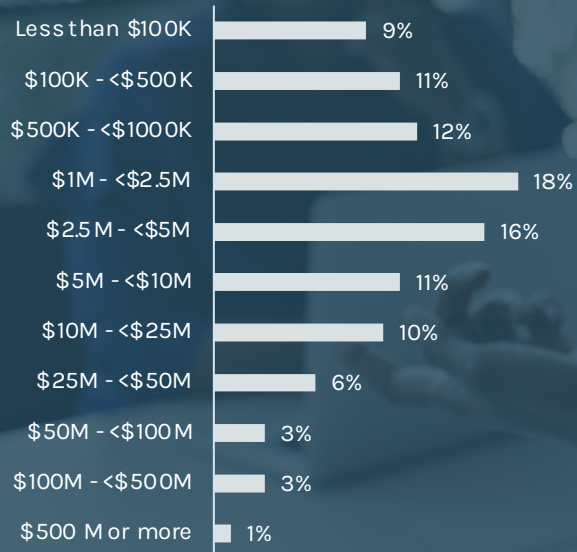
ANNUAL OPERATING BUDGET

Less than $1M	14%
$1M - <$5M	28%
$5M - <$10M	15%
$10M - <$25M	17%
$25M - <$50M	11%
$50M - <$100M	6%
$100M - <$500M	6%
$500 M or more	4%
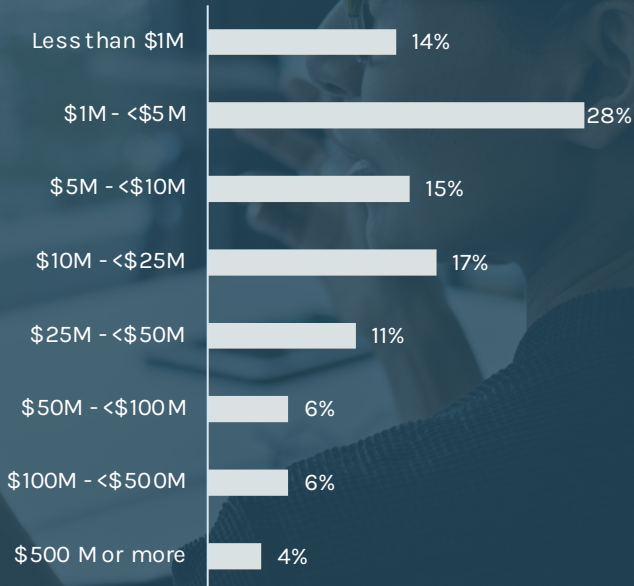
CHANGE IN REVENUE FROM PRIOR FISCAL YEAR

Significant increase: by 10% or more	26%
Modest increase: by 1% - 9.9%	41%
No change	12%
Modest decline: by 1% - 9.9%	15%
Significant decline: by 10% or more	6%
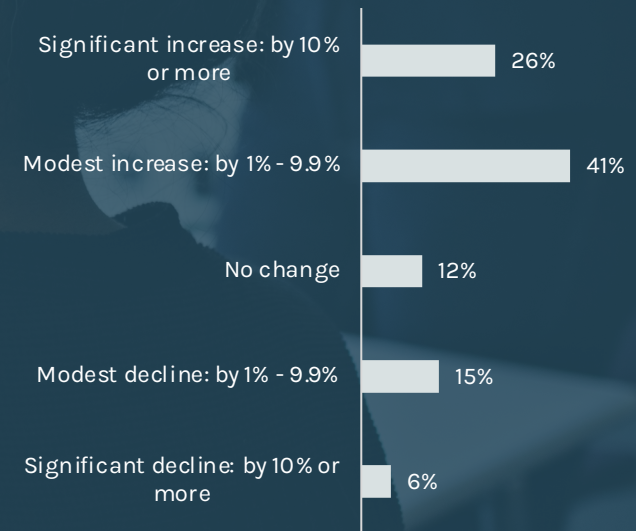
In fact, data shows regardless of an organization's size or budget, fundraising revenue grew across the board.

PERCENT OF REPSONSES BASED ON BUDGET SIZE

	$500M +	$100M to <$500M	$50M to <$100M	$25M to <$50M	$10M to <$25M	$5M to <$10M	$2.5M to <$5M	$1M to <$2.5M
Good Performers	4%	6%	9%	10%	15%	15%	26%	14%
All Others	4%	6%	5%	12%	17%	14%	28%	14%

■ Good Performers   ■ All Others
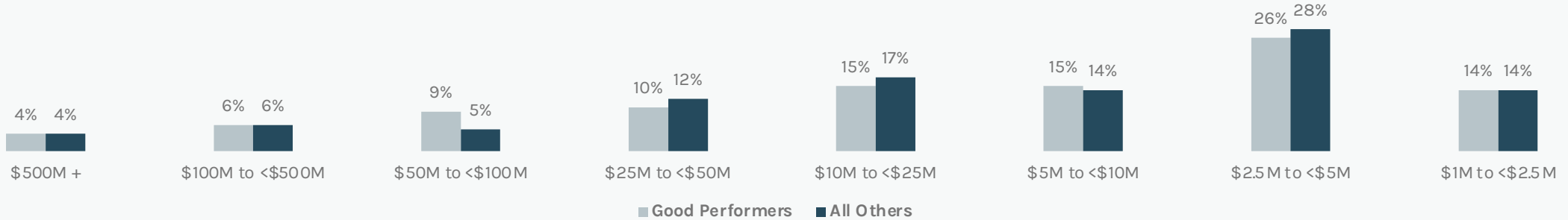
PERCENT OF RESPONSES BASED ON FISCAL YEAR REVENUE
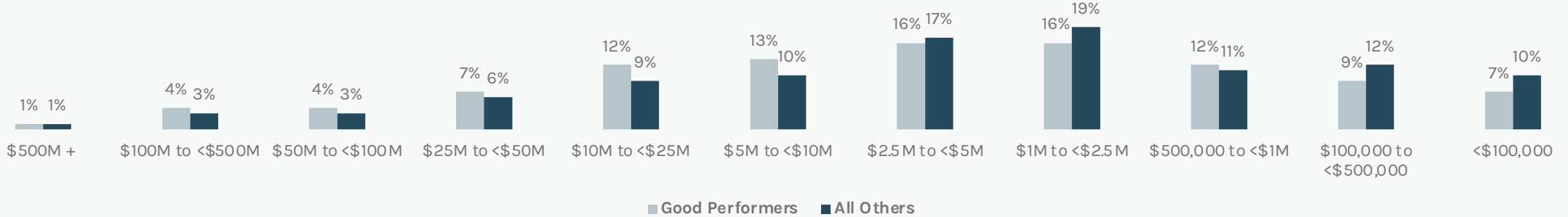
	$500M +	$100M to <$500M	$50M to <$100M	$25M to <$50M	$10M to <$25M	$5M to <$10M	$2.5M to <$5M	$1M to <$2.5M	$500,000 to <$1M	$100,000 to <$500,000	<$100,000
Good Performers	1%	4%	4%	7%	12%	13%	16%	16%	12%	9%	7%
All Others	1%	3%	3%	6%	9%	10%	17%	19%	11%	12%	10%

■ Good Performers   ■ All Others

Good performers are defined as organizations who saw at least a 10% increase in revenue from the prior fiscal year.
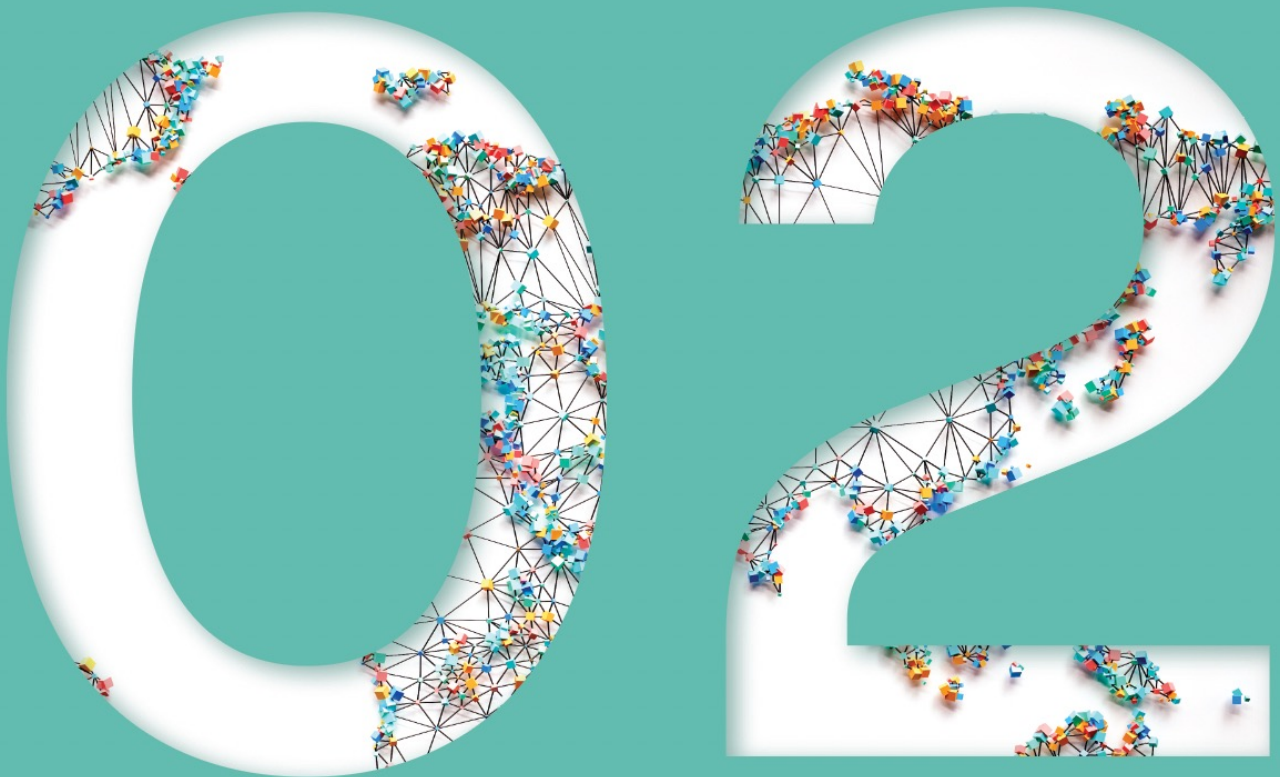
Donor acquisition and donor retention continue to be the top fundraising challenges experienced by nonprofits year over year.

Challenges that significantly increased since the prior year:

- Hiring and retaining fundraising staff members
- Navigating data management issues
- Shifting donor interests
- Securing more gifts of noncash assets

Challenges that decreased since the prior year:

- Leveraging data to make better decisions
- Increasing deferred (planned gifts)
- Working towards DEI goals
- Adjustment to a more digital world

TOP FUNDRAISING CHALLENGES

Challenge	2022	2021
Donor acquisition	58%	53%
Donor retention / stewardship	47%	41%
Hiring and retaining fundraising staff members	38% ∧	25%
Navigating data management issues (e.g., in your CRM)	26% ∧	17%
Leveraging data to make better decisions	24%	28%
Increasing deferred (planned gifts)	22%	24%
Shifting donor interests	22% ∧	15%
Securing more gifts of non-cash assets	15% ∧	5%
Working toward diversity, equity, and inclusion (DEI) goals	13%	18%
Budget cuts	12%	10%
Adjustment to a more digital world	10%	14%
Other	13%	5%

FUNDRAISING OPERATIONS

Fundraising challenges span across organization operations.

INSUFFICIENT STAFFING

CHANGING DONOR DEMOGRAPHICS

LACK OF A MAJOR GIFTS PROGRAM

BOARD ENGAGEMENT

ECONOMIC UNCERTAINTY

Pledges can help donors deepen their ownership of an organization's success, consolidate and define their giving commitment, and elevate recognition for their long-term generosity. Find out how your organization can uncover the power of pledges to maximize a major gifts program.

Although economic uncertainty can be unsettling, it is important to remember that donors still want to give. Philanthropy is not volatile, so even in the face of financial turmoil, do not slow down. For more insights on fundraising success during economic volatility, read this article by CCS Chairman Frederic "Rick" Happy, backed by over 40 years of field experience.

Having an engaged and informed Board is crucial to fundraising success. Find out how the Portland Art Museum enhanced their board participation through retreats and other leadership strategies!

Despite organizations citing donor acquisition as a top challenge in FY21, more than 6 of 10 organizations reported increasing their new donors.

Retention, however, continues to pose a challenge, as only 36% of organizations reported retaining their new donors from the prior fiscal year.

CHANGE IN NUMBER OF NEW DONORS IN PAST 12 MONTHS

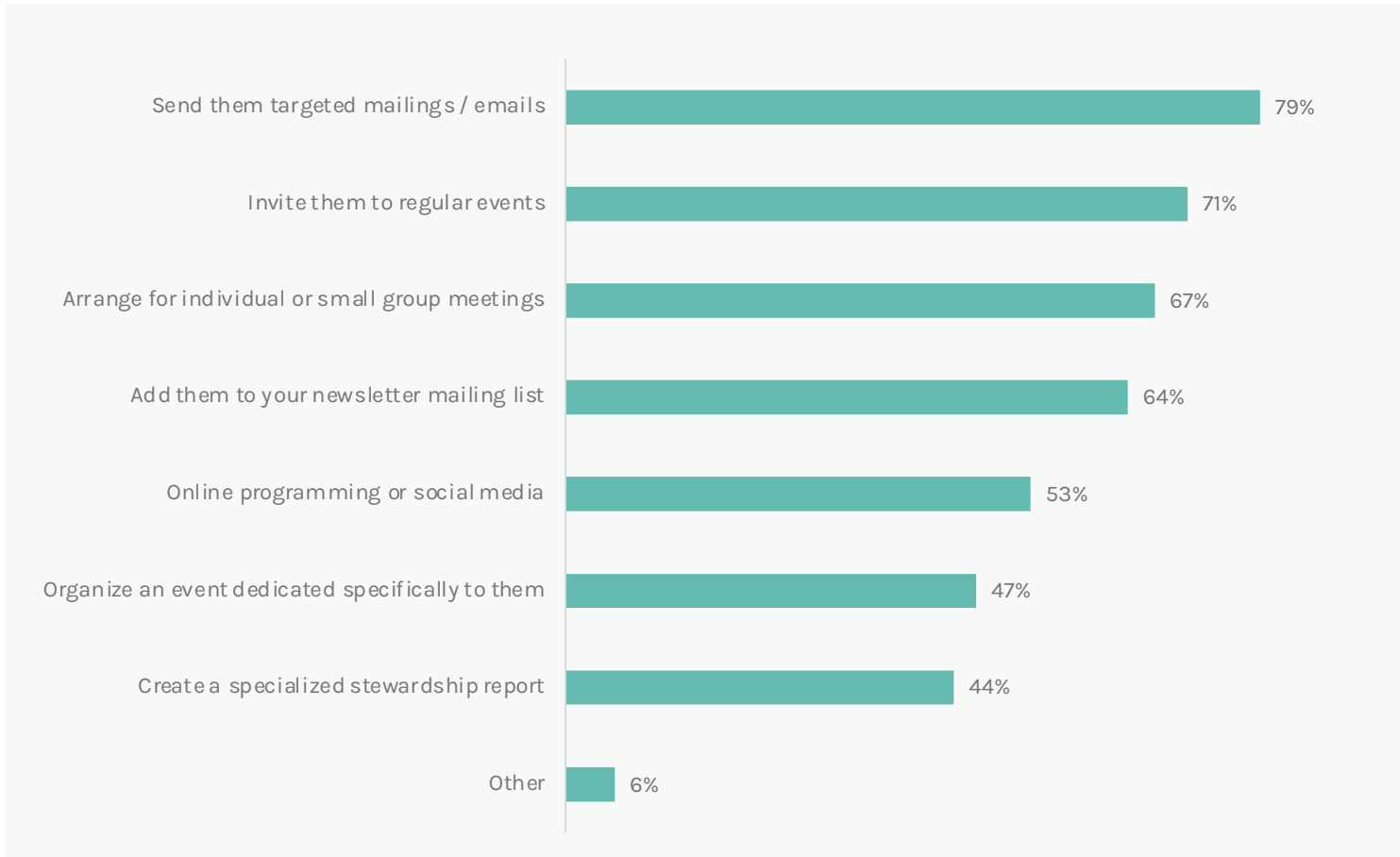|				
3%	59%	23%	14%	1%
Increase significantly *by 50% or more*	Increase somewhat *by less than 50%*	No change	Decrease somewhat *by less than 50%*	Decrease significantly *by 50% or more*

RETENTION OF NEW DONORS FROM 2020 AND 2021

■ 51% or more ■ 41 - 50% ■ 31 - 40% ■ 21 - 30% ■ 11 - 20% ■ 1 - 10% ■ None

FUNDRAISING OPERATIONS

2023 CCS PHILANTHROPY PULSE

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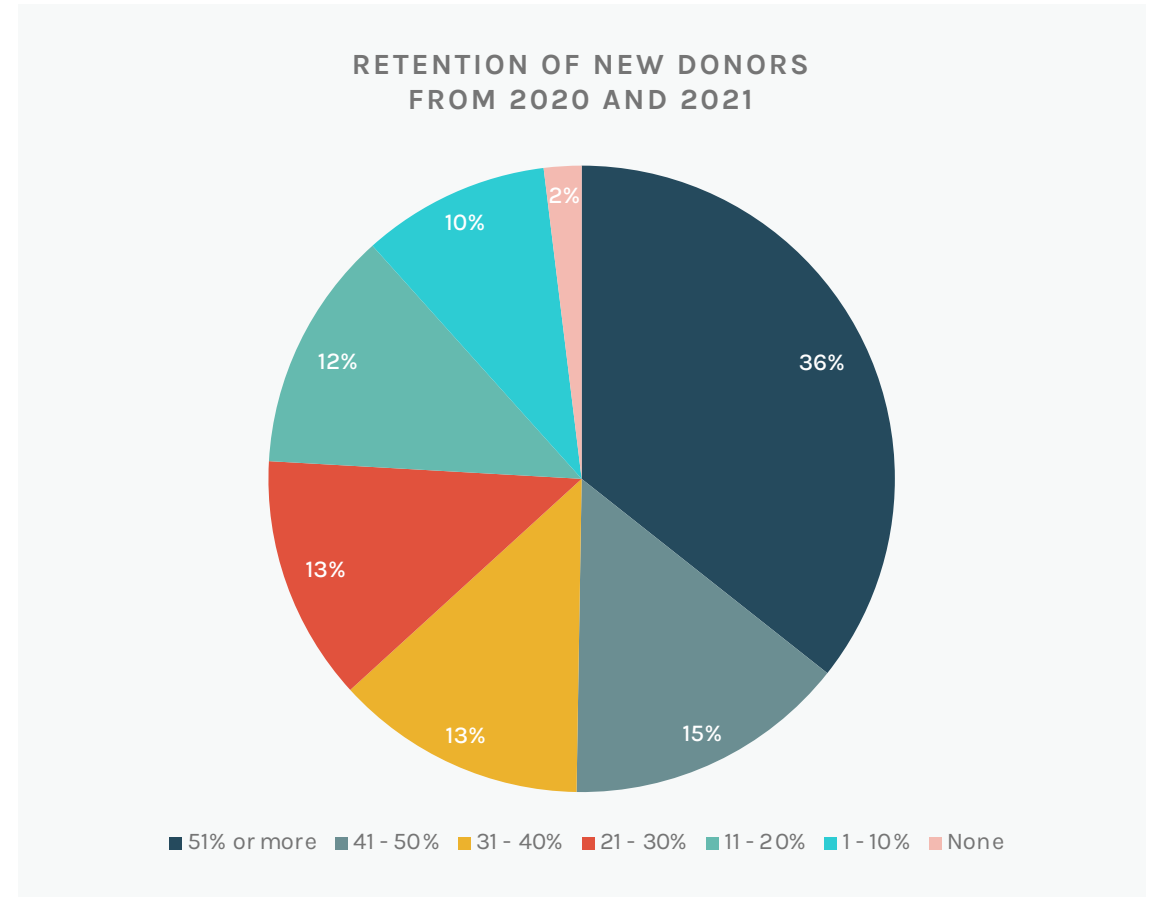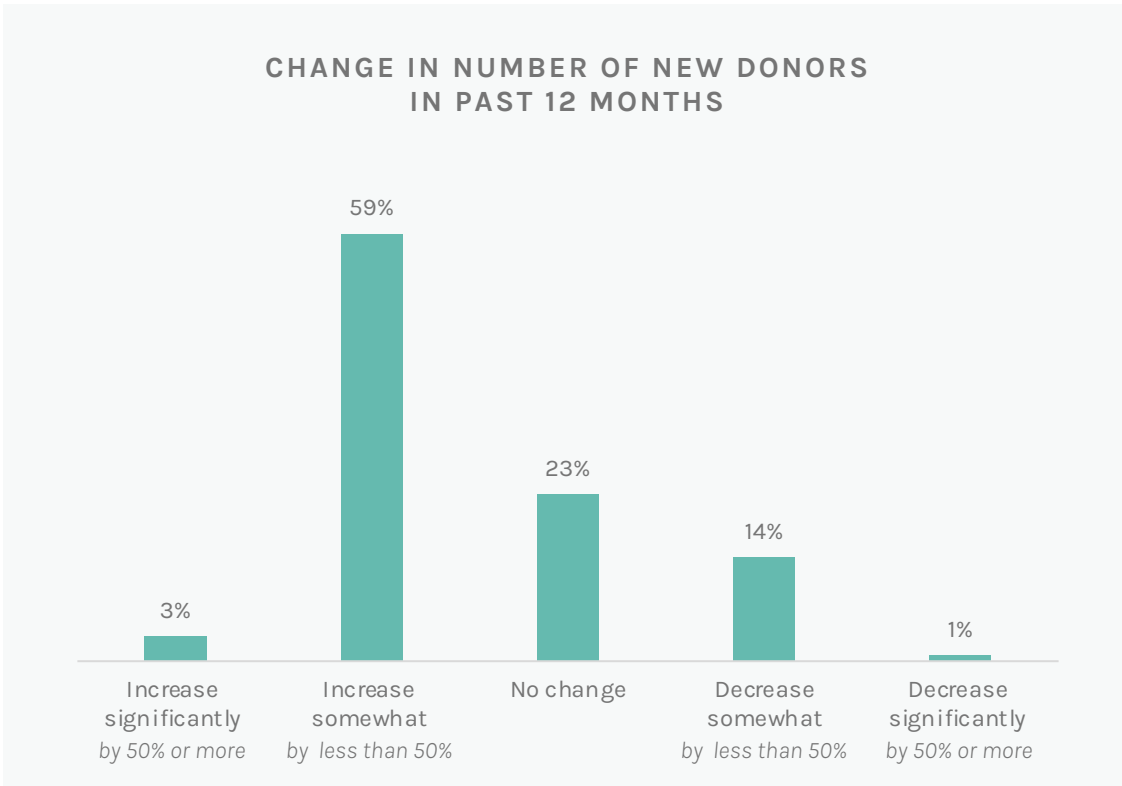
Utilizing targeted communications and active event schedules are the top intended strategies by organizations for retaining donors.

Send them targeted mailings / emails — 79%

Invite them to regular events — 71%

Arrange for individual or small group meetings — 67%

Add them to your newsletter mailing list — 64%

Online programming or social media — 53%

Organize an event dedicated specifically to them — 47%

Create a specialized stewardship report — 44%

Other — 6%
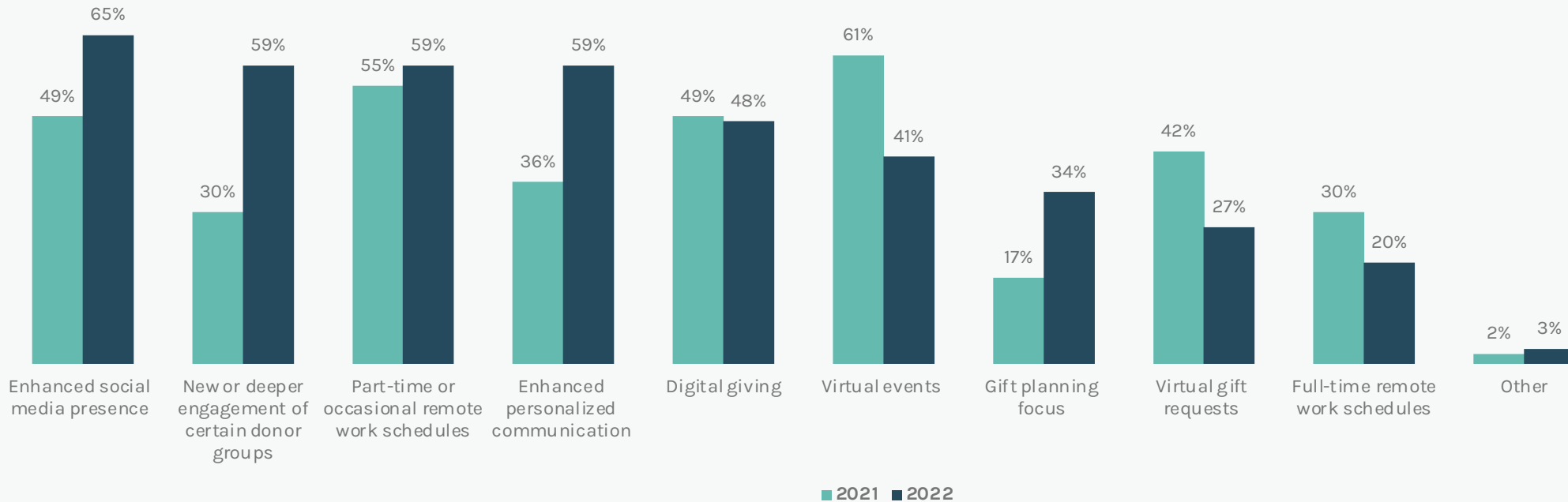
As discovered in the CCS 2022 Philanthropic Landscape report, donors strongly prefer digital forms of engagement, including social media, blog posts, podcasts, or virtual reality experiences.
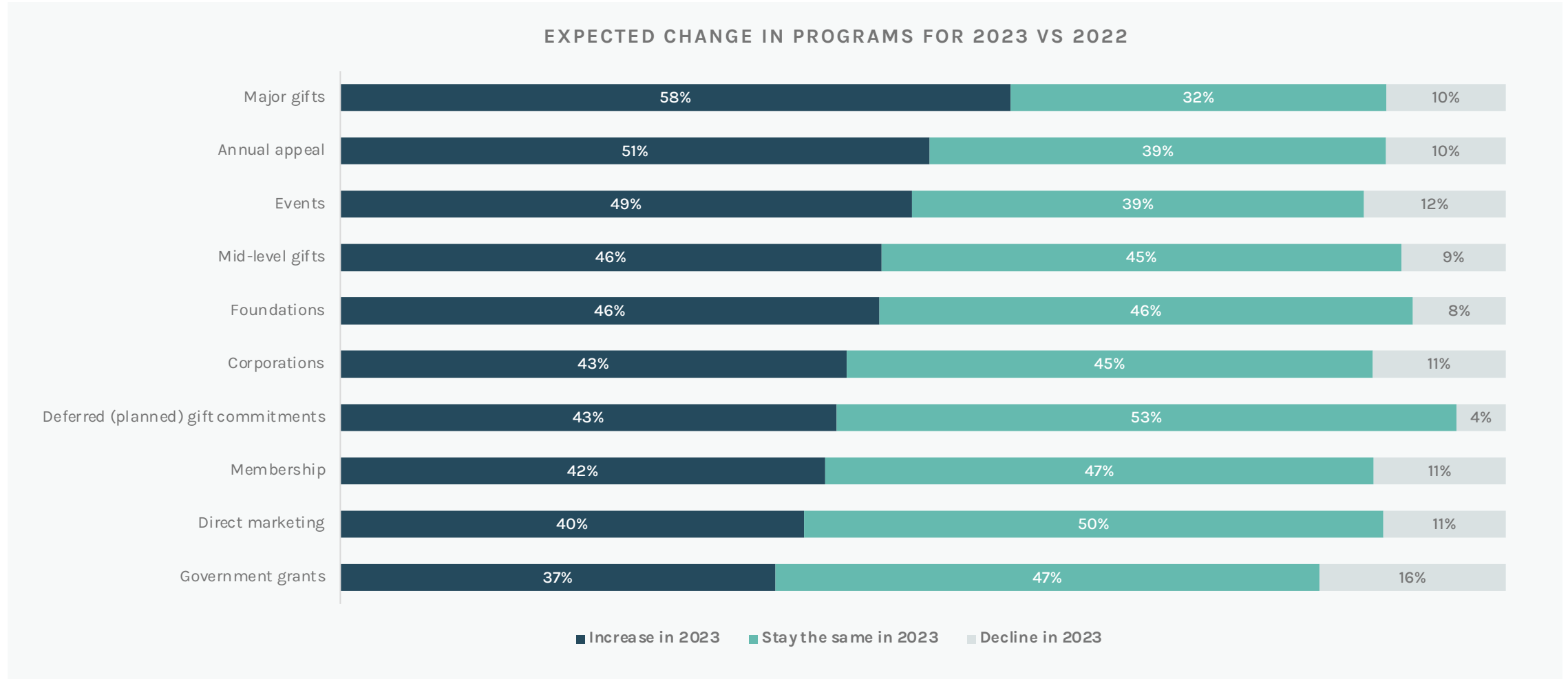
Organizations continue to employ pandemic-era operational adjustments; however, they are shifting in priority, with social media surging to be the top focus, from 49% in 2020 to 65% in 2021.

PRACTICES ADOPTED IN PAST 2 YEARS THAT PLAN TO CONTINUE

Bar chart legend: ■ 2021 ■ 2022

Practice	2021	2022
Enhanced social media presence	49%	65%
New or deeper engagement of certain donor groups	30%	59%
Part-time or occasional remote work schedules	55%	59%
Enhanced personalized communication	36%	59%
Digital giving	49%	48%
Virtual events	61%	41%
Gift planning focus	17%	34%
Virtual gift requests	42%	27%
Full-time remote work schedules	30%	20%
Other	2%	3%

FUNDRAISING OPERATIONS

Most organizations anticipate growth or stability in their fundraising results in 2023.

EXPECTED CHANGE IN PROGRAMS FOR 2023 VS 2022

Program	Increase in 2023	Stay the same in 2023	Decline in 2023
Major gifts	58%	32%	10%
Annual appeal	51%	39%	10%
Events	49%	39%	12%
Mid-level gifts	46%	45%	9%
Foundations	46%	46%	8%
Corporations	43%	45%	11%
Deferred (planned) gift commitments	43%	53%	4%
Membership	42%	47%	11%
Direct marketing	40%	50%	11%
Government grants	37%	47%	16%

■ Increase in 2023　■ Stay the same in 2023　■ Decline in 2023

FUNDRAISING OPERATIONS

2023 CCS PHILANTHROPY PULSE

SOURCES OF GIFTS/PLEDGES

Source	2022	2021
Family foundations	83%	81%
Donor-advised funds	81%	80%
Appreciated assets*	61%	61%
Bequests	57%	57%
Retirement plans**	49%	46%
Charitable trusts***	40%	41%
Charitable gift annuity	27%	28%
Collective giving groups****	23%	28% ⌄
Life insurance	16%	15%
Art	11%	10%
Real estate and/or retained life estate	11%	13%
Cryptocurrency	6% ⌃	2%
Other	5%	6%
None of the above	6%	5%

■ 2022 ■ 2021
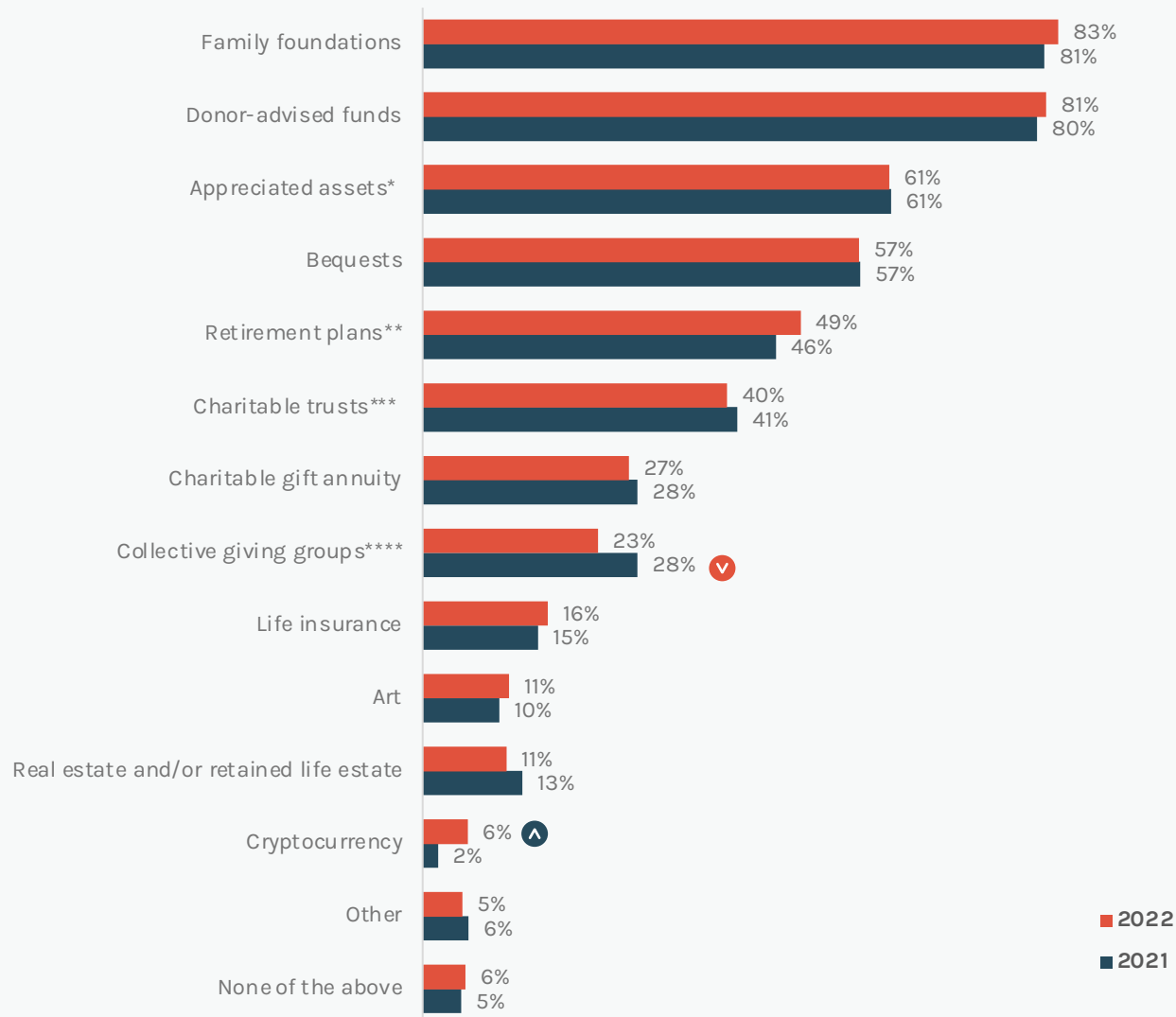
Nonprofits continue to increase their acceptance of noncash gifts, with family foundations and DAFs being the most popular.

💡 CCS FUNDRAISING KEY INSIGHT

- Collective giving groups decreased significantly from 28% to 23%, suggesting a fall in popularity that arose during the pandemic.

- Cryptocurrency, while still low in popularity, increased significantly from 2% to 6%.
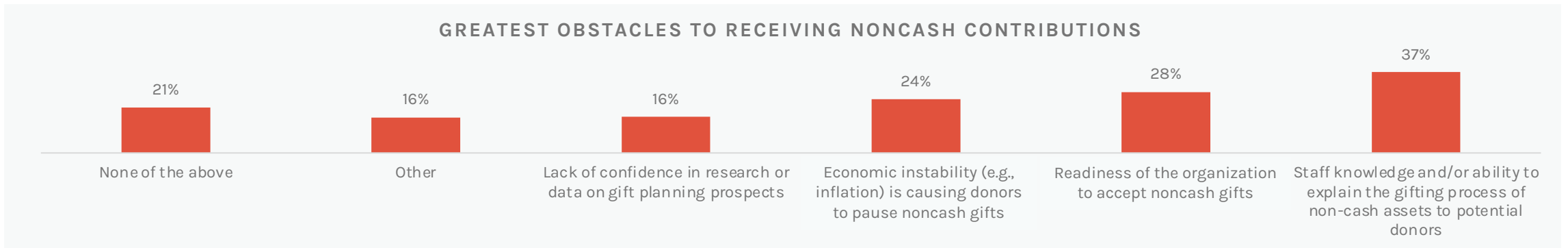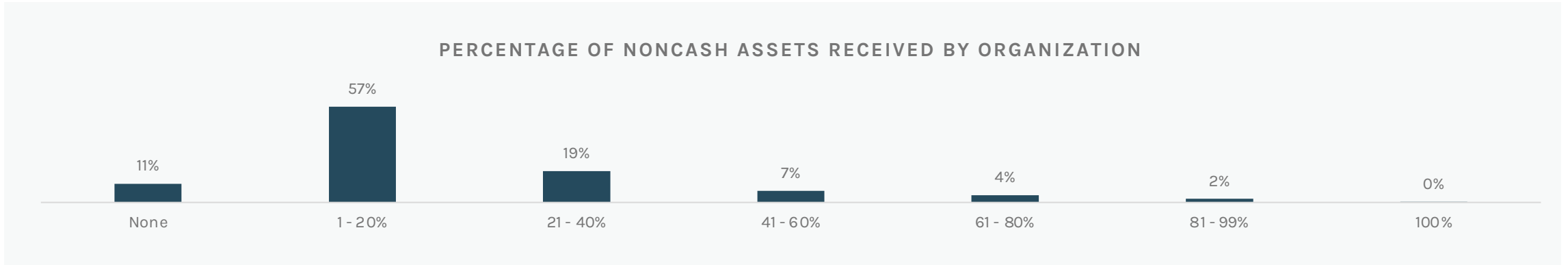
*e.g., stocks, securities

**Qualified retirement plan beneficiary designations and/or IRA-qualified charitable distribution

*** e.g., charitable remainder trust, charitable remainder unitrust, charitable annuity lead trust, charitable unitrust lead trust, and/or pooled income funds

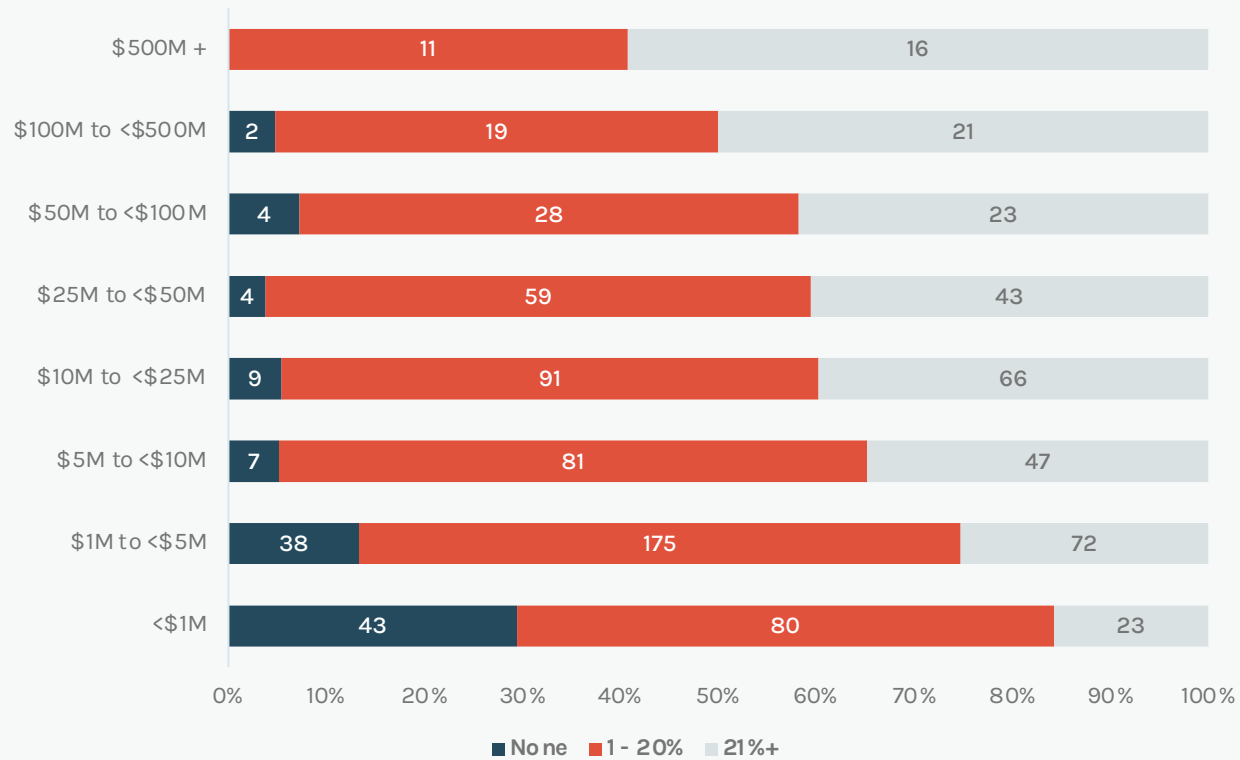**** e.g., giving circles, pooled funds

GIFT PLANNING

A majority of respondents only receive up to 20% of their contributions in the form of noncash assets, citing staff knowledge or ability to explain the noncash gifting process as the biggest challenges.

PERCENTAGE OF NONCASH ASSETS RECEIVED BY ORGANIZATION

None	1 - 20%	21 - 40%	41 - 60%	61 - 80%	81 - 99%	100%
11%	57%	19%	7%	4%	2%	0%

GREATEST OBSTACLES TO RECEIVING NONCASH CONTRIBUTIONS

None of the above	Other	Lack of confidence in research or data on gift planning prospects	Economic instability (e.g., inflation) is causing donors to pause noncash gifts	Readiness of the organization to accept noncash gifts	Staff knowledge and/or ability to explain the gifting process of non-cash assets to potential donors
21%	16%	16%	24%	28%	37%

Cash is defined as cash, check, or wire transfer from a bank account. Noncash is defined as gifts of stocks/bonds, real estate, etc. but also includes foundations, DAFs, retirement assets, etc.

GIFT PLANNING

However, organizations with larger budgets are capturing more of their philanthropic contributions from noncash assets.

ANALYSIS OF PERCENTAGE OF NONCASH ASSETS VS BUDGET

Budget	None	1 - 20%	21%+
$500M +		11	16
$100M to <$500M	2	19	21
$50M to <$100M	4	28	23
$25M to <$50M	4	59	43
$10M to <$25M	9	91	66
$5M to <$10M	7	81	47
$1M to <$5M	38	175	72
<$1M	43	80	23

Legend: ■ None ■ 1 - 20% ■ 21%+

Implementing a planned giving program is an effective way to diversify revenue streams and move donors along a continuum of commitment to your organization.

CCS's partnership with Holocaust Museum LA (HMLA) serves as a helpful example of how to design an effective planned giving program. Learn more here.
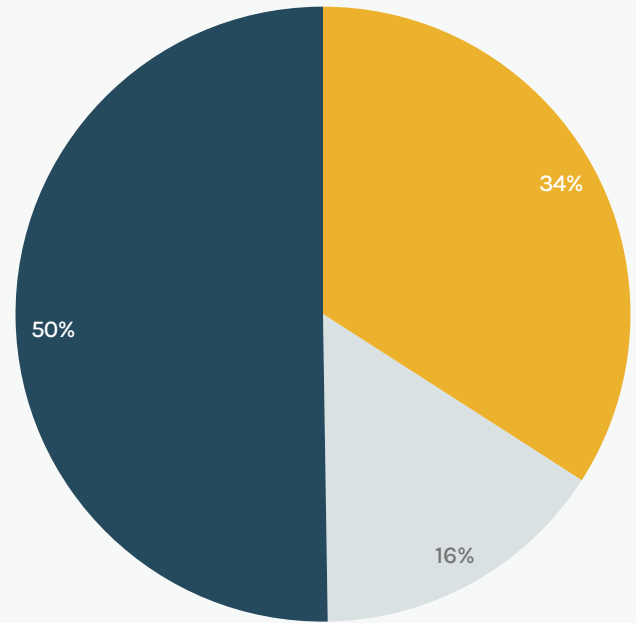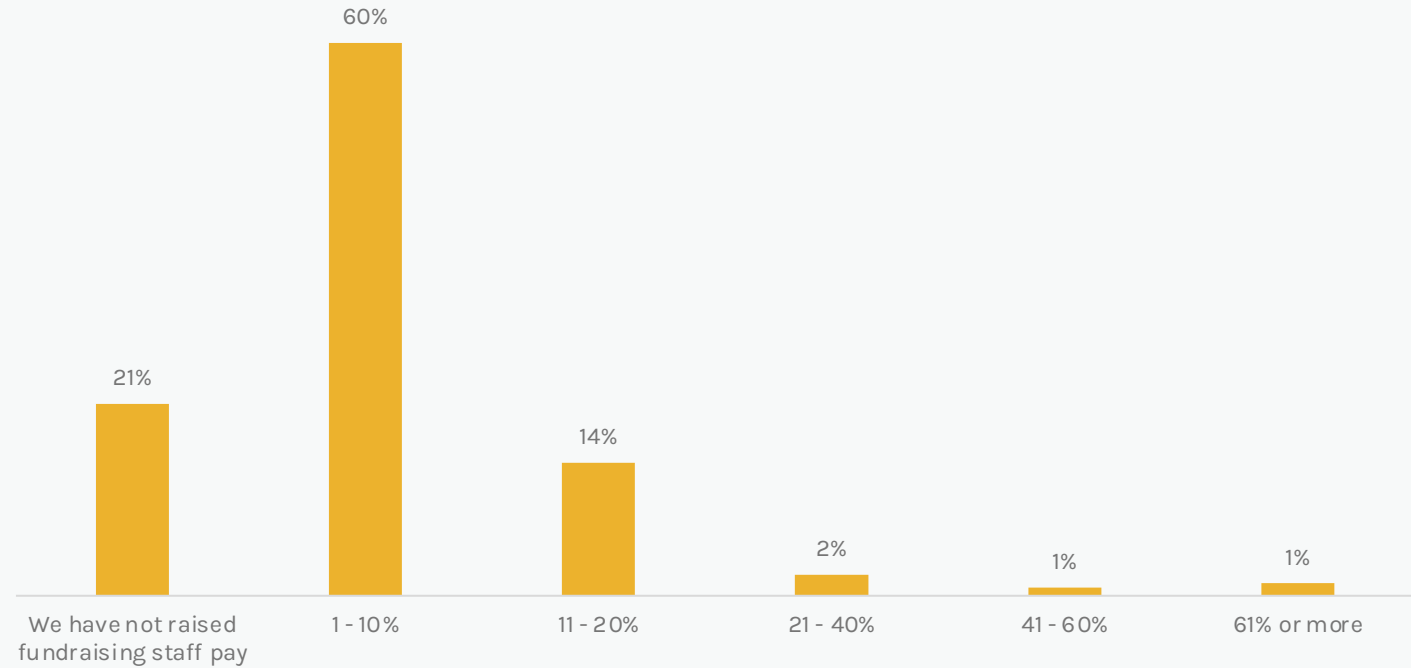
GIFT PLANNING

04

Coming out of the pandemic, fundraising has become even more important, with 1/3 of organizations increasing their staff and 6 out of 10 organizations raising staff pay.
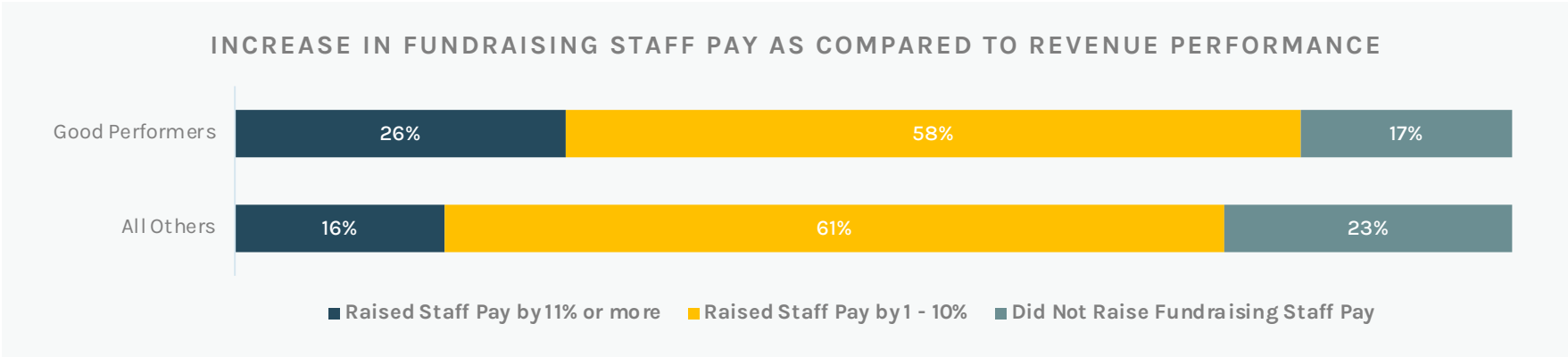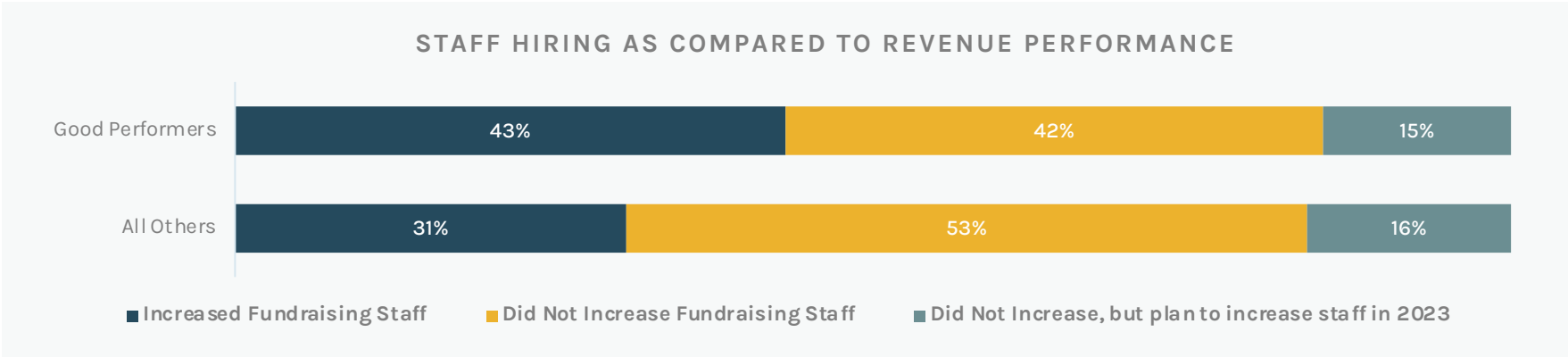
INCREASED FUNDRAISING STAFF

- 34%
- 16%
- 50%

Legend:
- **Yes**
- **No, but we plan to increase staff in 2023**
- **No**

AVERAGE PERCENTAGE INCREASES IN FUNDRAISING STAFF PAY OVER PAST 3 YEARS

We have not raised fundraising staff pay	1 - 10%	11 - 20%	21 - 40%	41 - 60%	61% or more
21%	60%	14%	2%	1%	1%

2023 CCS PHILANTHROPY PULSE

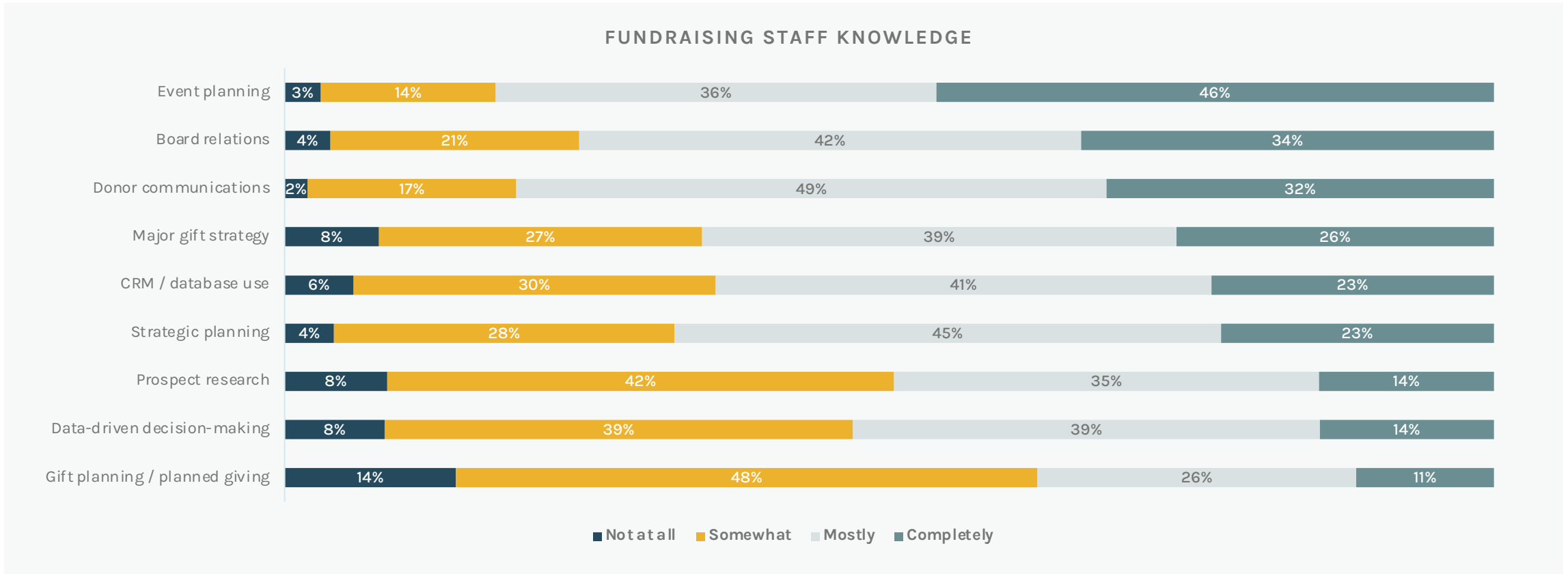# Organizations that invested more in hiring and retaining top fundraising talent exhibited more growth.

While respondents reported fundraising revenue growth across the board regardless of the organization's size or budget, those that focused on hiring staff or increasing pay experienced higher proportional growth in FY21.

STAFF HIRING AS COMPARED TO REVENUE PERFORMANCE

	Increased Fundraising Staff	Did Not Increase Fundraising Staff	Did Not Increase, but plan to increase staff in 2023
Good Performers	43%	42%	15%
All Others	31%	53%	16%

■ Increased Fundraising Staff ■ Did Not Increase Fundraising Staff ■ Did Not Increase, but plan to increase staff in 2023

INCREASE IN FUNDRAISING STAFF PAY AS COMPARED TO REVENUE PERFORMANCE

	Raised Staff Pay by 11% or more	Raised Staff Pay by 1 - 10%	Did Not Raise Fundraising Staff Pay
Good Performers	26%	58%	17%
All Others	16%	61%	23%

■ Raised Staff Pay by 11% or more ■ Raised Staff Pay by 1 - 10% ■ Did Not Raise Fundraising Staff Pay

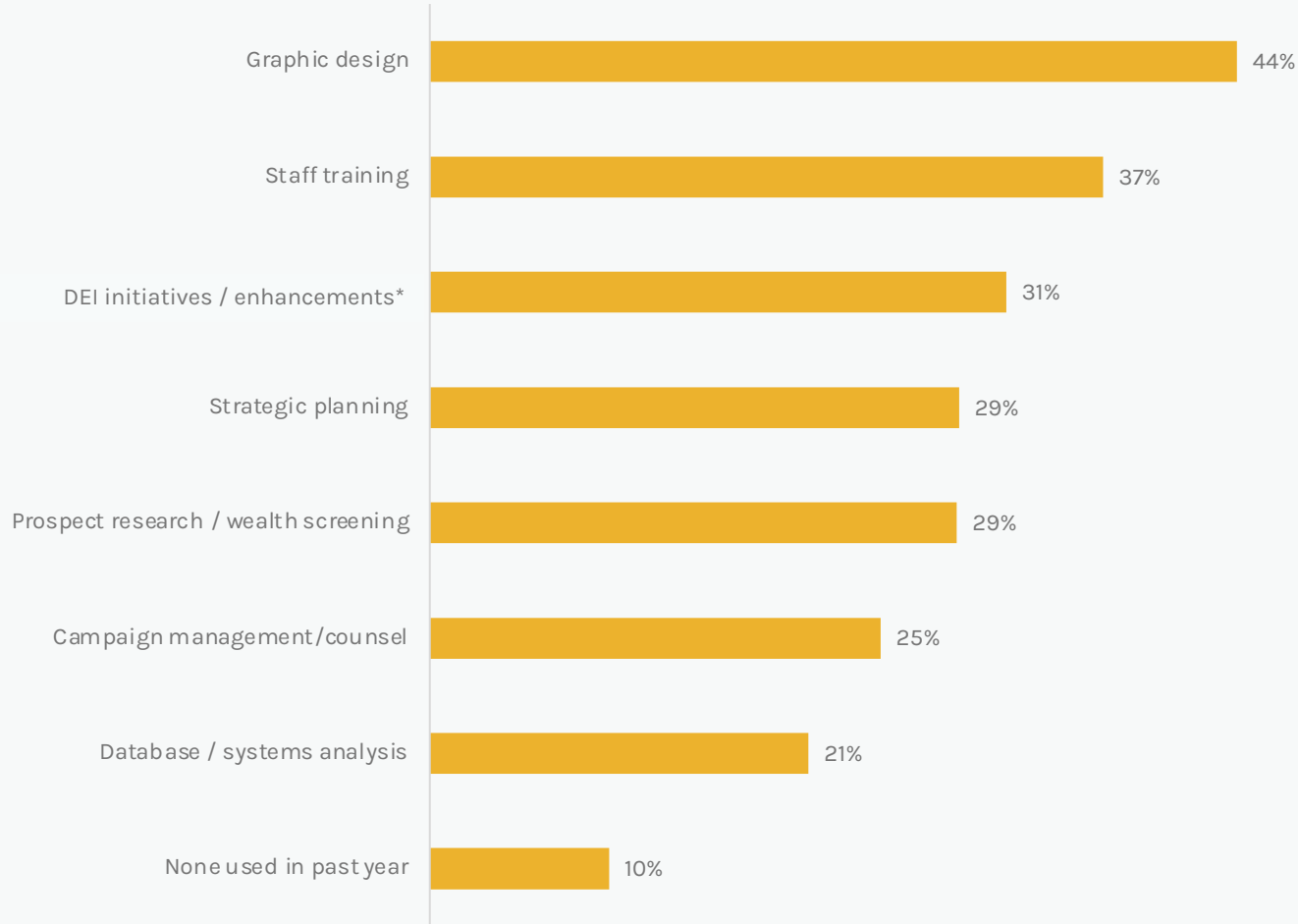*Good performers are defined as organizations who saw at least a 10% increase in revenue from the prior fiscal year.*

While fundraising staff report being very competent in donor communications, they have the least knowledge in communicating about gift planning, with 14% reporting having no knowledge at all on the subject.

FUNDRAISING STAFF KNOWLEDGE

	Not at all	Somewhat	Mostly	Completely
Event planning	3%	14%	36%	46%
Board relations	4%	21%	42%	34%
Donor communications	2%	17%	49%	32%
Major gift strategy	8%	27%	39%	26%
CRM / database use	6%	30%	41%	23%
Strategic planning	4%	28%	45%	23%
Prospect research	8%	42%	35%	14%
Data-driven decision-making	8%	39%	39%	14%
Gift planning / planned giving	14%	48%	26%	11%

■ Not at all ■ Somewhat ■ Mostly ■ Completely

STAFFING, RESOURCING, AND DONOR DATABASE USE

2023 CCS PHILANTHROPY PULSE

EXTERNAL VENDORS / CONSULTANTS USED IN 2021

Category	%
Graphic design	44%
Staff training	37%
DEI initiatives / enhancements*	31%
Strategic planning	29%
Prospect research / wealth screening	29%
Campaign management/counsel	25%
Database / systems analysis	21%
None used in past year	10%

e.g., consultant, speaker, training

9 out of 10 organizations are using external vendors and consultants.

Of the organizations that performed well in the prior fiscal year, defined as organizations who saw at least 10% increase in revenue, a higher percentage of them (11% more) utilized a consultant or outside vendor for their database/systems, analytics/modeling, or wealth screening.

External vendors and consultants used in FY21 are comparable to the prior fiscal year, except for *strategic planning* vendors or consultants, who were used significantly more (35% vs. 29%, respectively).
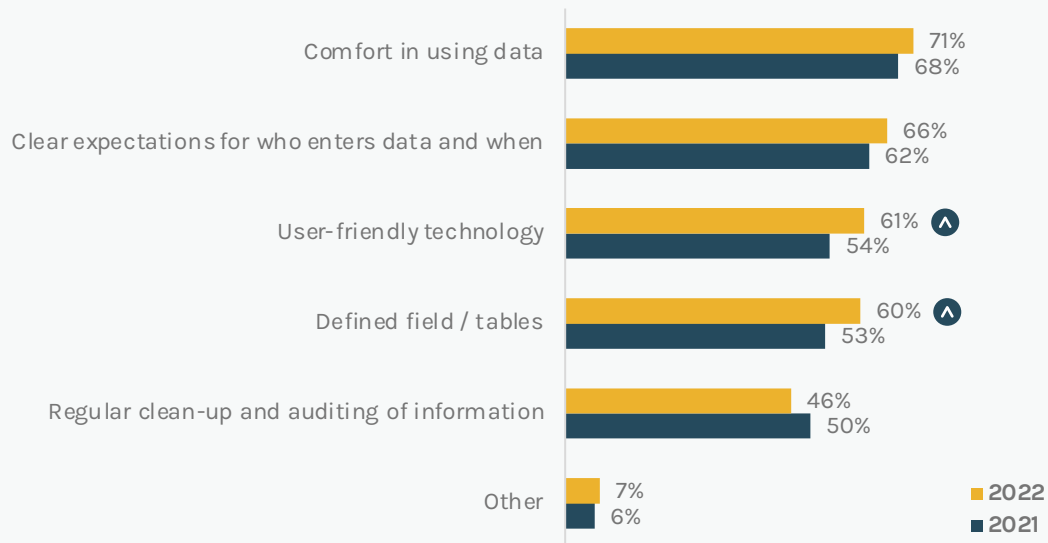
Bad data was the leading cause of 2/3 of organizations feeling unsatisfied with their donor database in the previous fiscal year.

A well-structured donor database allows for data-driven decision making that can support fundraising growth. 7 out of 10 organizations satisfied with their donor database feel comfortable using data; however, inconsistent, inaccurate, and incomplete data posed a major challenge for fundraisers in FY21.
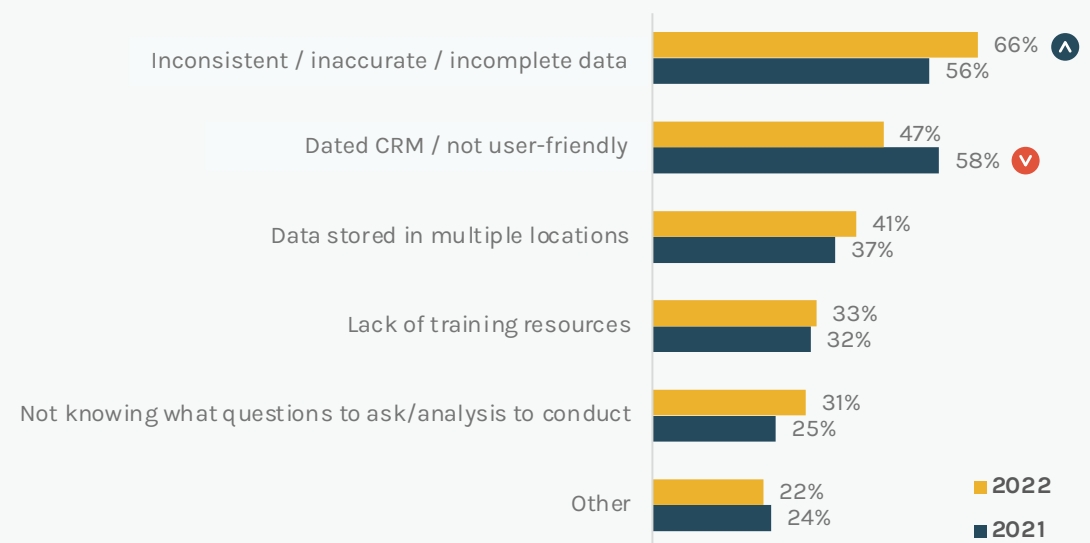
56% of participants were satisfied with their database use.

REASONS FOR SATISFACTION WITH DONOR DATABASE

Category	2022	2021
Comfort in using data	71%	68%
Clear expectations for who enters data and when	66%	62%
User-friendly technology ∧	61%	54%
Defined field / tables ∧	60%	53%
Regular clean-up and auditing of information	46%	50%
Other	7%	6%

27% of participants reported being dissatisfied with their donor database.

MAIN CHALLENGES OF DONOR DATABASE

Category	2022	2021
Inconsistent / inaccurate / incomplete data ∧	66%	56%
Dated CRM / not user-friendly v	47%	58%
Data stored in multiple locations	41%	37%
Lack of training resources	33%	32%
Not knowing what questions to ask/analysis to conduct	31%	25%
Other	22%	24%

STAFFING, RESOURCING, AND DONOR DATABASE USE

2023 CCS PHILANTHROPY PULSE

While donor database dissatisfaction slightly increased among organizations, those that hired a systems consultant showed an increase in satisfaction.

Your donor database can be an invaluable tool — when used correctly. Effective and thoughtfully designed processes and systems will empower your fundraisers with the information they need. Learn the Dos and Don'ts of Using Your Database for Fundraising Success to strengthen your nonprofit's use of data.

USED CONSULTANTS FOR DATABASE/SYSTEMS ANALYSIS

- 12% Very satisfied
- 40% Satisfied
- 17% Unsure
- 23% Dissatisfied
- 8% Very dissatisfied

Very satisfied **Satisfied** **Unsure** **Dissatisfied** **Very dissatisfied**
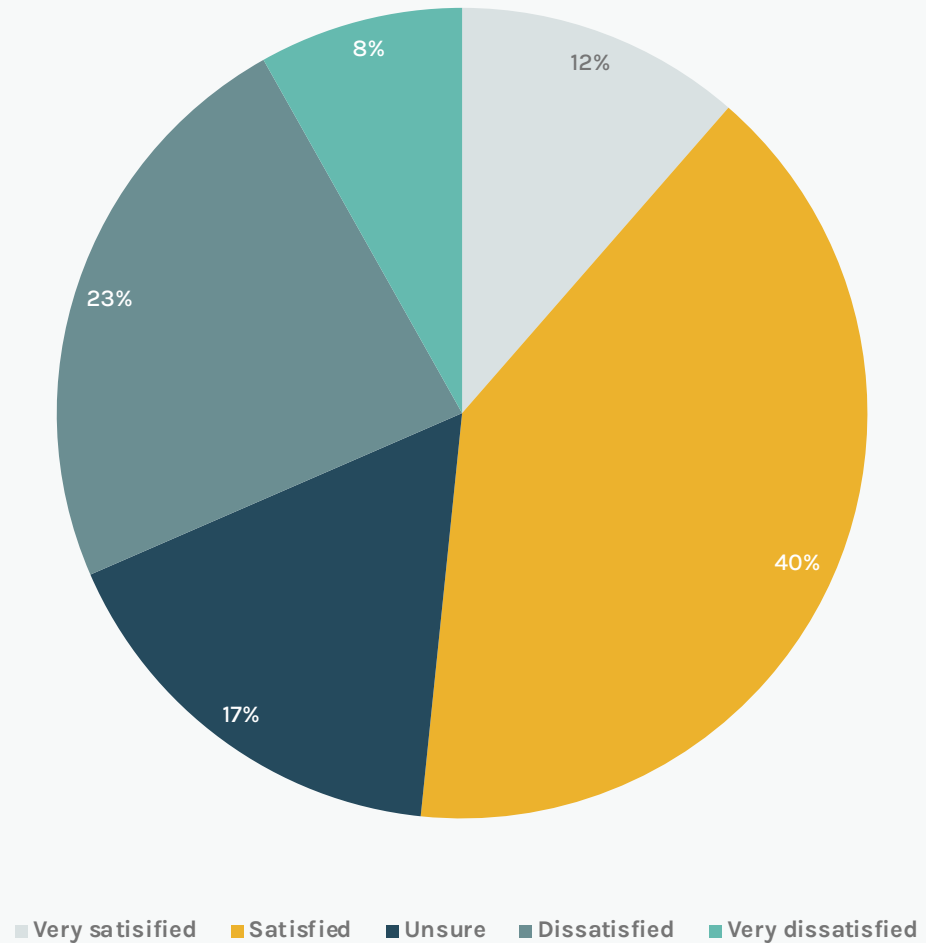
Fundraisers experienced technical and personnel-related data challenges.

Are you juggling disconnected donor information across multiple spreadsheets? Learn how you can solve this problem by switching to a Customer Relationship Management (CRM) solution, offering optimized reporting and increased efficiency.

Oftentimes, nonprofit organizations seek to resolve their database challenges by buying a new CRM software subscription. While this can open the door for greater efficiency, it is important to be strategic in this selection process to prevent the same challenges from appearing. Before changing your donor database, consider these five factors to get to the root of your CRM issues and understand what your unique organization needs from the software.

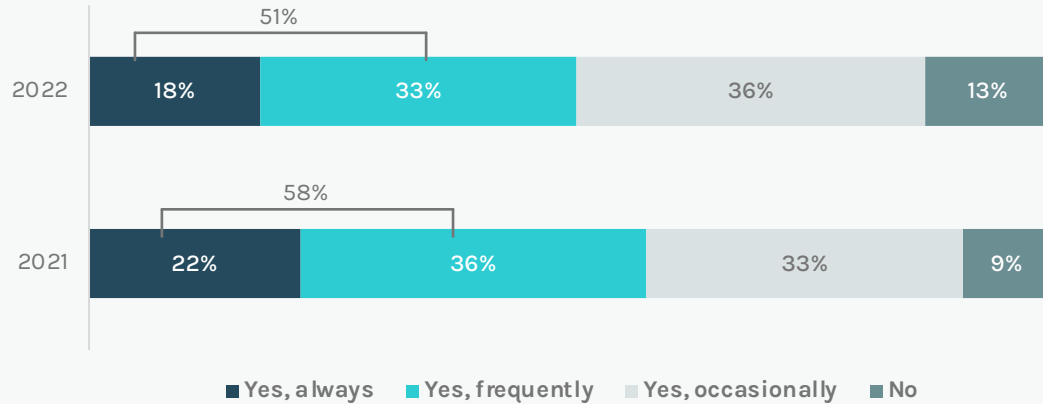POOR CUSTOMER SUPPORT

OUTDATED SYSTEMS

INADEQUATE STAFFING

RIGID CRM STRUCTURE

05

DISCUSSIONS OF DIVERSITY, EQUITY, AND/OR INCLUSION WITH DONORS

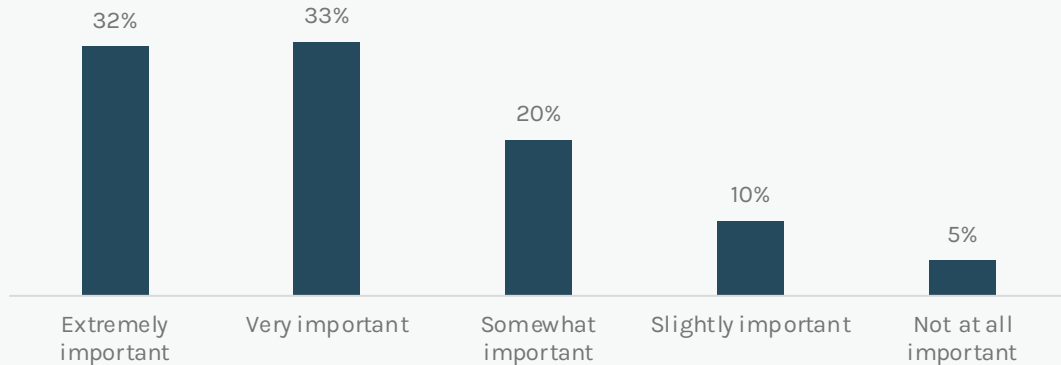|	Yes, always	Yes, frequently	Yes, occasionally	No
2022	18%	33%	36%	13%
2021	22%	36%	33%	9%

2022: 51%
2021: 58%

- Yes, always
- Yes, frequently
- Yes, occasionally
- No

While organizations continue to indicate DEI is important to their fundraising plans, DEI conversations with donors have decreased significantly.

Gift acceptance policies can advance equity within your institution, diversify and educate your donor base, make giving more accessible, and reinforce the values of your organization. Learn more about how you can advance equity with strong gift acceptance policies.

IMPORTANCE OF DEI IN DEVELOPMENT OF STRATEGIC PLANS

Extremely important	Very important	Somewhat important	Slightly important	Not at all important
32%	33%	20%	10%	5%

CCS FUNDRAISING KEY INSIGHT

A higher proportion (10%) of the organizations that performed well consider DEI very important or important, vs. the organizations that did not perform well.

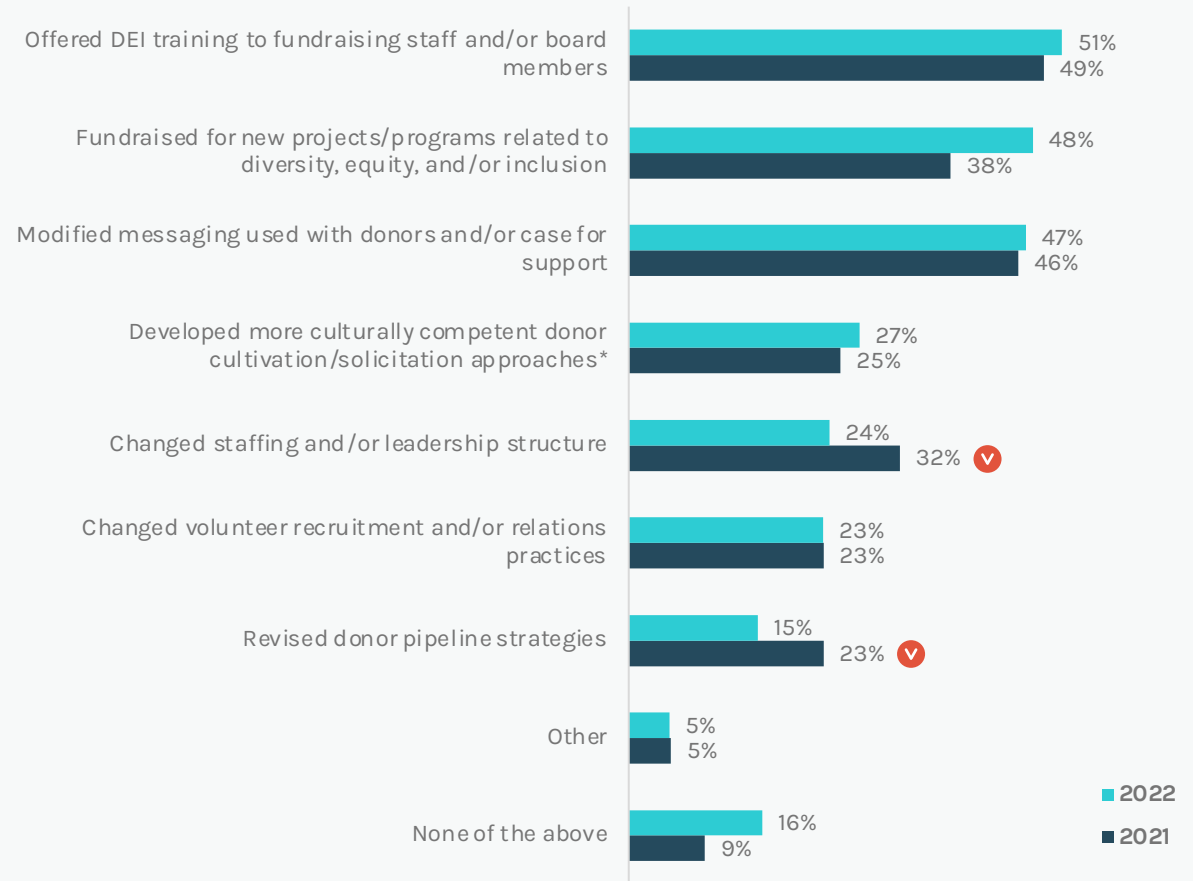DIVERSITY, EQUITY, AND INCLUSION IN DONOR RELATIONS

Offering DEI training to staff and/or board members became the top tactic for organizations to meet DEI goals, with more than 50% citing it as their #1 strategy.

Fundraising for new projects / programs related to DEI increased significantly as a tactic vs. last year (48% vs. 38%, respectively).

Two tactics decreased vs. last year:
- Changed staffing and/or leadership structure (8% drop)
- Revised donor pipeline strategies (7% drop)

TACTICS TO MAKE FUNDRAISING PRACTICES/OPERATIONS MORE DIVERSE, EQUITABLE, AND/OR INCLUSIVE

Tactic	2022	2021
Offered DEI training to fundraising staff and/or board members	51%	49%
Fundraised for new projects/programs related to diversity, equity, and/or inclusion	48%	38%
Modified messaging used with donors and/or case for support	47%	46%
Developed more culturally competent donor cultivation/solicitation approaches*	27%	25%
Changed staffing and/or leadership structure	24%	32% ⌄
Changed volunteer recruitment and/or relations practices	23%	23%
Revised donor pipeline strategies	15%	23% ⌄
Other	5%	5%
None of the above	16%	9%

*E.g., tailoring engagement approaches for a major donor based on complex and intersecting components of the donor's identity
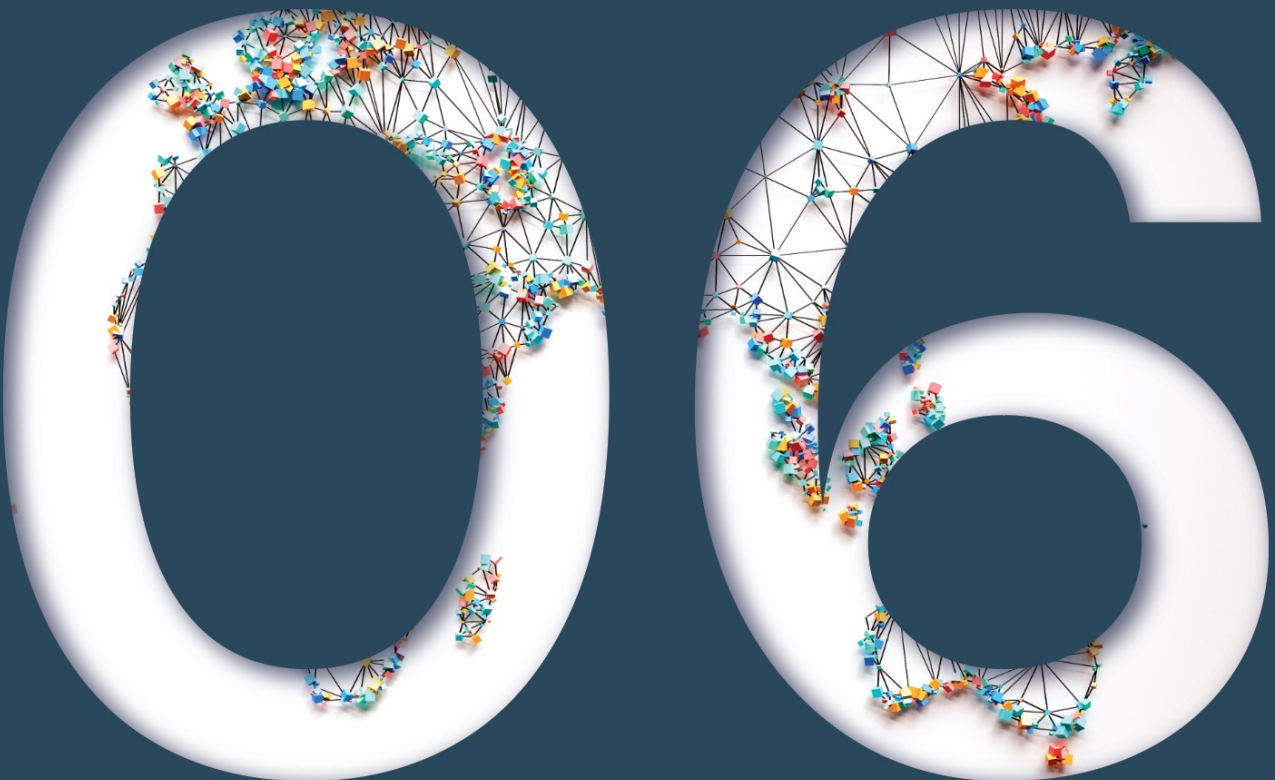
About CCS Fundraising

WE PARTNER WITH NONPROFITS FOR TRANSFORMATIONAL CHANGE.

For more than 75 years, CCS Fundraising has empowered many of the world's greatest organizations to advance some of the most important causes in history. From local food banks to global charities, CCS is proud to partner with over 700 organizations annually in more than 250 cities around the world. As leading consulting experts in campaign and development strategy, we plan and implement fundraising initiatives so that nonprofits can make a bigger impact — locally, nationally, and globally

OUR EXPERTISE

Our fundraising consultants are experts in strategic planning, research, development, planned giving, and on-the-ground campaign support. While the results of our work are immediate, the impact of the strategies, tools, and tactics we develop with clients endures to create lasting change.

SERVICES

We offer shoulder-to-shoulder partnership with: Fundraising Campaigns • Data Analytics, Systems & Research • Audits & Assessments • Interim Development Management • Training & Leadership Development • Strategic Planning •Specialized Development Projects • and more!

SECTORS

Our work spans all philanthropic sectors, including: Advocacy • Arts & Culture • Associations Environment & Animals • Faith • Foundations Health • Higher Education • Human Services Primary & Secondary Education

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