



## A guide to nonprofit fundraising

Nonprofit organizations are uniquely positioned to address societal needs, but their visions are only as achievable as their funding allows.

At the heart of every community, nonprofit organizations serve as a catalyst for change and progress. Sustaining these crucial efforts comes from consistent fundraising. But the task of amassing support and generating funds is often among the most daunting challenges nonprofits face.

By adopting the strategies detailed in this guide, your nonprofit organization can enhance its ability to create an enduring influence in the communities you serve.

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### STARTING YOUR NONPROFIT FUNDRAISING JOURNEY

Embarking on the path of establishing a nonprofit organization requires implementation of robust fundraising tactics and planning.

Key steps include clear goals, formulating a comprehensive fundraising strategy, fostering meaningful connections with donors, utilizing technology and consistently measuring your fundraising activities to continually refine them for the future.

**1.5 million**

charitable organizations are currently registered in the U.S.<sup>1</sup>

The average nonprofit saw an increase from

**11 recurring**

donors in 2018 to 25 donors in 2022.<sup>2</sup>

**21%** of total nonprofit giving, totaling over \$105 billion, came from foundations in 2022.<sup>3</sup>

## HOW TO IDENTIFY YOUR NONPROFIT FUNDRAISING GOALS

Setting clear objectives is a fundamental first step. Having well-defined and precise fundraising goals can sharpen your focus on fundraising activities and enable you to measure your progress toward fulfilling your organization's purpose in the long term.

### ASSESS ORGANIZATIONAL NEEDS

Conducting budget planning is essential to determine the minimum amount of funding needed. Start by creating a detailed budget that includes a projected breakdown of operational costs, material expenses and administrative needs.

### COMPARE OTHER NONPROFITS

Looking at peer nonprofit organizations in your field or local community can help to give you a realistic idea of what's achievable. To help benchmark your goals, examine how much those organizations raise in funds, which specific methods they do it by, and the sources they draw from.

### SET REALISTIC, INCREMENTAL GOALS UP FRONT

The goals you set should be mission-centric and measurable. Begin with achievable milestones to gain momentum and confidence. As you reach those, you'll be gradually better positioned to set higher, more ambitious ones. Measurable fundraising goals might be the number of donors, average donation sizes or total annual funds raised.

## TECHNIQUES TO DEVELOP A ROBUST FUNDRAISING PLAN

Once you've identified your nonprofit's goals, creating a detailed fundraising plan is the next strategic step in steering your initiatives. That plan forms the blueprint that will help you navigate the complexities of fundraising and enhance your potential for success.

### 4 KEY COMPONENTS OF A FUNDRAISING PLAN

#### ***Prospective contributors***

Your plan should specify your target audience – the groups and demographics – you aim to reach with your fundraising initiatives, which will include both current benefactors and potentially new and untapped donor segments.

#### ***Timeline and milestones***

In your strategy, include a clear timeframe that outlines key milestones – such as due dates for grant submissions, as well as upcoming event or launch dates for your most important initiatives.

#### ***Budget***

Your plan needs to include a comprehensive budget that details the resources necessary for reaching your nonprofit's financial targets. That budget should support decision-making by listing contingencies for unforeseen costs and codifying how fundraising success will be measured.



### WHY DIVERSIFY FUNDRAISING CHANNELS?

To help ensure the resilience and development of your nonprofit, it's crucial to explore a variety of fundraising methods.

While individual donations are invaluable, diversifying your fundraising efforts can widen your reach to a more extensive donor network, significantly boosting your capacity to achieve your nonprofit's objectives. To diversify your fundraising channels, you might consider:

- Grants
- Annual events
- Corporate sponsorships
- Online crowdfunding

### Fundraising channels

It's important for your nonprofit's fundraising strategy to pinpoint the most productive revenue streams, which might include contributions from individual donors, or funding through grants, events or online fundraising drives.

### STRATEGIES TO BUILD LONG-TERM DONOR RELATIONSHIPS

Donors who resonate with your nonprofit's mission are more likely to make repeat donations. Cultivating and maintaining strong donor relationships over time is important for the sustainability of your organization.

#### ENGAGE DONORS OFTEN

To help donors feel more connected, you might consider regular communication through social media, emails, newsletters or direct mail. Adding a personal touch through "thank you" notes and phone calls, or publicly recognizing donors in reports and newsletters, can further nurture that relationship.

Educating donors can also help deepen engagement. Consider inviting donors to events, launches, webinars, seminars and volunteer opportunities throughout the year.

#### SHOWCASE IMPACT WITH ACCOUNTABILITY

Keep donors informed about how the funds they're contributing are being used. Plan to share project updates, annual reports and success stories to communicate the meaningful impact of donations.

Highlighting personal stories of beneficiaries and the real-world effects of donor support can be particularly illustrative of your organization's viability.

#### DONOR SEGMENTATION

Segmenting donors based on their donation amounts, frequency, interests and preferences can help you create specific engagement plans for different types of donors – whether they're major donors, recurring donors or both. Leveraging customer relationship management (CRM) technology to categorize your donors can also help you develop targeted campaigns and optimize your organization's resources in the long-term.

### HOW TO MEASURE FUNDRAISING RESULTS

By tracking key metrics, you can pinpoint what's working well and areas in need of improvement – so you can refine and adapt your fundraising strategy effectively. Useful metrics to measure the success of your nonprofit fundraising:

- **Total donations**
- **Average gift size** – based on total donations and total annual donation volume
- **Average gift size growth** – measures the increase in gift size over time, and can indicate the effectiveness of your donor nurturing campaigns
- **Total donor acquisitions**

The average U.S. donor is

**64 years** old and gives twice yearly.<sup>4</sup>

Monthly recurring donors give

**42% more** compared to one-time donors.<sup>5</sup>



### THE 5 U.S. STATES\* WITH THE HIGHEST PROPORTIONS OF PEOPLE<sup>6</sup>:

- Maryland (over 40%)
- New Jersey (over 40%)
- Utah (39.9%)
- Connecticut (39.6%)
- Massachusetts (39.1%)

\*Based on the number of tax filers who reported making charitable contributions

- **Donor retention rate** – the percentage of donors who continue to donate
- **Cost per dollar raised** – measures how much it costs your nonprofit to raise one dollar (calculated by dividing the total fundraising expenses by the total amount of donations received)
- **Major donor dependency rate** – your nonprofit’s reliance on certain donors for significant portions of organizational fundraising income



## HOW A FINANCIAL ADVISOR CAN HELP

With the support of your financial advisor, educational seminars can be provided for your donors interested in supporting your nonprofit organizations. It can help ensure their philanthropic efforts are effective, aligned with their values and integrated into their overall financial plan.

## CHARITABLE SOLUTIONS

### Donor advised funds

Ideal for those who want a simple solution with low costs and the potential to grow tax-free

### Charitable remainder and lead trusts

Ideal for donors who want a trust that can generate income for heirs or charities

### Cash or check

Ideal for donors who want to make ongoing or one-off gifts that allow a nonprofit to use funds as needed

<sup>1</sup>“Charitable Giving Statistics.” National Philanthropic Trust. 2024.

<sup>2</sup>“Building a Resilient Nonprofit: The Impact of Recurring Donors Explained.” Giving USA. 2024.

<sup>3</sup>“2023 Infographic.” Giving USA. 2023.

<sup>4</sup>“Nonprofit Fundraising Statistics to Boost Results in 2024.” Double the Donation. 2024.

<sup>5</sup>“The Ultimate List of Charitable Giving Statistics For 2023.” Nonprofit Source. 2023.

<sup>6</sup>“The Most Charitable American Cities and States [2023 Data Study].” IRS data interpreted by Upgraded Points. 2023.

**Talk to your financial advisor to learn how they can help educate your donors on charitable giving strategies.**

**Raymond James and its advisors do not offer tax or legal advice. You should discuss any tax or legal matters with the appropriate professional.**

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