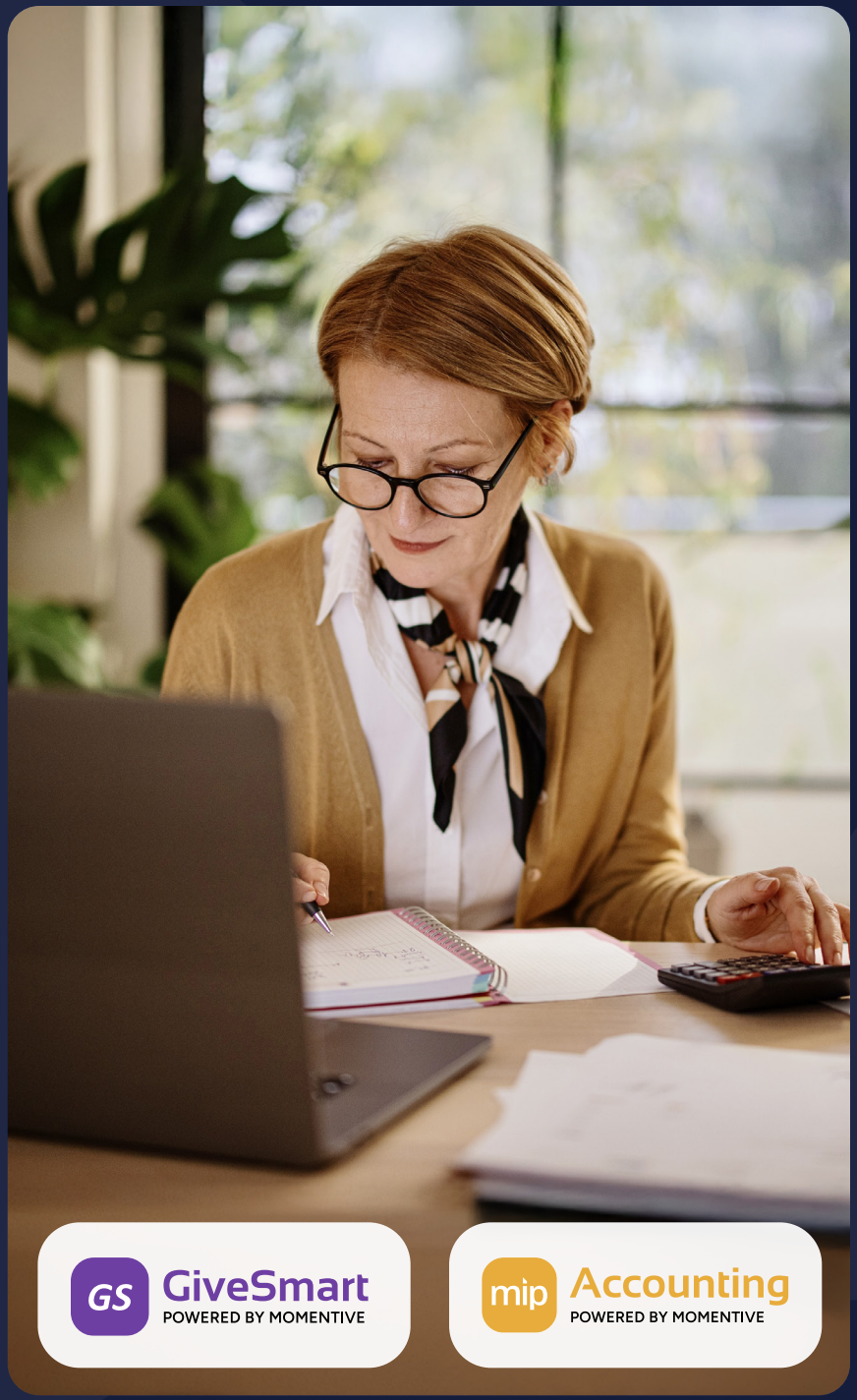
Momentive

2024 TRENDS REPORT

The State of Nonprofit Fundraising, Technology, and Operations: Impact on Mission Sustainability

Momentive Software Nonprofit Solutions
2024 Research Study



Contents

Introduction: Innovate, Improve, Succeed 3

Operations: Tech Usage, Adoption, Consolidation, and Sustainability 5

Fundraising: Funding Sources and Optimizing Fundraising Technology 8

The Future is Automation 12

Succeed Today, Tomorrow, Always 16

Study Background and Methodology:

To understand the state of nonprofit operations and better identify the unique opportunities that present themselves to nonprofit organizations in 2024 and beyond, Momentive Software commissioned our 2024 Research Study. Momentive Software partnered with third-party research firm Pacific Consulting Group (PCG) to field a survey. The survey was conducted online in the fourth quarter of 2023. The survey included 1,000 nonprofit professionals, with 84% from general nonprofits, 6% from federal, state, or local government, and 10% from education. All respondents were senior nonprofit leaders with titles including director/manager, vice president, senior vice president, COO, CTO, CFO, and president/owner/CEO

While nonprofits have many challenges to overcome in 2024, they are determined to capitalize on new opportunities and find unique ways to reach their beneficiaries. Throughout the report, we further analyze the 2024 Research Study findings surrounding fundraising, how to diversify revenue streams, and how organizations look to optimize technology to best serve their missions. With 2024 underway, successful, forward-thinking nonprofits will lead the charge to **innovate, improve, and succeed.**

Introduction: Innovate, Improve, Succeed

In a time of fundraising shortfalls, economic uncertainties, staffing shortages, and day-to-day operational challenges, nonprofit leaders are innovating to drive efficiency. It's a transformative time for nonprofits and organizations are embracing opportunities.

Nonprofit organizations are proactively responding to the emerging challenges to sustainability. From examining operational processes to improving drivers of mission success, like fundraising, donor management, technology, and campaigns—organizations are exploring ways to be nimbler and more streamlined.

Our 2024 Research Study quantifies the state of the nonprofit sector and examines how organizations embrace innovation to optimize operational processes and improve mission-critical drivers of success like fundraising, technology use, and staffing efficiency.

Findings Summary

1. **Nonprofits face continual financial pressures around revenue streams.** Fifty-seven percent say they need somewhat or much more stable cash flow, with nearly 7 in 10 sharing that they need more revenue streams today than they did two years ago.

   To this point, 56% of nonprofits say their organization has at least six funding sources, and 28% have at least 10 revenue sources. These organizations understand the importance of having diverse revenue streams, with 8 in 10 saying this is at least very important, if not critical, and 6 in 10 saying the average number of funding sources has increased over the last several years.

2. **Despite increasing revenue streams, nonprofit sustainability remains a top concern.** Seventy-three percent of organizations have long-term concerns about sustainability. These concerns were top of mind for environmental organizations, nonprofits with at least $51 million in operating budget, nonprofits with more than 5,000 employees, and organizations with budgets between $11 to $51 million.

Nonprofits concerned with sustainability:

Organizations with at least **$51 million in operating budget:**
85%

Nonprofits with more than **5,000 employees**:
84%

Organizations with budgets between **$11 million to $51 million:**
79%

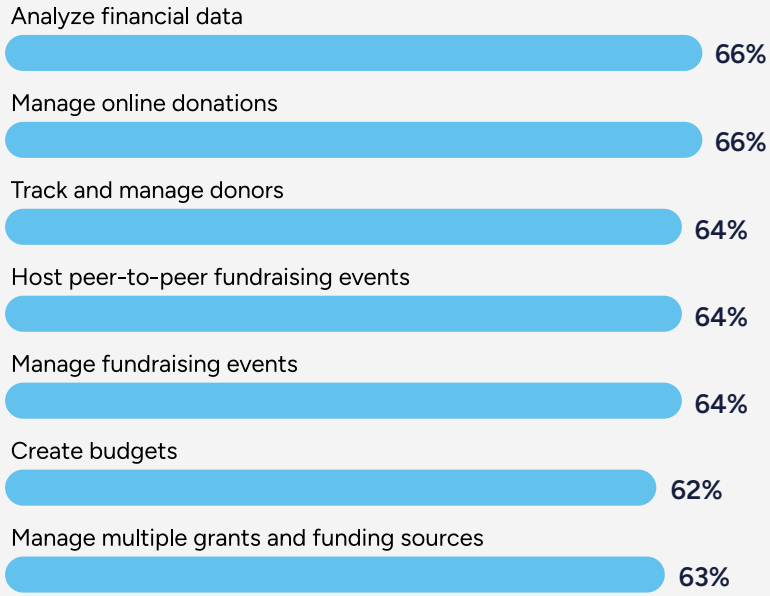
3. **Organizations recognize these challenges around sustainability and acknowledge the need to be more efficient to accomplish their missions.** Eighty-four percent of organizations say they must optimize spending to serve their mission better. One way they're optimizing spending is by addressing technology inefficiencies.

   Over the last three years, organizations acknowledged the need to optimize inefficient systems and took steps to do so. In 2022, only 33% of nonprofits said their technology use was very efficient, and that amount has increased to 41% in 2023.

4. **In addition to being time-consuming, organizations recognize they use too many technological systems.** In 2023, 43% of organizations used seven or more tools daily, limiting employee efficiency. On average, nonprofit employees spend 30% of their day managing data between systems.

5. **More than 4 in 5 nonprofit leaders shared that their organization could better serve their missions by managing their systems more efficiently.** Organizations are seeking out new technology to address these concerns.

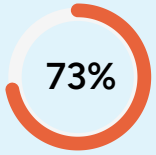
In 2023, nonprofits sought new solutions to:



6. **Organizations are finding efficiency in cloud-based technology.** In 2023, 4 out of 5 nonprofits said they are more likely to adopt a cloud-based solution, compared to over two years ago, with 1 in 3 saying they are much more likely. On average, those who transitioned to cloud solutions say they've gained 2 days a week because they eliminated manual work and redundancies.

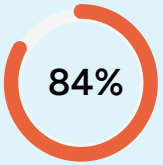
Operations: Tech Usage, Adoption, Consolidation, and Sustainability

As staff shortages linger and nonprofits compete with the for-profit space for qualified team members, how organizations embrace innovation to improve operations and drive mission success is critical.



of organizations have long-term concerns about sustainability.

Over the last three years, our research on technology use and how nonprofits rely on mission-critical metrics has helped to identify key areas of focus, such as collaboration, efficiency, transparency, and time savings. While optimism and process improvement have been recurring themes in our past studies, nonprofit sustainability remains a concern.



of organizations say they need to optimize spending to serve their mission better.

These concerns were top of mind for environmental organizations (85%), nonprofits with at least $51 million in operating budget (84%), nonprofits with more than 5,000 employees (84%), and organizations with budgets between $11 to $51 million (79%). Despite concerns over sustainability, organizations recognize these challenges and acknowledge the need to be more efficiency-driven to accomplish their mission.

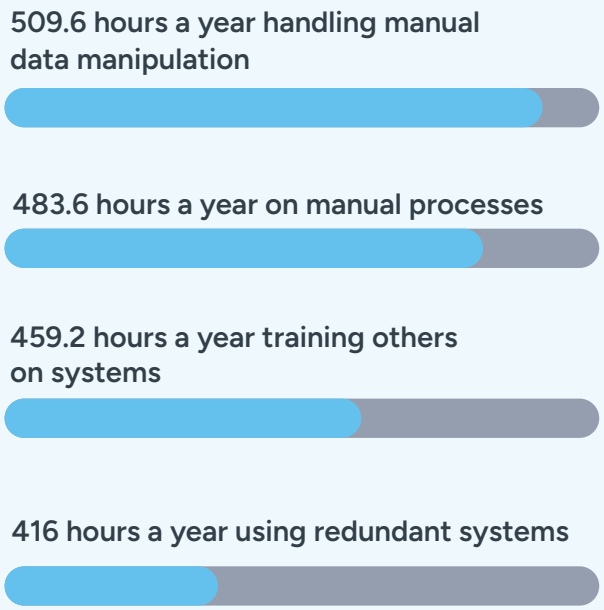
Over the last few years, inefficient technology use has been a recurring theme. From 2021-2023, 6 out of 10 respondents consistently shared aspects of their technology were time-consuming or inefficient. Additionally, organizations recognize that they use too many systems. In 2023, 43% of organizations use seven or more tools daily. These multiple systems affect employee efficiency. On average, employees spend a third of their day managing data between systems.

Navigating inefficient systems costs organizations time and money. Nonprofit professionals are spending more than a day per week on manual data, processes, training, and redundant systems.

Average number of hours and amount spent per employee on:

	Number of Hours Per Week	Amount Per Week	Amount Per Month	Amount Per Year
Manual data manipulation	9.8	$580	$2,319	$30,147
Manual processes	9.3	$532	$2,182	$27,670
Training others on systems	8.2	$482	$1,926	$25,043
Using redundant systems	8.0	$477	$1,907	$24,793

Nonprofit employees spend, on average:



Though inefficient systems are commonplace, nonprofit leaders recognize the need for improvement and are taking steps to do so. Organizations are seeking better solutions for analyzing financial data (66%), budget creation (62%), and managing multiple grants and funding sources (63%). As staffing shortages linger, organizations increasingly turn to technology to support employee work and improve operational efficiency.

With those facets in mind, organizations are moving toward improving their technology and driving mission success. Over the last two years, research has shown that nonprofits are actively upgrading their technology. Three out of four nonprofits expected to increase their investment in technology last year; those results hold true in this study as well.

When upgrading systems nonprofit leaders consider how the systems will reduce the need for additional staff and how team members can use technology to recapture **time to focus on mission delivery.**

KEY TAKEAWAY

Nonprofits seek to optimize systems to promote collaboration, efficiency, transparency, and time savings.

Some 72% of respondents already use nonprofit accounting technology, and 79% of nonprofits are at least somewhat satisfied with their organization's business software and systems.

KEY TAKEAWAY

Technology integration is a driver of that satisfaction, with 78% of respondents saying their systems were integrated at least somewhat well, and 38% saying their systems were very well integrated.

With an eye towards improving operations, nonprofits are actively seeking out solutions that increase efficiency and work to improve sustainability. While optimizing operations is one pillar organizations can target, successful nonprofits build a foundation of success when optimizing operations, improving fundraising, embracing automation, and moving to cloud-technology.

Fundraising: Funding Sources and Optimizing Fundraising Technology

Nonprofit missions need funding, and constituents require continued support, regardless of the landscape and the challenges organizations might face. To continue to meet the needs of their communities and beneficiaries, nonprofits are transforming how they operate—starting with fundraising.

Most nonprofits agree that diversifying funding sources and using technology to improve the donor experience are paramount to sustaining mission success.

Funding Sources

Nonprofits are facing financial pressures around revenue streams.

They can no longer rely on a couple of sources to fund operations, and organizations are seeking various strategies to efficiently manage multiple revenue streams in an organized way.

57%
recognize a need for a somewhat or much more stable cash flow

65%
say they need more revenue streams today than they did two years ago

59%
say the average number of funding sources has increased over the last several years

To this point, 56% of nonprofits say their organization has at least six funding sources, and 28% have at least 10 revenue sources. Overall, these nonprofit organizations understand the importance of having diverse revenue sources, with 79% saying this is at least very important, if not critical.

TOP 3 FUNDING SOURCES

73%	59%	54%
Donations	Grants	Events

The top three funding sources for our respondents, but organizations recognize the importance of using multiple different funding methods.

As operating budgets grow, organizations are incorporating corporate giving, while dependence on events conversely decreases.

No matter the size of a nonprofit or the funding makeup, donations remain the number one funding source. Individual donors must be at the center of nonprofit fundraising plans because how nonprofits manage donor stewardship is critical to sustained success.

Nonprofit Revenue Source Makeup

	Donations	Grants	Corporate Giving	Events
Nonprofits with $11M to $50M budgets	61%	53%	52%	48%
Nonprofits with $50M+ budgets	64%	55%	45%	43%

Whether restricted or unrestricted, having multiple revenue streams positions an organization for success. Despite 3 out of 4 nonprofits sharing that unrestricted funds were very important, if not extremely important, fund designation continues to be mainly restricted or split between both.

Fund Designation in 2023

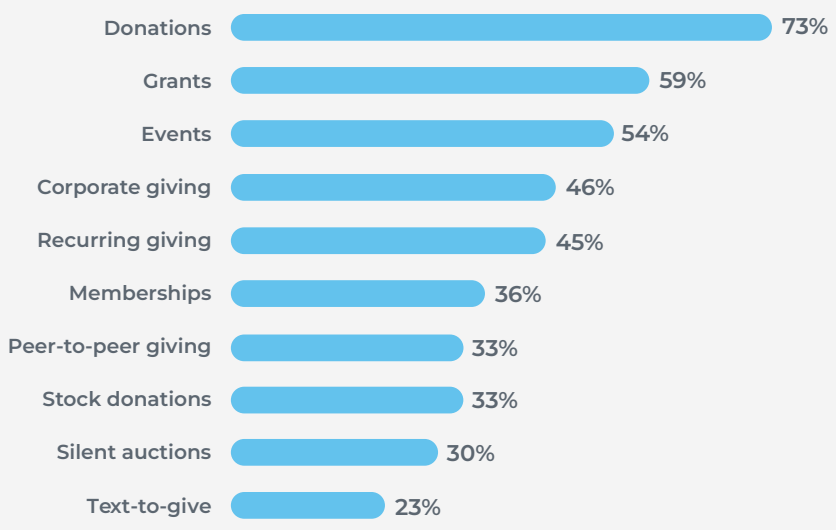
38%
Mostly restricted

30%
An equal split of restricted and unrestricted funds

31%
Mostly unrestricted

2%
Unsure

Nonprofit Revenue Streams



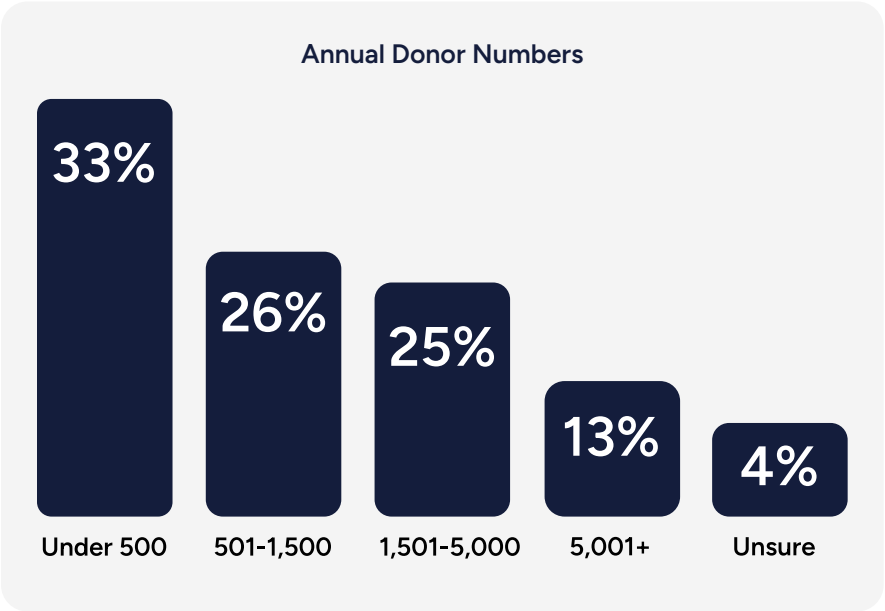
Improving the Donor Experience

Despite a decrease in overall donation totals, the majority of respondents said their donor numbers are increasing over time, with 1 in 4 sharing they are staying about the same.

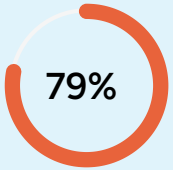
How a donor experiences the process of supporting an organization may impact how much they give or if they choose to give again in the future.

Everything from different ways to give, to how soon and frequently someone is thanked for a donation affects the overall donor experience.

According to respondents, donations were the number one funding source for most nonprofits, and organizations are turning to technology to make the donor experience as seamless as possible.



Understanding that donors want options makes accepting alternative payment options like Venmo, PayPal, Apple Pay, and others crucial.



of organizations said it was very important to offer alternative payment options

Technology not only makes it possible to accept multiple types of payments, but it's also the throughline that makes increasing efforts around donor stewardship possible.

Technology and recent innovations in software increase the opportunity for nonprofit professionals to significantly improve their donor stewardship strategy. Being able to personalize outreach, learn more about donor intent and interest, segment supporters, and reach donors in a timely manner directly ties to fundraising success.

Previous research has shown that first and early adopters of technology know their donors better and deliver a superior giving experience. More than 4 in 5 nonprofits said their technology helped them meet or exceed their fundraising goals.

As nonprofits work to attract, retain, and convert donors into recurring donors, improving the use of technology is necessary.

Optimizing Fundraising

Organizations recognize the need to be more efficient to accomplish their mission.

Eighty-four percent of organizations say they want to optimize technology spending to serve their mission better. Over the last three years, organizations acknowledged the need to optimize inefficient systems. While nonprofits have improved their technology over time, nearly 6 out of 10 organizations still say it is overly time-consuming or inefficient. Organizations are solving this by adopting nonprofit-specific solutions.

When it comes to fundraising solutions:

58%
Of organizations use nonprofit-specific fundraising software

42%
Use a CRM or donor database

37%
Use an event fundraising program

40%
Use an online fundraising program

Many organizations recognize the need for and are actively seeking out these systems. The majority of nonprofits shared that they need solutions for improved fundraising, event management, and donor tracking.

More and more nonprofits recognize that improving technology can help them reach their goals.

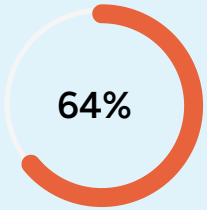
Between 2022-23, 65% of respondents upgraded their donor management software, and another 32% anticipated upgrading their system in 2024. The same can be said for fundraising software. Seventy-three percent of respondents upgraded their software over the last two years, and 35% anticipated upgrading in 2024.

As nonprofits seek solutions to increase fundraising revenues, examining how interconnected an organization's technology is and whether it contributes to its success is critical.

Using technology to identify and capitalize on new funding streams will help nonprofits innovate, improve, and succeed. Technology improves staff operational efficiency and presents new ways to engage with donors, analyze revenue streams, and increase donations.

Giving supporters a positive giving experience yields dividends. Whether via text-to-donate, easy-to-use peer-to-peer fundraising websites, or streamlined ticketing checkout, implementing a seamless giving experience overwhelmingly increases the likelihood that donors will continue and increase their support.

When it's simple for donors to give because organizations have optimized their technology use, nonprofits are likely to stabilize and grow. When organizations meet the bedrock of fundraising goal achievement—donor retention, personalized outreach, secure transactions, efficient giving processes, and diversified giving opportunities—they are better supported, and missions thrive.



of nonprofits are still seeking better technology for tracking and managing donors, hosting peer-to-peer fundraising campaigns, and managing fundraising events

The Future is Automation

Increasing team efficiency is a tenet of our 2024 research study. One emerging way nonprofits are doing that is through automation. From transforming administrative work to improving inefficiencies, how your organization uses automation can make a lasting difference. We sought to define how nonprofits use automation in their day-to-day work and how it relates explicitly to error reduction.

KEY TAKEAWAY

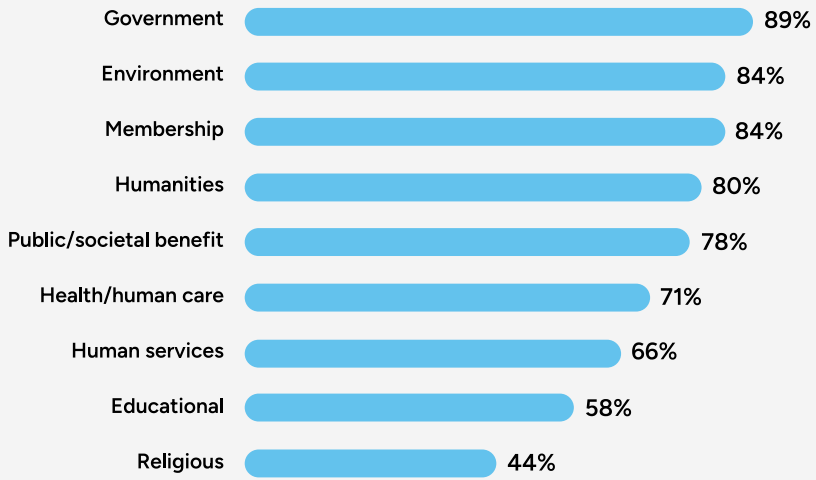
These errors are crucial because 33% of organizations have lost funds due to a lack of compliance. Automation can help solve these errors.

Organizations are heavily invested in using automated workflows to reduce errors. Sixty-eight percent of respondents use automation for this purpose already. The majority of nonprofit specialties already rely on automation to reduce errors.

Nonprofits are actively working to reduce administrative errors, too. Nonprofits feel error reduction leads to better compliance (84%), a better donor experience (84%), better auditor results (83%), more confidence in accounting (85%), and cleaner donor reporting (84%).

About 1 in 3 organizations see errors occur at least occasionally, and organizations are most likely to make errors when conducting a budget revision (37%), closing financial books (35%), or with donor management or stewardship processes (35%).

Nonprofit Sectors Using Automation to Reduce Errors



Decreasing manual entry and multiple spreadsheet use reduces errors organization-wide and helps nonprofit team members accomplish more.

While every department in a nonprofit can benefit from automation, finance teams can automate several processes to improve efficiency.

Managing finances without automation is a burdensome, administrative, and work-heavy challenge. From reconciling accounts and credit card transaction matching to data entry between various finance processes, technology can automate each of these processes and decrease the manual workload on finance teams.

Automation simplifies administrative processes and is one crucial way nonprofits can innovate their missions today, to position themselves for sustained growth and success tomorrow.

Innovate and Improve in the Cloud

Over the last three years, more nonprofits have moved to cloud solutions. From increasing ease of access to eliminating multiple systems, improving team efficiency, and optimizing overall operations, it's clear the cloud is here to stay.

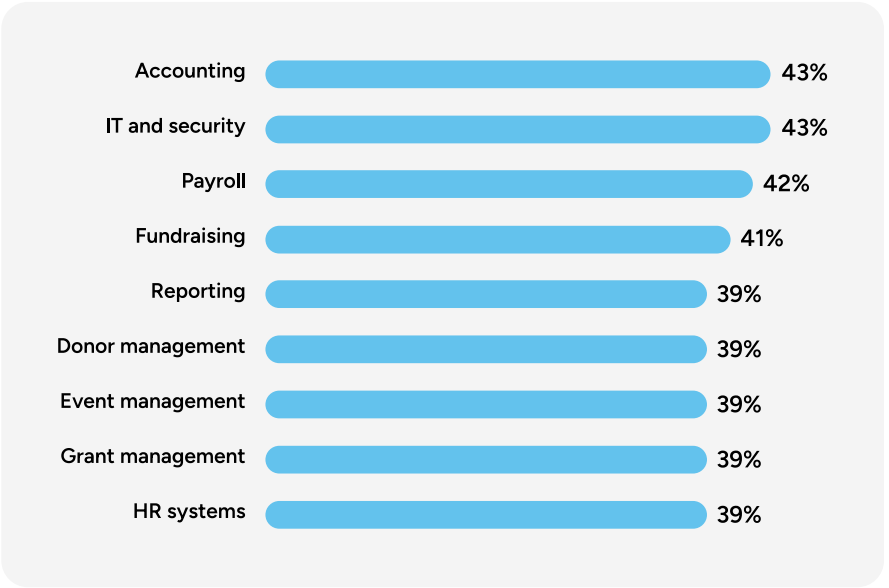
KEY TAKEAWAY

More than 9 in 10 respondents say cloud-based systems save time and that moving their systems to the cloud has positively impacted their organization.

In our last research study, the overwhelming majority (93%) of respondents said they wanted to move their current technology to the cloud, and our most recent findings support that, with organizations typically having at least five systems in the cloud.

This year, 4 out of 5 nonprofits are more likely to adopt a cloud-based solution than two years ago. The cloud has several benefits for nonprofits. As organizations seek to simplify systems and increase team efficiency, the cloud is at the core of both.

Percentage of Nonprofits Using a Cloud Solution by Type of System



Concerning time savings, on average, organizations that transitioned to the cloud say they have saved about 15 hours a week, with nearly 1 in 4 saving more than 21 hours per week. On an individual team member level, 9 out of 10 respondents said the cloud has helped them improve workflows.

Weekly Time Saved by Cloud Systems

24%	28%	26%	23%
5 or fewer hours	6 to 10 hours	11 to 20 hours	21 or more hours

Benefits Realized from Transitioning to the Cloud

Time saved by using cloud technology has major implications for an organization's bottom line. Our research sought to define how cloud technology could save salary over a year.

- **54%** Save Time
- **44%** Increased security
- **46%** Better Usability
- **44%** Easier collaboration
- **45%** Greater efficiency

Cloud Benefit: Cost Savings

Mean $ amount (in time) employees at the salary levels would save based on self-reported data

Salary	1 week	4 Weeks (One Month)	52 Weeks (One year)
$50,000	$336	$1,354	$17,491
$75,000	$530	$2,121	$27,568
$100,000	$663	$2,653	$34,483
$125,000	$868	$3,471	$45,121
$150,000	$1,140	$4,561	$59,295
$175,000	$1,369	$5,477	$71,197
$200,000	$1,428	$5,711	$74,241

While the cost savings are clear, the cloud also keeps organizations compliant with security regulations and demonstrates a commitment to responsible fiscal stewardship. Over the last few years, we've seen that confidence in cloud security is growing.

Cloud Benefit: Security

In our 2022 Research Study, we saw that confidence in the cloud was high, with more than 4 out of 5 respondents saying they're at least somewhat confident in cloud security and 1 in 3 saying they're very confident. Today, nearly 9 out of 10 organizations shared they are somewhat confident or very confident in the cloud.

More organizations are upgrading to cloud technology to realize security benefits. In 2023, many organizations upgraded security or protocol technology, and even more intended to make similar upgrades in this year.

45%
In 2023, 45% of organizations upgraded data security, software, systems, or protocol technology

34%
In 2024, 34% of organizations plan for upgraded data security, software, systems, or protocol technology

At the core of our research, we've seen that nonprofits are seeking ways to innovate, improve, and succeed.

The throughline for those moves is condensing multiple pieces of technology into cloud-based systems. Cloud technology simplifies innovation, spurs improvement, and helps nonprofits drive success.

From helping organizations identify and reach beneficiaries to providing analytical insights into operations, how organizations use the cloud to capitalize on new opportunities and find unique ways to accomplish their missions is crucial to overcoming the challenges nonprofits face in 2024.

Succeed Today, Tomorrow, Always

While mounting external pressures are testing nonprofit capacity, organizations are determined to find new ways to meet their missions and serve as many beneficiaries as possible.

Nonprofits are doing this by becoming more efficient and examining their technology to become more agile and innovative. By embracing technology that benefits every nonprofit department and team member, organizations increase visibility into operations and can create informed, detailed plans to move missions forward.

While the past few years have been tumultuous, nonprofit leaders are responding with innovation and process improvement. The steps organizations take today to be nimbler will pay off in droves tomorrow. Determined to capitalize on new opportunities and find continued success, nonprofits are innovating, improving, and succeeding.

Sustainable funding and effective financial management play a vital role in any nonprofit.

The combination of GiveSmart, a complete fundraising and donor management tool set,and MIP Fund Accounting, a powerful multi-fund accounting platform, helps nonprofits:

- **Optimize their fundraising efforts**
- **Empower donor stewardship**
- **Seamlessly track and manage finances**
- **Ensure long-term sustainability**

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GiveSmart
POWERED BY MOMENTIVE

GiveSmart is a fundraising, event management, and donor management software. Elevate your campaigns to the next level and save time to focus on what really matters—your mission.

Learn More

mip Accounting
POWERED BY MOMENTIVE

MIP® Accounting tracks unlimited funds and manages financial books in a streamlined, user-friendly system. Manage finances, track every fund, and follow every dollar.

Learn More

Momentive

About Momentive Software

Momentive Software amplifies the impact of over 30,000 purpose-driven organizations in over 30 countries. Mission-driven organizations and associations rely on Momentive's cloud-based software and services to solve their most critical challenges: engage the people they serve, simplify operations, and grow revenue. Learn more at **momentivesoftware.com**.

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