

Research report

2024 nonprofit technology impact report: Driving mission with innovation

Sage

Table of contents

Page 3
Introduction

Page 4
Leader demographics

Page 5
Results

Page 9
Market trends

Page 13
Technology

Page 14
Key takeaways

Page 17
Conclusion





Introduction

Empowering nonprofits with technology to achieve mission impact

In an era of rapid technological advancements and increasing reliance on digital solutions, nonprofits are turning to technology to enhance efficiency and drive their mission impact. The 2024 Nonprofit Technology Impact Report delves into how these advancements are reshaping the nonprofit sector, enabling organizations to operate smarter and more strategically than ever before.

With insights from nonprofit finance leaders across North America, this report highlights both current trends and forward-looking strategies that are transforming nonprofit operations. As key stewards of their organizations' financial integrity, nonprofit finance leaders are leveraging technology to streamline operations and refocus their efforts on mission-critical goals.

This survey captures the voices of these leaders, examining the challenges they face, the opportunities they seize, and the innovations that are shaping the future of the nonprofit sector.

Demographics: A snapshot of nonprofit finance leaders

Key Takeaway

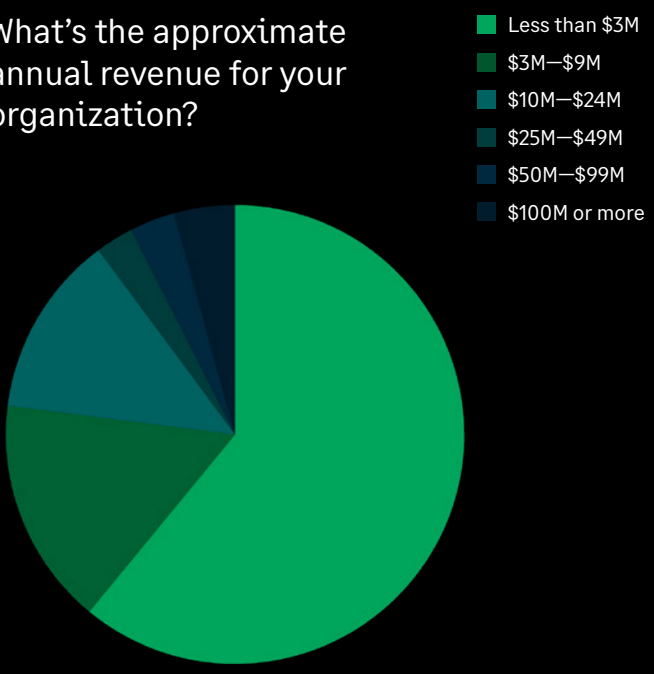
Nonprofit finance leaders are increasingly assuming strategic roles beyond financial oversight. With 56% of respondents in the C-suite, they are central to steering organizations toward more impactful, mission-driven decisions.

This year, nearly 300 nonprofit leaders responded to our survey. The majority (90%) of these leaders represent small to mid-size nonprofit organizations in the United States with revenue of less than $24M annually. The demographics are in line with our survey respondents from previous years, allowing us to compare year-over-year results.

The respondents represent a variety of nonprofit cause areas, including human services (21%), education (17%), community improvement (16%), arts and culture (14%), and healthcare (13%).

The most frequent titles of respondents were executive director, chief financial officer, and chief executive officer. More than half (56%) of respondents represented the C-suite at their organization, up from 49% of respondents last year. Other survey participants identified themselves as controller, director of finance, accounting manager, and VP of finance and administration.

What's the approximate annual revenue for your organization?



Results

Key Takeaway

Revenue remains stable for most nonprofits, with 63% expecting growth in 2024. Nonprofits are diversifying funding sources, with corporate giving returning to pre-pandemic levels, though individual donations remain volatile. The post-pandemic bounce back was higher in 2022, but fewer organizations reported a decrease in 2023.

Revenue

44% of respondents reported an increase in revenue in 2023, with an additional 29% reporting flat revenue. We saw a larger percentage report an increase last year, but in totality, a higher number of organizations are reporting either increased or flat revenue—meaning the post-pandemic bounce back was higher in 2022, but fewer organizations reported a decrease in 2023.

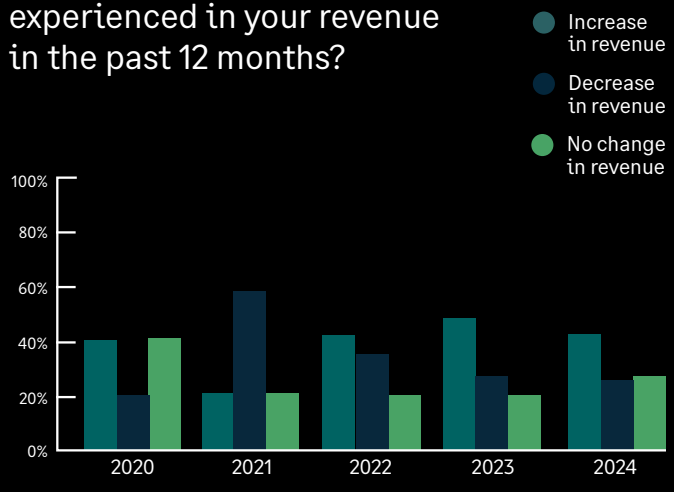
Human services, arts and culture, and education organizations more frequently reported an increase in revenue over other nonprofit categories. Arts and culture organizations are new to that list this year, indicating a recovery in an area that was hard-hit during the pandemic.

When we examine the last five years in greater detail, we see a clear positive trend in revenue versus the decrease we saw during the height of the pandemic in 2021. Our 2024 survey results reflect the lowest percentage of survey respondents reporting a decrease in revenue since pre-pandemic times. Of those who reported a decrease in funding, 65% say their funding decreased by a small margin of less than 25%. Of those that reported an increase in funding, more than a quarter experienced an increase of greater than 25%.

Good news for 2024: 86% of organizations are predicting increased or flat revenue, with 63% forecasting an increase. Of those forecasting an increase, 41% of those organizations expect an increase of greater than 25%. That number is up from 26% last year, meaning many more organizations are forecasting larger increases.

Post-pandemic recovery has continued, with more organizations reporting revenue increases in 2023.

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



Funders

29% of nonprofit finance leaders reported that the biggest increase in funding this year came from government funding, followed by foundation grants. Our survey respondents reported that the most significant decrease in funding came from individual donors.

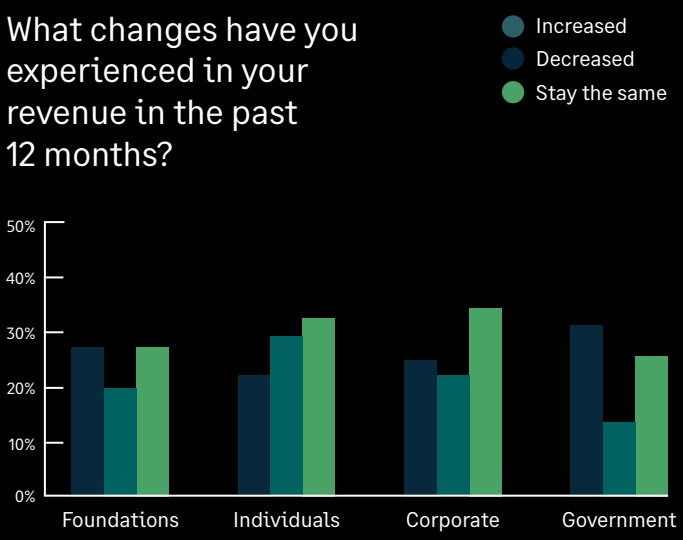
When we look at year-over-year trends, funding from foundations has remained the steadiest, while individual, corporate, and government funding has had more variability, trending up or down given the economic climate.

This year, we saw every area drop slightly in the percentage who have seen an increase, except corporate giving. For the first time in our survey, we've seen corporate giving back to pre-pandemic levels.

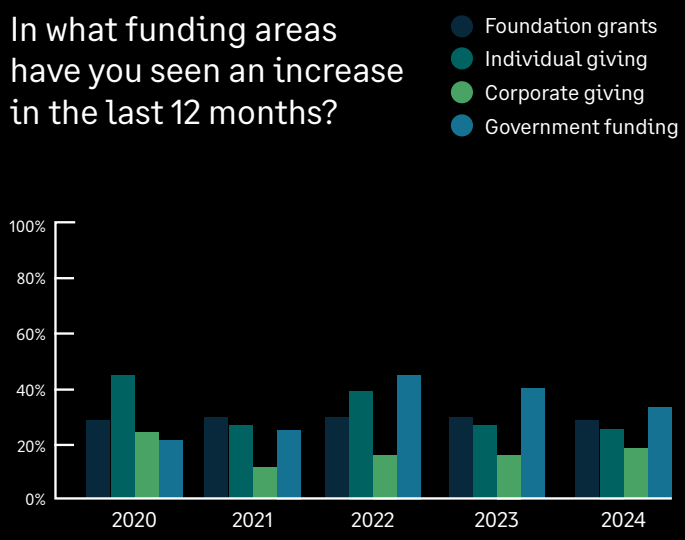
Overall, we've seen government funding remain fairly high when compared to 2020 numbers, but it did dip slightly this year as the availability and accessibility of government funding has changed post-pandemic.



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



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



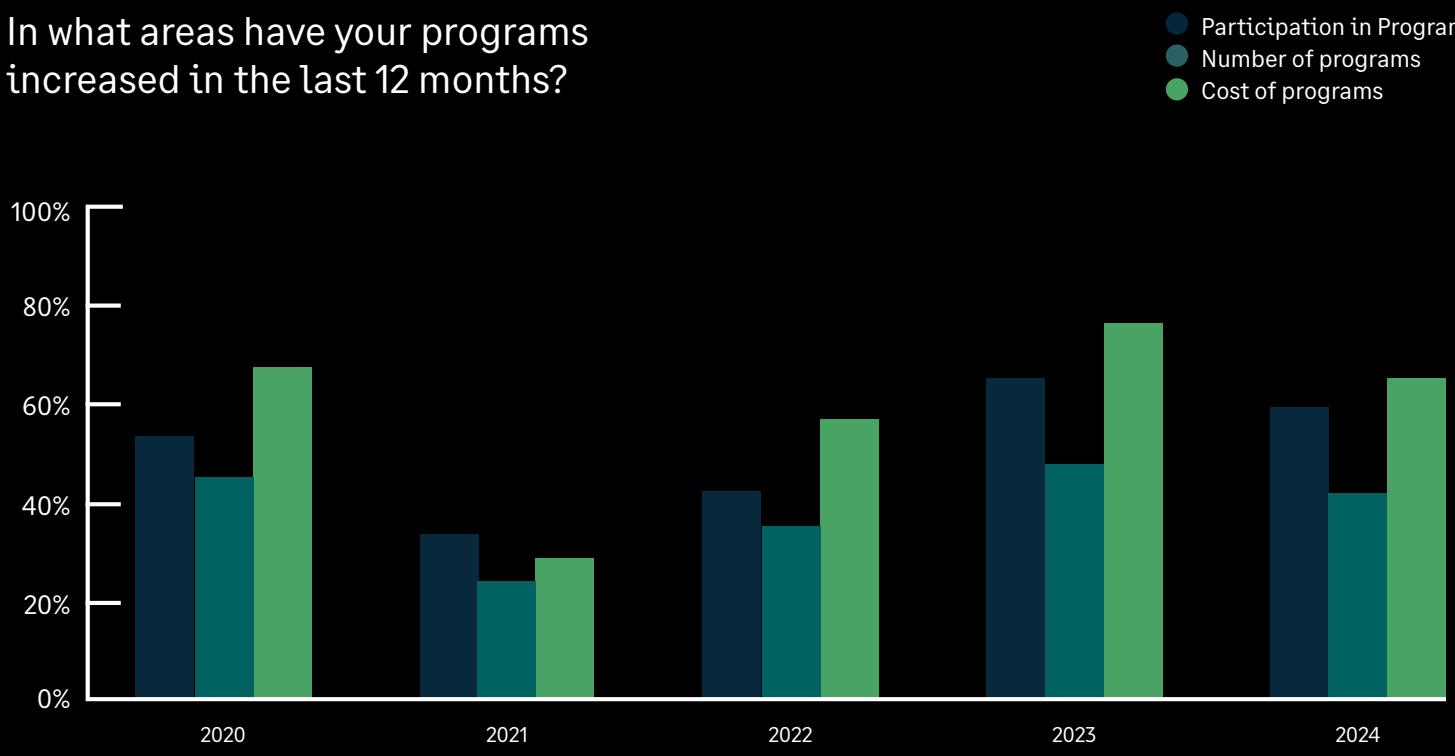
Programs and services

The major theme when it comes to programs and services over the last two years has been one of increased demand coupled with higher costs. 26% of survey respondents say that participation in programs has increased this year, with 70% saying the cost of programs has increased.

While inflation is a hurdle in most sectors right now, the National Philanthropic Trust says that nonprofits are “particularly vulnerable to inflation because they cannot react to rising prices the way for-profit businesses can.” They go on to note the correlation between rising costs and an increased demand for services, and the difficult position that puts nonprofits in.

The increased demand for services, coupled with inflation and rising costs of programs, puts more pressure on nonprofits to accurately budget and plan for the future, stretch every dollar, and be good stewards of funding.

In what areas have your programs increased in the last 12 months?



The role of the nonprofit finance leader

This survey is for nonprofit finance leaders, and each year, we ask about their role in telling the story of mission impact to constituents. Finance plays a huge role in translating an organization's mission into fiscal strategies, providing the guidance needed to move the mission forward.

Nearly 60% of respondents indicated that their finance team documents transparency and accountability at their organization. It's no surprise this was the most common response, as it is a crucial component for nonprofit success. Transparency and accountability establish a foundation of trust with stakeholders and clear and transparent documentation of financial practices assures donors their contributions are being used responsibly and in alignment with the nonprofit's mission.

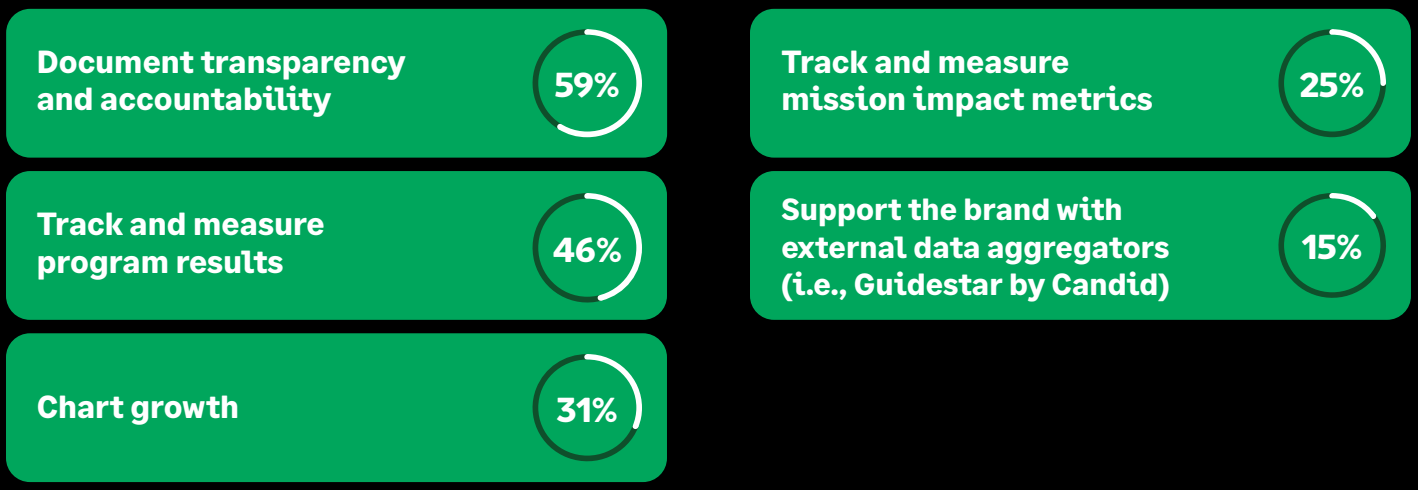
Nearly half of respondents indicated their finance teams track program results. This enables nonprofits to demonstrate impact, make strategic decisions, and effectively communicate their impact story with stakeholders.

By actively engaging the finance team in pursuit of mission achievement, nonprofits can optimize resource allocation, enhance operational efficiency, and build a foundation for sustainable growth. Through this involvement, the finance team becomes a partner in transforming mission statements into tangible, positive change within the causes the nonprofit serves.

Key Takeaway

Clear and transparent documentation of financial practices assures donors their contributions are being used responsibly and in alignment with the nonprofit's mission.

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



Market trends

Key Takeaway

Economic challenges like inflation and competition for funding continue to press nonprofits. To stay competitive, organizations are diversifying revenue streams, exploring innovative funding models, and using data to optimize donor relations.

External challenges

Nonprofits often encounter challenges beyond their control. In this survey, we asked respondents to identify the biggest external challenge their organization is currently facing.

Given the economic uncertainty, inflation, and competition for funding, which were the most frequently cited challenges, the responses align with many of the topics discussed regarding programs and funding.

The economic climate has a significant impact on nonprofits—influencing operations, funding sources, and overall viability. Due to recent economic volatility, nonprofits have had to adapt quickly to succeed. We asked our respondents how they expect this uncertainty to affect their organizations.

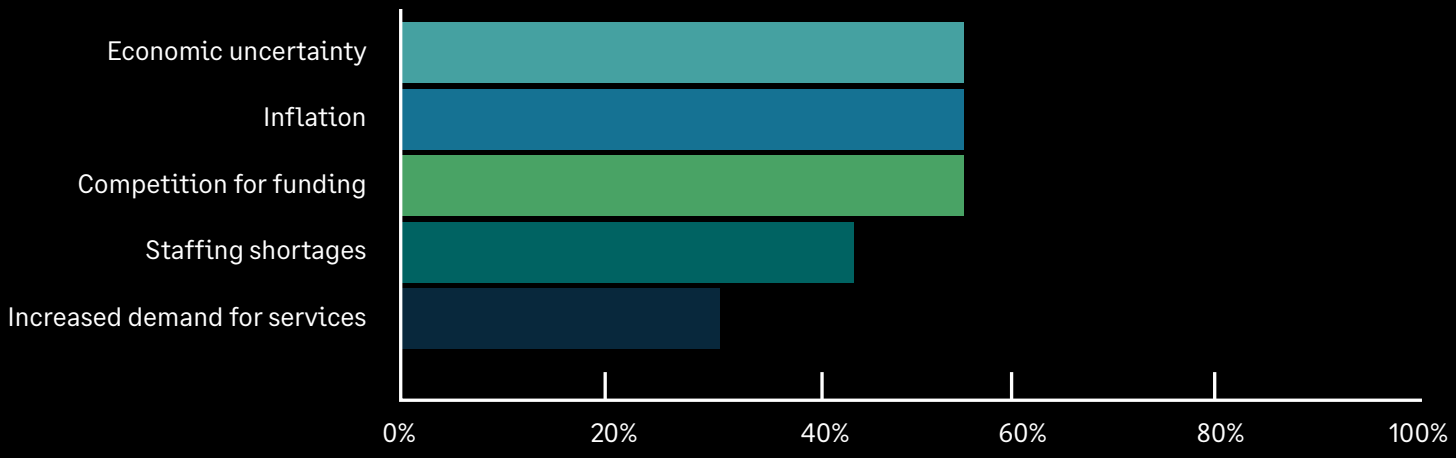
There were also other challenges in the comments worth noting:

"Delays in federal grant payments, due to normal processing delays and especially government shutdowns."
~Animal and environment nonprofit

"Government funding via COVID relief funds is coming to an end."
~Human services nonprofit

"Worldwide events, conflicts, and wars draw attention away from our issue."
~International nonprofit/NGO

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



The economy has had a significant impact on nonprofits, shaping operations, funding sources, and overall viability. With the economy experiencing volatility, nonprofits have to make fast changes to be successful in the current climate. We asked our respondents how they anticipate this uncertainty will affect their organizations.

Some respondents expanded on the challenges in the comments:

"We are seeing changes in program and operations spending but not reduced. There are fewer individual donations but government contracts are 3-5 years, so economic uncertainty is a factor around renewal."
~Human services nonprofit

"Economic uncertainty may cause foundations (the chief source of our revenue) to reduce the level of their funding commitment. Our government funder is faced with increasing deficits and cut its grants to us in an effort to reduce the deficit."
~Community improvement nonprofit

"We are seeing increased demand for our services; therefore we need to expand our staff and also generate increased support through grants from foundations and government sources."
~Healthcare nonprofit

"Need to prospect for additional donors to compensate for attrition on the file."
~Education nonprofit

Despite economic uncertainty, nonprofits have found innovative ways to overcome challenges. This was also reflected in the comments:

"We have already invested in technology to automate repetitive administrative tasks. This has freed up staff time to focus on volunteer training and support."
~Education nonprofit

"We see an increase in team participation in resource mobilization and a shift to innovative revenue models."
~International nonprofit/NGO

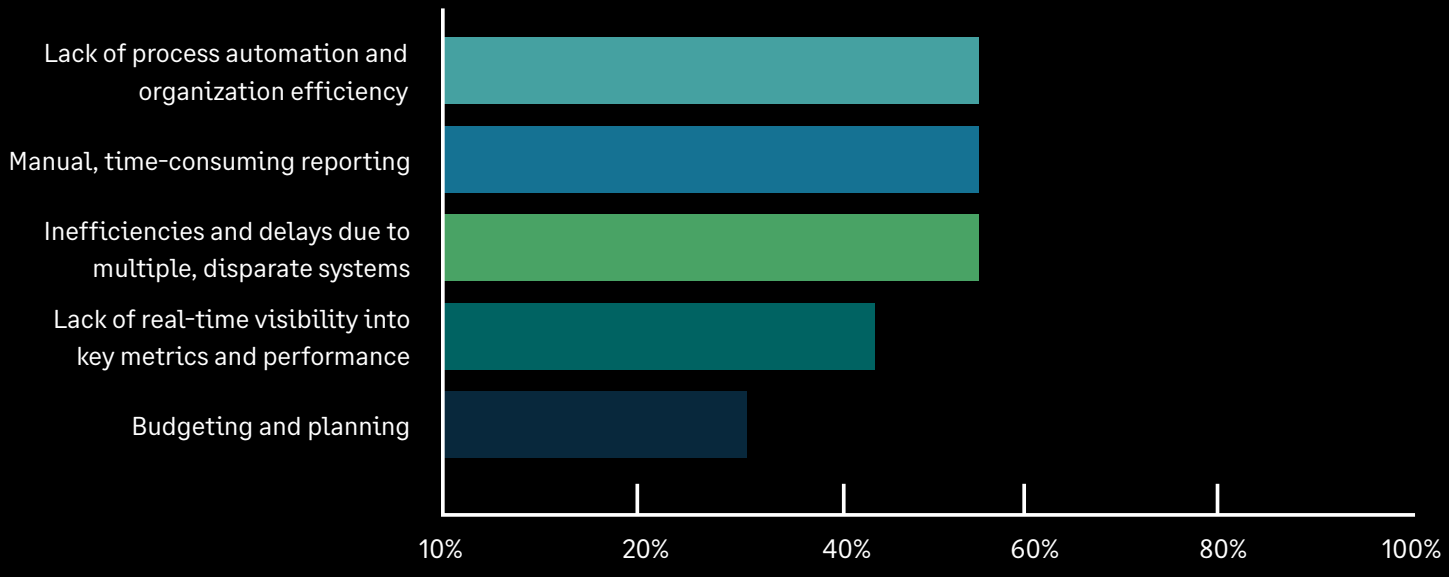
Internal challenges

We also wanted to understand what challenges nonprofits were facing internally



To better understand the internal challenges nonprofits face, we examined key operational issues. Despite advancements, many organizations struggle with manual processes, inefficient reporting, and disconnected systems, which hinder their ability to allocate resources and fulfill their missions. With the right technology, these obstacles can be minimized, enabling nonprofits to operate more efficiently and focus on their core mission.

What are the biggest internal challenges your organization is facing today?



Internal challenges

When you compare the internal challenges over the last few years, the top five have remained fairly consistent.

"Lack of process automation and organization efficiency" and "Manual, time-consuming reporting" have remained the top internal challenges facing nonprofits for three years running.

These challenges directly impact nonprofits' ability to fulfill their missions and serve their communities effectively. Manual, paper-based processes can lead to resource constraints, time-consuming tasks, and human errors.

Implementing modern technology with automation capabilities could significantly mitigate these issues.

Top 5 internal frustrations from the 2022-2024 reports:

	2022	2023	2024
1	Lack of process automation and organization efficiency	Manual, time-consuming reporting	**Lack of process automation and organization efficiency**
2	Manual, time-consuming reporting	Lack of process automation and organization efficiency	**Manual, time-consuming reporting**
3	Budgeting and planning	Inefficiencies and delays due to multiple, disparate systems	**Inefficiencies and delays due to multiple, disparate systems**
4	Lack of real-time visibility into key metrics and performance	Lack of real-time visibility into key metrics and performance	**Lack of real-time visibility into key metrics and performance**
5	Inefficiencies and delays due to multiple, disparate systems	Budgeting and planning	**Budgeting and planning**

Technology

Key Takeaway

Automation and modern financial software are critical for reducing inefficiencies. The ability to integrate systems and automate reporting processes allows nonprofits to focus on impact measurement and strategic growth, positioning you for long-term sustainability.

We asked respondents about the technology solutions they use to support operations and growth. The most used pieces of technology were financial management and accounting software (85%), a donor management or CRM solution (64%), and a budgeting and planning tool (28%). Over the course of our annual survey, we've seen a large increase in the use of a budgeting and planning software—it has increased steadily from 18% use in 2022 to 28% this year.

Accounting and financial management software

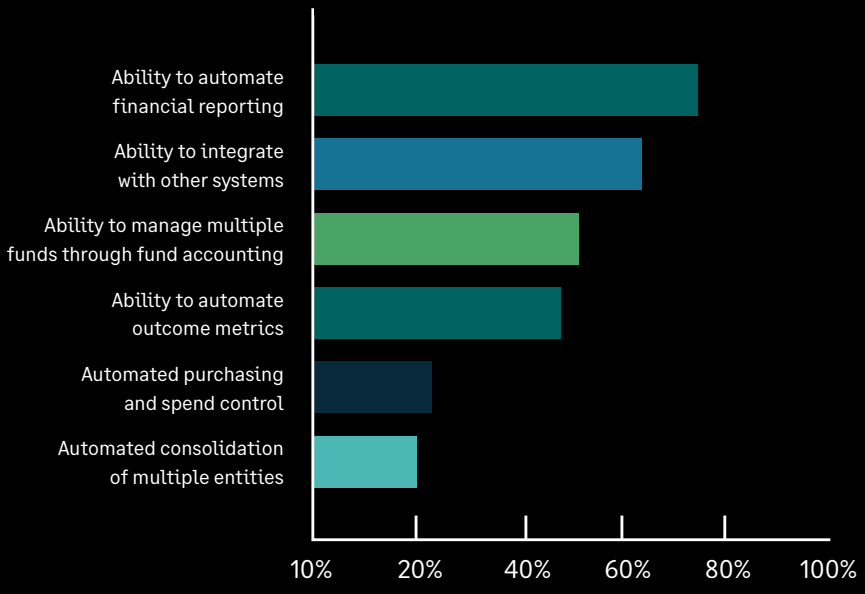
When asked specifically about financial management and accounting systems, 48% of respondents indicated they use QuickBooks. This was the most prevalent answer followed by Sage Intacct and MIP Fund Accounting (formerly Abila).

We also asked respondents what functionality of financial management and accounting software is most important to their organization.

These responses are in the same priority order as in the 2021 and 2022 surveys, indicating these are key factors when considering financial management and accounting software.

One difference to highlight is that 46% noted the importance of automating outcome metrics. This has increased steadily over the years, up from 35% in 2022. Outcome metrics are key to telling the story of mission achievement and the ability to track and measure those automatically has become increasingly important to nonprofits.

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



Key takeaways



1. **Entry-level accounting software cannot rise to the needs of nonprofit challenges—especially during economic instability.**
   When discussing internal challenges in the survey, one respondent from a public benefit organization noted their biggest challenge was the "increasing concern of whether QuickBooks can keep up with our needs."

   While entry-level accounting software like QuickBooks can be a good fit for small organizations with a simplistic structure, it wasn't built for the needs of a complex nonprofit, especially in a challenging economic climate. Some of the impacts of economic instability on nonprofits including increased competition for funding, volatility in funding streams, and operational challenges can be exacerbated by the use of a solution like QuickBooks. However, these pains can be removed by leveraging a modern, cloud accounting and financial management solution like Sage Intacct:

   - **Competition for funding:** Sage Intacct can help nonprofits differentiate themselves when funding competition is fierce. By utilizing compliance reporting in Sage Intacct, nonprofits can demonstrate that they are a responsible steward of donor dollars. Couple that with the ability to track and measure outcome metrics, this can make a nonprofit very attractive when under consideration for funding.

   - **Volatility in funding streams:** Nonprofits often experience fluctuations in funding streams due to economic uncertainties. Government grants, corporate giving, and individual donations may become more unpredictable, impacting long-term planning and program sustainability. Sage Intacct is, at its core, a fund accounting solution, with the ability to easily track multiple funding sources and establish a clear and complete audit trail from transaction to report to reconciliation. This not only frees up valuable time for finance staff but makes audits fast and efficient.

   - **Operational challenges:** Nonprofits using QuickBooks as their financial foundation are often forced to build cumbersome workarounds to complete complex processes like revenue recognition and multi-entity consolidation, leaving users overly reliant on spreadsheets and manual data entry. Sage Intacct has built-in automation and workflows to increase your efficiency and productivity by eliminating redundant data entry, routing and tracking digital approval signoffs on transactions, and automating fund, revenue, and billing processes.

2. **Tracking outcome metrics is a critical component of telling your story and attracting donors.**
In a world where both the demand for services and competition for funding are high, nonprofits have to employ various strategies to stand out and secure financial support. Outcome metrics are a powerful tool for demonstrating accountability and transparency. They can include financial and nonfinancial data to measure the efficacy of organizations and programs. Many nonprofits obtain their best results by measuring across multiple dimensions for blended scorecards that encompass activities, capacities, financial results, and other mission-oriented metrics.

Sage Intacct automatically tags and tracks data by key dimensions which gives nonprofits the instant visibility and insights they need to be proactive. Sage Intacct also provides access to statistical data to enable nonprofits to automatically calculate key metrics such as financial (revenue), statistical (membership), or a combination (donations per attendee).

The Sage Intacct open API allows organizations to integrate their financial data with the data from any or all of their other business systems. For instance, by viewing combined CRM and financial data, nonprofits gain greater visibility into metrics like average number of gifts per active donor, fundraising to expense ratio, cost per dollar contributed, and more.

The ability to track outcome metrics is at the core of a lot of strategies to stand out and attract donors. Here is how leveraging outcome metrics can help attract funds:

- **Strengthen relationships with existing donors:** Cultivating relationships with current donors is essential. If you can leverage outcome metrics in your communication by demonstrating the impact of their contributions, you can enhance donor loyalty and drive consistent support.
- **Focus on impactful storytelling:** Compelling storytelling is key to communicating a nonprofit's impact. By showcasing the tangible outcomes of programs, highlighting success stories, and emphasizing the mission with data, nonprofits can draw an emotional connection with potential funders.
- **Develop a strong online presence:** Outcome metrics can help bolster your online presence and are a key component to a well-designed website, active social media channel, and compelling digital content that can increase a nonprofit's visibility.



3. **The need to budget and plan for the future has never been greater**

Our respondents cited “budgeting and planning” as a top five internal challenge this year. In addition, we’ve seen a steady increase over the years in the number of respondents whose organizations leverage budgeting and planning software.

In uncertain economic times, nonprofits may experience fluctuations in funding streams. Government grants, corporate giving, and individual donations can be more unpredictable, impacting long-term planning and program sustainability. For small nonprofits, it’s easy to use spreadsheets to manage budgets, but when an organization grows in complexity—or needs to quickly shift direction due to world events—Excel becomes a problem that only a true budgeting and planning solution can solve. These are some of the ways a modern budgeting and planning solution like Sage Intacct Planning can help nonprofits:

- **Financial stability:** Budgeting enables nonprofits to allocate resources strategically, ensuring there is a clear plan for income and expenses. Sage Intacct can streamline collecting data, create models, build plans and budgets, and define KPIs continuously to make the process seamless.

- **Risk management:** Planning for the future involves identifying potential risks and developing strategies to mitigate them. Automating planning using Sage Intacct allows nonprofits to be more agile in response to change. Change can create risk, but also opportunity. Whether positive or negative, those who can react quickly to change are more likely to succeed.

- **Real-time collaboration:** Effective planning cannot be done in a silo. For maximum efficacy, everyone at the nonprofit from development to programs to the board, needs to work together and be on the same page. Sage Intacct allows centralized input from all budget owners, making financial plans more realistic and achievable.



Conclusion

Navigating change and driving mission impact with technology

The 2024 nonprofit technology impact report provides a comprehensive look at how nonprofit finance leaders are leveraging technology to overcome challenges and create greater mission impact. Our findings showcase a positive recovery in revenue post-pandemic and emphasize the vital role finance leaders play in guiding organizations through periods of change with accountability, transparency, and strategic insight.

In today's complex landscape, the ability to track outcome metrics, improve financial planning, and enhance operational efficiency is critical to nonprofit success. As organizations face economic uncertainty, inflation, and increased competition for funding, the need for modern technology solutions has never been greater.







A Sage Partner

Address: 530 Technology Drive, Suite 100
Irvine, CA 92618

Tel: (949) 583-9500
Email: solutions@blytheco.com
Website: www.blytheco.com

© 2024 The Sage Group plc or its licensors. Sage, Sage logos, Sage product and service names mentioned herein are the trademarks of The Sage Group plc or its licensors. All other trademarks are the property of their respective owners.