**Nonprofit Financial Commons:** Ruth, we're all set.

**Ruth McCambridge:** Okay.

**Ruth McCambridge:** Hi, I'm Ruth McCambridge, and I want to welcome you to the Nonprofit Financial Commons. And today we’re—with the help of a group of really stellar panelists and presenters—bringing you a webinar that focuses on the business model that nonprofits use when they are critically reliant on individual donations.

**Ruth McCambridge:** I do want to say, before we start, we want to thank our sponsor, who is Diamond Hill, which is an investment firm, and they are proud to sponsor this webinar and want you to feel free to learn more about their investment products and commitments to clients. We will send you their link after this webinar. But if you want to make a note of it now, it's www.diamond-hill.com.

**Ruth McCambridge:** Again, this webinar session is especially important in our hearts and minds, because this is really where—partly where—the nonprofit sector started, which is…it’s kind of an embodiment of the common cause of groups of people. The way people sign on to support nonprofits is one of the most important aspects of our work.

**Ruth McCambridge:** And so, what we find is that recent research is indicating that most nonprofits actually have some measure of individual donations in their funding streams. Not always a significant amount. But the amount actually in some cases doesn't matter, because those dollars have special powers in some ways. Very often, their value extends beyond the finite value of the dollars raised. It connects nonprofits to their supportive communities of common cause. Dana Britto and Jon Pratt will talk more about this later.

**Ruth McCambridge:** That connection where people give their money, and often their time, to common cause—your mission—is almost never a one-and-done transaction. Donors may be at times attracted to a single well-constructed campaign, but donor bases are built as living hives of regenerative endowments, and only at the speed of trust.

**Ruth McCambridge:** The people who are involved in this webinar today is a combination of people that you will have seen before in our business series. Our two moderators are Mark Hager and Wade Rogers. Our internal presenters, people who are working on the whole of this series, is Hilda Polanco, Dana Britto, and myself, Ruth McCambridge. And our special presenters today that we’re very pleased to welcome into this particular webinar is Laura MacDonald, who is the principal and founder of the Benefactor Group. She's the immediate past president of Giving USA and is a virtual encyclopedia about individual giving. Jon Pratt is the past president of the Minnesota Council of Nonprofits, and also a senior research fellow there. Now, he’s one of the most skilled interpreters of financial data in the nonprofit sector that I've ever run across.

**Ruth McCambridge:** In this session, we’re gonna be talking about what is required in our new social context where there's so much in flux around the connection between donors and nonprofits. We are presenting this at a point where there are a lot of very loud alarms being raised about an evidently massive loss of active donors. It's kind of an odd phenomenon where we're not seeing a loss of dollars yet, but we are seeing a loss of donors, and in some way that phenomenon is a little bit more pernicious than simply a loss of both. Because the

lack of a loss of dollars is covering up what looks like a fairly disastrous path that we're on in terms of losing donors.

**Ruth McCambridge:** I do want to say this is, again, part of a series that we're doing on nonprofit business models; this one is on individual donors as a revenue source. We're really interpreting business models by their primary drivers, which is the predominant revenue source for the organization. So, we have done so far: foundation-funded, government-funded, fee-for-service funded, and we have on our agenda—the next up is membership. The one we're doing today is the individual donor webinar, and that will be done in two parts. So, if you are coming today, you should be signed up for the one that will be presented on [January] 30th, because that's when we really talk about the case studies that we have in front of us.

**Ruth McCambridge:** With that, I want to hand this over to my good friend Jon Pratt, who is going to go over some dynamics about funding sources in general into nonprofits and talk about the special position that individual donations have in that that matrix, that scheme of revenue. Jon?

**Jon Pratt:** Great, thanks Ruth. Yes, my part of this is kind of stage-setting, starting with an overview of where the individual contributions fit into the overall nonprofit economy. I have a couple of charts that'll help illustrate this picture. I'm especially interested in how revenue sources influence nonprofit decision-making, which was the basis for an article I wrote for NPQ, along with Ruth McCambridge, under an issue called *Revenue is Destiny*, and the thesis of this was: Tell me your revenue sources, and I'll tell you your problems, or I'll tell you your opportunities.

**Jon Pratt:** To start, there are several different ways to slice the numbers of nonprofit revenues, and I think most of us are familiar with the very useful Giving USA annual report, which helps us see what are the patterns and changes in charitable contributions. This looks just at the charitable side, and in 2022 showed 64% of charitable contributions coming from individuals. To answer the question of other sources of income, such as “How does government funding program fees, interest, income, etc.—how does that fit in,” we developed this chart, the Illustrated Nonprofit Economy, to look at this larger set of 10 revenue sources. The next slide shows the whole chart, showing 10 major revenue sources of revenue across the top, and 10 major activity areas of nonprofit organizations across the bottom. You can see that program fees from private sources is the largest single revenue source, followed by the federal government.

**Jon Pratt:** The next slide shows that individual contributions are the third-largest source. It's worth noting that most of these individual contributions go to religious congregations but are also an important independent source of revenue for many other organizations. The next slide really shows the bottom line, which is a complex web and mix of revenue sources going into each type of organization. The key theme here is complexity. Most nonprofits have multiple types of revenue, and each revenue source has its own special characteristics, and of course, wants to be treated in its own special way. Each revenue source expects something different from nonprofits, so that the decision-making, timing, sales cycles, transaction costs, information required, conditions attached to funding, and methods of application, and even the language each revenue source uses, varies greatly across each of these sources.

**Jon Pratt:** And on top of that, of course, there's tremendous variation within the same revenue category, so that deciphering revenue demands is a key part of a nonprofit manager’s or governing body’s job, who are advised that, you know, to do this job well, you need to know “when to speak up, when to shut up, and when to suck up.” Well, this is something that managers moving from business to managing in the nonprofit sector remark that they were unused to this kind of complexity; the customers had so many different expectations.

**Jon Pratt:** As you consider your organization's mix of revenues, a key question is, what do you believe is possible? It's beneficial to look at your peer organizations, groups of similar size, location, activity, area. How do your revenues compare to other organizations like yours? It's possible to do sort of a quick comparison; say, you could get five 990 forms from your peer organizations and then compare. Are their revenue sources—are there individual donations, or are there charitable contributions, earned income, membership grants, government grants? How are they different from yours?

**Jon Pratt:** The next slide looks at two of the most important effects of revenue sources on nonprofits. This is reliability and autonomy, and these are revenue effects that vary in critical ways. In the upper-right-hand corner is kind of the wonder spot. This is unconditional love. This is where we would like organizations to receive funding that is reliable and sort of autonomous. So, for reliability, to what extent can an organization predict its revenues year to year for budgeting, staffing, program planning? It's reasonable to expect a particular funding source will be renewed; is it? How reliable is it? This information, projecting and tracking revenue and expenses, is key to managing any enterprise. And one of the big questions boards and nonprofit managers have is, well, do we have enough money to make it to the end of the year? However, not every dollar is the same as every other dollar, and restricted funds mean that you can't necessarily spend those funds to make up other projects that have inadequate revenue,

so nonprofit managers need to use your best judgment. And there are legal consequences if you're wrong or if you misuse funds. So, figuring out what's your confidence level regarding the stability is key.

Jon Pratt: And then there’s organizational autonomy. So, dependency theory would say that the autonomy of nonprofit organizations is directly related to the extent of their reliance on suppliers of funds. So, if you're a steel mill that has only one iron ore supplier, you could be very dependent on conditions set by that supplier. From government contracts to foundation grants, most of us know we're signing on to a variety of conditions that are attached to funding, comparable to “if you take the king's shilling, you do the king's bidding.” These conditions can range from general targeting of an activity to extremely detailed specifications dictating the ingredients: personnel, time, place, manner of activity.

**Jon Pratt**: So, our ideal state is this unconditional love: high reliability, high autonomy. “We love what you do, just keep doing it.” The most difficult state is the lower-left-hand corner, the nonprofit seventh circle of hell: low reliability, low autonomy. Very challenging to manage, such as being all foundation-funded.

**Jon Pratt:** So, then we can plot our revenue sources—the next slide—that affect the organization. So, while Ruth and I use the header “revenue is destiny,” it is not the same as fate. There's a lot that can be done about revenue sources but [we] need to acknowledge that they're not easy to change. But here on the chart you can see that individuals, interest, and dividends are very high reliability, high autonomy, especially if interest rates or the stock market stay up. Now, we know that individuals, they don't all come back, but perhaps 75% do come back the next year, and over time you can count how reliable that is. The other revenue sources, government, earned income, United Way, fall in different places on this chart. And, actually, bequests and DAF contributions could both probably, and much of their decision-making, is the same as individual donors, and should be included in that category.

**Jon Pratt:** A couple of additional notes: As we talk about individual contributions, they are flexible and precious. I think how organizations use these should also be strategic, not automatically infill for shortfalls elsewhere. But this is an opportunity to use those high autonomy, high reliability funds for more strategic investments.

**Jon Pratt:** So, for this next part, I am happy to hand it over to Dana Britto. Dana?

**Dana Britto - NFC Presenter & Moderator (she/her):** Thanks so much, Jon. Hi, everyone again. I'm Dana Britto. I'm a moderator for the Nonprofit Financial Commons along with my colleagues, Mark and Wade, and I'm also a presenter, and I think Jon did a great job of presenting the overall landscape of nonprofit funding. I'm gonna spend a little bit of time really just talking through the uniqueness tied to individual contributions, and also their distinct value in comparison to other revenue sources.

**Dana Britto:** So, I think, like Jon mentioned, generally speaking, individual giving is really one of the only sources that are very uniquely and exclusive to nonprofits. And, generally speaking, to use Jon's words, they're very flexible, precious resources. However, they do require specific culture, as well as the right operating systems and platforms to ensure regularly generating sufficient resources from this source. And we'll talk a lot about that latter piece, the systems and the platforms, in our next webinar on the 30th. So please tune in for that.

**Dana Britto:** I think the other—and this, I think, speaks to the reliability/autonomy dynamic that Jon was just speaking of—I think, as you see sources or specific contributions growing in size from one or maybe a couple of donors, that can represent a financial sustainability risk, but also potentially, depending on the interests and desires of that donor, also a mission alignment and reputation risk. So, I think, as the size of the contributions get bigger from specific sources, really keying into what that represents from a financial sustainability standpoint, and also how restrictions, in some way, shape, or form, may creep in as the size of that donation represents a larger portion of your budget, and being aware of how the interest of your donors are, or maybe are not, aligned with your interests as an organization.

**Dana Britto:** I think also more than other types of revenue and capital, individual contributions have this potential to be regenerative. And when I say that, I'm thinking of it from the perspective of, not only can the donors you cultivate be a source of financial dollars and resources, they can also be very active contributors and supporters of your mission, your common cause, and in that way individual giving and the cultivation of it becomes almost an exercise in community organizing and community building as much as it is an exercise in building financial sustainability. And so not only can your supporters become donors, vice versa; your supporters can become donors and donors can become supporters. And in addition to that, there's key value. (And again, themes that we’ll continue to talk about.) Donors can express and bring in other donors in their individual circles, so it becomes an opportunity for crowdfunding or crowd fundraising. And again, I think there's specific technologies and systems and circumstances that are really facilitating that in our current environment.

**Dana Britto:** And I think, lastly, especially as it relates to why individual contributions are distinct, they're very much contingent upon entering into and maintaining some form of social contract with your donors. And when I say “social contract,” I am talking about really knowing what you believe in as an organization, knowing what your values are, what you stand for, and paying attention to the extent to which that is in tune with the common causes shared with your donor base. Ruth will talk a lot about this later on in the presentation, but really making sure you understand and have built a culture across the organization where you understand what you believe in and what you stand for, becomes very critical. And again, understanding how that may or may not be aligned with your donor base becomes important, because once you are out of step with the common causes in the social contract that you're bringing and building with your donors, there's some real risk, as it relates to reputation. And I think those donors, and those supporters in that community that you've built, will hold you accountable directly for making sure that you are expressing the values, the beliefs, and that social contract that you've espoused and publicized to your constituents. So, I think, more than—arguably, much more than other revenue sources—it becomes especially critical to make sure that your values and your mission is known and shared, and there's sufficient understanding and communication and consensus within your organization.

**Dana Britto:** But even beyond your organization's walls, it becomes really critical to make sure that you are staying attuned to beliefs, the values of your donor base, and making sure that you're maximizing that alignment and building that alignment over time. So with that, I will hand it off to Hilda and Jon.

**Hilda Polanco:** Hello, everyone! I am here to just ask ourselves, who is in the room with us? Jon and Dana presented some framing ideas that we're going to explore further with our additional presentations. But I wanted to now transition to, who's with us? What are some of the critical questions that we want you to think about? So, from a general perspective of “who is in the room,” it would be great if you would please answer this first question, which is really about operating budget, and this gives the additional presenters an idea of who is with us today. So, if you could please go ahead and complete that, that would be great. We just have a few questions, that being the first one, and the poll can be published as soon as we think we've got critical mass.

**Hilda Polanco:** So again, you can see here we have a little bit of a bell curve from organizations under $250K to organizations over $5 million, and individual giving being top of mind for many, many of you. Next question we have for you is your mission, and the primary area that your organization focuses on. So, if we could launch that poll? We have lots of options for you, and part of what the Financial Commons always strives to do is get to know the community more. And so, by answering these questions, we can see which subsectors are really thinking about individual giving as something that's really important to them, and we can continue to think about how we support the sector in this way. So again, Amanda, just let us know when you think we have the completed polls.

**Hilda Polanco:** Okay, let's just take a look. We've got about 19% of the responses are in arts and culture. We've got education and youth, right up there, and then you can see some varying— social services, of course, being up there as well. But again, I think one of the takeaways today is that individual giving is important in every area. Some may have focused on it a little bit more than others.

**Hilda Polanco:** And now the question comes more to your particular source of funding. Is it your primary revenue source? Is it more than a third? This is, again, individual donations. Is it more a third of your funding? Maybe it's small, but it's important—small in this case, being less than a third—or “We don't have much of a base yet. And we're here today because we'd like to explore how this source of funding could be helpful to us in the future.” So, I will just give you a little bit of time to explore for your own organization where you think you are.

**Hilda Polanco:** Okay. So, about 20% of you, this is your primary source of revenue. Thanks for joining us, and hopefully sharing some of your wisdom as well. 23% say that it's more than a third of the funding. And so, we think more than a third starts to be pretty significant. 41%,

small but growing. This is probably one of the reasons you're with us today. And a smaller percentage, it's something that you're thinking about, not have much of a donor base. So, for each of you, and whatever area that you're in, we hope that today's observations will help you move up a notch, if you will, from the concentration of funding.

**Hilda Polanco:** Then the last question, and this question gets to some of the points that Ruth made in her opening remarks. What is happening within your donor base? And so, “dollar goals were met or exceeded.” Were they met? Were they not met? So, the first one is, “our dollar goals were not met this year.” How did you do against your plan? “We had fewer donors,” “we gained donors,” or “we gained ground on retaining donors.” So, this is about donor retention. We often look at dollars, which were the first questions: where is the significant dollar amount coming from? But as you'll hear more from Laura, especially today, it’s not just about understanding the total dollar amount, but what is the composition of the donors? You may have heard in other conversations of leading and lagging indicators. Revenue is a lagging indicator. It's based on drivers that happen. And the outcome is we have more revenue or less revenue. In the particular case of the why or the how, this question gets us to…did we have… was it a variable in donors? And did we have less or more donors? Hidden in the details, the KPIs of how it happened. And so, we can see that for about a third, the dollars were not met, and I'm sure there are plans to address that in the future. 40% had fewer donors. 20% gained donors.

**Hilda Polanco:** And so, part of what we hope in these presentations is that you're building the muscle of asking the right questions as to why this happened, or how we can drive different outcomes in the future. So, thank you for sharing this. We want you to be in that mindset, as you're listening to the next couple of sections, where were you in the answer to this poll? And what sort of what strategic advice might you take with you from Laura and some of the other observations you've heard today. So, Laura, I'm going to pass the baton to you to share some wisdom.

**Laura MacDonald:** Thank you. Thank you, Hilda, and thanks to everyone for having me join you today for this conversation. As Ruth said, I've had the privilege of serving as chair of the Giving USA foundation for a couple of years, and much of what I'm sharing with you today is informed by that, and other data that's available to all of us throughout the field. But it's also informed by my work as a practitioner. I've worked as a fundraiser or fundraising consultant for almost my entire career, and so some of this is also observational, based on what I've seen. And one question that I've been asking a lot of people as I run into them today, and before we even go to the next slide, I'm going to give you two choices and just ask you to put in the chat—raise your hand, put it in the chat—would you say that charitable giving is resilient, or stagnant? So pick one, put it in the chat. I'll be fascinated to hear what all of you think, and then, without—oh, I see lots of answers coming in, and they seem to be fairly evenly split.

**Laura MacDonald:** So let's go to the next slide, Hilda, and talk about whether or not charitable giving is resilient. And as you look at the graph, that shows how charitable giving has grown, this graph goes back to 2000. (Giving USA data actually goes back to 1967, which is really helpful because we can see how it behaved during recessions or inflation.) And what you'll see is the inexorable growth of charitable giving. It grows almost every year. It doesn't always keep pace with inflation, but there have been only four or five years in the past four decades when charitable giving did not grow in real-dollar terms.

**Laura MacDonald:** So, you know, one of the things that I observe is that when an organization is told that it is not sustainable because it relies on charitable giving or contributed revenue, let's debunk that myth right now, because charitable giving… you know, Apple has to sell iPhones, Chevy has to sell cars, and we have to raise money. That doesn't mean that we're not sustainable.

**Laura MacDonald:** But I think that there are some things that are hidden within that data. One is, as you can see, and as Hilda has shown us, is that the percentage of American households that participate in charitable giving has declined, and declined precipitously. So, it used to be, in about 2002, more households gave than voted. I don't know that that's great, either, but we've seen a pretty steady decline in the percentage of households that participate. And we've also seen some changes in the ways in which they participate. So, one of the things is that we know that high net worth households—those with annual income of $200,000 a year or more and accumulated assets of a million dollars beyond the primary residence—about 90% of those households participate in charitable giving in some way. And yet, at the other end of the spectrum, what we see is that overall fewer than 50% of all American households make formal gifts to registered charities. And that's going to be an important distinction that we'll talk about in a moment.

**Laura MacDonald:** We have seen some shifts, as you heard at the very beginning. It used to be that more than 80%, more than 85% of all charitable dollars came from individual donors making gifts to the charities of their choice. Today, we see that that number has dropped to 64%—of the 500 billion dollars given in the most recent year for which we have data, 64% of that came from individual donors. But where do we see the growth? We see it in a couple of places. First of all, another 10% came in the form of bequests, which, after all, is individuals making decisions about how their resources will be distributed after their lifetime. And they're shifting to donor-advised funds and giving through foundations. So that's why we see the growth in foundation giving.

**Laura MacDonald:** So, let's ask ourselves, on the next slide, why are fewer people giving? And I think there are a number of things that have been cited. Trust is declining across America in all sorts of organizations—declining less for charity, but it's still going down. Other constraints, especially on the everyday household, on their giving. And some of the other things that we hear, like the policy environment: Did the Tax Cuts and Jobs Act actually knock the legs out from underneath charitable giving among everyday households?

**Laura MacDonald:** But then there are some other things that we need to dig into, specifically, whether or not they're being counted. I said a moment ago that what we see is that Giving USA and other models count gifts to registered charities. But we see other forms. Crowdfunding. Checkout donations. where the gifts from multiple families are aggregated when they're checking out from Costco or McDonald’s or wherehaveyou. And some emerging forms of less structured giving, like mutual aid and person-to-person giving. So, know that all of those are some clues to ways that you might want to engage donors in the future, because the data would say that most people who participate in these other forms of generosity ultimately or also make gifts to registered charities. But if dollars are up and donors are down, why should we worry?

**Laura MacDonald:** I would say that there are three reasons that that we should worry, and the first is what I'll call donor concentration risk. And this comes from the world of accounting, where an auditor has to cite that there's customer concentration risk if their client depends too heavily on that—if that steel mill that we heard about earlier, that Jon was describing, relies on only one customer to buy their product. That's customer concentration risk. If you rely too heavily on a handful of high-net-worth households to do all your giving, there's risk in that. Secondly, are we going to hit a ceiling? I think my friend Nathan Chapell, in his book *Generosity Crisis*, he's got a hypothesis that we will. I think that's a little hyperbolic, but it still is a concern for all of us: at what point is giving gonna hit that ceiling? And then, for me, equally important is the notion that when we all participate in prosocial behaviors like charitable giving, our society is stronger. I kind of like the way that my colleague Jane Wales at Aspen Institute has put it, which is, at the heart of a democracy is engaged citizens, including everyday givers.

**Laura MacDonald:** So if, as you've seen the quote on the next slide, if we agree that's true, then the question becomes: *Okay, but how do we do that?* And as we think about how to do it, on the next slide, we have to also acknowledge that we're up against some headwinds. Many of you look at a study—and if you don't, I encourage you to—called the Fundraising Effectiveness Project. They come up with data at the end of each quarter. There’re some idiosyncrasies in their data, it’s not perfect, but that does tell us a little bit more about how the charitable giving environment is trending. And what they had seen through, in 2022, is that charitable giving declined, the dollars given declined, and really declined if you took a look at the population that was making those gifts. And this most significant declines happened with those who were making the smallest gifts, those microdonations of less than—those are gifts less than $100. And I think it's interesting to look at that, and that we see less decline, still significant decline, as we get into larger numbers.

**Laura MacDonald:** What we don't see in this data are mega-gifts, and that's what masks some of the overall charitable giving environment. And Ruth spoke to this earlier, the fact that those Mega-gifts might be propping up the bottom-line number, the $500 billion that we accounted for in the last Giving USA report, but they might be masking some of the weaknesses that we see amongst these more modest, everyday donations that most of our organizations are much more accustomed to receiving and pursuing. So, when we think about who makes those gifts, who gives to an organization, one of the things that I want to talk about is the fact that new donors, brand new donors who've never given to your organization before, count for a very small proportion of the dollars that you're going to raise. And this is tough for somebody who's just starting out, because actually, what you really want to be focusing on are donors who are repeat donors, those who've given to you at least in the last two years, not for the first time, but they've given to you at some point within the prior 24 months. And you can see that—60% of all donors to the nonprofit organizations that participate in the Fundraising Effectiveness Project. So, when we look at that number, we really need to be focusing on retaining our donors. Not just the first time, which is that orange-colored slice of the pie, but for the long haul. That's gonna be the most efficient fundraising system that you can develop. And one of the most effective ways to do that, to create those loyal donors, is through things like monthly giving programs.

**Laura MacDonald:** So, what do we know about those loyal donors? They're twice as likely to give more, compared to passive donors. They're twice as likely to main maintain their donations. So, if you've been able to retain them, not just once, but twice, they're very sticky. They're much more likely to stick with you. So, what can you do to encourage those repeat donations so that they want to give again? There’re some transactional ways that you can do that. If, for example, you're a membership organization, it could be by discounting membership. “If you'll sign up for two years….” Be careful about that. You're now training your donors, or in that case, consumers, to react to those bargains. But are there some other things that you can do to encourage them to make multiyear gifts by talking about the multiyear impact that they can have on your organization?

**Laura MacDonald:** The other thing that's interesting that we see about donor loyalty is that donors are much more likely to be retained if they feel that they've got friends, that the people who are other donors to your organization are friends. And, frankly, people are much more likely to give if they're asked by a friend, so nurturing that—we heard earlier about that social contract, and I would say even that social fabric—nurturing that social fabric amongst your corps of donors, introducing them to one another, encouraging them to bring their friends, is a way to realize some of these benefits that we see about loyal donors. And as we continue to think about those loyal donors, we see that they're much more likely to make additional gifts, to sign up for a peer-to-peer campaign, which is one of the best ways to encourage them to reach out to their peers to make a gift. And that most next-gen donors tend to be loyal donors.

**Laura MacDonald:** So, in the little bit of time we have left, just quickly, what are some of the ways that we can acquire and engage them? I would say that the most important thing that you can do is multi-channel. Don't count on any one communication channel to acquire and retain your donors. Look at multiple ways to do that. Three. You know, you don't need to have seventeen. Three is probably what you can manage. In-person is fantastic, so, if you are a cultural institution, they're visiting, and you can acquire them as a donor while they're on site or attending one of your events. I will say we're seeing plummeting response rates to direct mail and phone-a-thons. And, in fact, sometimes you're lucky if you can raise a dollar from a dollar that you've spent. So, if you're gonna engage in direct mail or phone-a-thons to acquire donors, do it almost exclusively for acquisition, because you believe you can retain those donors, and they will have a lifetime value. I will say, the more likely one, and you'll see this in a moment, is smart email—getting them through your website to give you their email address, and then engaging with them in that way, because you'll see on the next slide that the return on your investment, if you want to use social media and digital media in order to acquire new donors, for every dollar you spend on display ads, an ad that's gonna pop up on my screen when I open, when I go to The Weather Channel, for every dollar I spend, I'm going to get 33¢ back in contributions. That's not a very good value proposition unless I can hold on to those donors for years. By comparison, if I do paid search, if I pay the search engines to elevate my organization when somebody searches for “feeding programs” or “social justice advocacy in my area,” for every dollar you spend, you'll get back $2.75. So, using that, bringing them to your website and then having enticing ways in which they will provide you with their email address, so now you can begin to engage with them more regularly—and engage with them, offering them things of value, and answering their questions, before you ask them for money. Asking them for money can't be the first thing that you do as a part of that engagement.

**Laura MacDonald:** And then, finally, I'll just… Giving USA is also involved in something called the Generosity Commission. You'll be hearing more about that later in the year. But as we think about generosity, certainly, we all are responsible for raising funds for organizations to fuel our own mission. In addition to that, I think that the work that we do is important for society. We can embrace broader definitions of philanthropy, recognize the person who gives their time or their ties or their testimony, not just those who give their treasure. We'd love to see encouragement of tax policies that recognize everyday donors, as they currently do those high-net-worth donors. I would take a look at traditions that exacerbate that exclusivity in big donor programs, things like recognition, or that offer major givers undue influence or privilege. And then, as I've said, and we're all making this point, is to the extent that individual donors fuel your cause, ensuring that you've got a healthy mix of individual donors, large, medium, and small, not just reliance on big gifts, and I know that there are lots of specific questions in the Q&A. So, shall we jump to that now?

**Mark Hager - NFC Moderator (he, him):** Thank you, Laura. I think we also have Jon and Dana coming in to join us here. We've got about seven minutes here where we can sort of try to do a little bit of interaction around a couple of the questions. I'm Mark Hager. I'm one of the moderators for the Nonprofit Financial Commons. You'll see me in the chat in this webinar and over in the forums that we have over on the Nonprofit Financial Commons website.

**Mark Hager:** I've got several questions; let’s see how far we can get in our short period of time we have right here. My first question is sort of about the relationship between income streams. This is a theme that we saw in questions that people posted to us when they were registering. Clearly, this seminar is about individual giving. A couple of months ago, we had our seminar on what we called institutional giving. Usually, that's foundation grants; that can include government support as well. And these things are no doubt related, and some of the questions highlighted that. Grants can sometimes smooth out ups and downs in the individual donations that we bring in. On the other hand, people may be more reluctant to donate to an organization they know has a lot of institutional support, like a large foundation grant or a large government grant. Do any of you have reflections on this relationship between income streams, separate from this focus exclusively on individual donations? Laura.

**Laura MacDonald:** I'll jump in, and one is that the research I've been following says that there is virtually no crowding-out effect in charitable giving, and that actually, the follow-the-leader effect is much stronger than the crowding-out effect. Now, we did some, we had a couple of clients who were privileged enough to receive some Mackenzie Scott generosity, and they asked us to look at that very question, and as we did, what we saw was that tone matters, messaging matters, all of that matters, but by and large organizations that receive those large gifts tend to be viewed favorably by donors, who think, “Oh, that person did their homework. They've identified this as an organization that's worthy of that kind of support. I can be confident in supporting them as well.”

**Laura MacDonald:** So, I would say, don't be concerned about that. You might sometimes hear a donor say, well, I'm not going to give to XYZ, because they get all that government money. I would say that if that excuse hadn't been handy, there would been another reason they would have cited for not supporting that organization. So, take that with a grain of salt.

**Jon Pratt:** We've done full tracking data on the crowding-out effect in Minnesota, and there is a substantial minority who would say, if an organization receives some of its money from government, they would be inclined to give less of it as a charitable contribution, and they tend to be people who identified as conservative and male.

**Mark Hager:** Dana, any thoughts on this question?

**Dana Britto:** Yeah, I think it's interesting to hear Laura say that, again, it's more of a follow-the-leader effect that we're seeing more than the crowding-out effect. And I think I would generally agree, and I also think this is where I think the social fabric and relationship and communication comes into play, because in the instances like Jon just mentioned, those of you who tuned into our government webinar, a huge theme around how government contracts very much do not historically cover the full cost of doing business, and therefore unrestricted funding, like individual contributions, are very necessary to fill in the gap. So, I think, all of this to me is really just indicating and further highlighting the importance of the social fabric piece and the conversation, and the understanding around the numbers, and making sure that there's some level of understanding and transparency to the extent that it's feasible and reasonable.

**Mark Hager:** Okay Good. Thank you.

**Mark Hager:** Let me give Jon and Dana a chance to speak to each other on some points that they made in their presentations. Jon, you were emphasizing autonomy as a value of individual gifts. And then, Dana, you were talking about the value of individual gifts, but the need for a social contract. Jon, is this social contract that we should—need—to establish with donors in order to generate, to get access to their resources, does that reduce the autonomy of these gifts?

**Jon Pratt:** No. I would say, you know, de Tocqueville described the donors as plain citizens that aren't exerting control over the organization but support the general operations. And, unlike, you know, the old regimes in Europe, where it was the lords and ladies who decided what arts got supported or what projects got done.

**Mark Hager:** And “no strings attached” is often what people cite as one of the great benefits of these individual gifts. Dana, what does that mean for this social contract idea? Is a social contract a “string”?

**Dana Britto:** I mean, I don't know if it's necessarily, if I would consider a social contract a string per se. But I think it's the critical ingredient to building the trust that we have been talking about. Because if you are able to build that trust, then I think that creates an environment where people are not… they're not interested in line-item restrictions for your money, right? If they have that trust in there, and they believe in what you're doing, and they believe in the integrity of how you're doing it, that I think lessens, it builds the trust necessary so there aren't the strings that you would see attached to things like highly restricted or temporarily restricted grants, or highly restricted government contracts. So, I think it's more, the social contract actually is what helps generates the trust necessary for the flexibility, that precious flexibility that we've been talking about thus far.

**Mark Hager:** Laura, there was a flurry of questions that came in when you had your slide up about the history of giving and the amount of money coming in as individual donations. One question in particular focused on the question of how donor-advised funds are positioned in those numbers. They're counted as given when they're given to a donor-advised fund, but they're often locked up and not given to these individual organizations. How do those impact your numbers?

**Laura MacDonald:** So, I can speak for Giving USA and how we handle the data. When the gift is given, if it's given to a community foundation, it's counted as a gift to community foundation, to foundations. If it's given to one of the national DAF sponsors like Fidelity or National Philanthropic Trust, it's counted as a gift to public society benefit. And because that's all so confusing, we created a new chapter just on donor-advised funds that's in the book now and will be perennially. When it comes back out, it’s counted as a gift to whatever sector it gets distributed to. And I can tell you that the economists at Indiana University that we work with bend over backwards to try to net that out, so that we're looking at the net, not double counting when it goes in and when it comes back out.

**Laura MacDonald:** A number of researchers have done studies to say, “Okay, what percentage of funds leave a donor-advised fund?” And I know that some people are advocates for a payout minimum, similar to what we see with foundations. Here's my concern, is that the data—I know that we there are stories of egregious exceptions. The data says that, on average, somewhere between 14% and 17%, and some estimates are even as high as 20%, of the money is paid out every year. Foundations, on the other hand, it's 5%, and I'm concerned that a floor becomes a ceiling, as it has with foundations. You don't see too many foundations paying out 15% or 20% or 24% of their corpus. So, I do have a little bit of a concern. I know that there's a desire.

**Laura MacDonald:** Will donors simply put their money in foundations instead of a donor-advised fund—which means more is going to go to fees, because those are a lot more complicated to manage— if that donor-advised fund becomes too restrictive, and should we be doing things… I know; full disclosure: we have a donor-advised fund. It's at our community foundation. They do great things to encourage us to make gifts out of that donor-advised fund. I think that's what we need to do, is inspire donors, because I've set that money aside for charity. That's the only thing they can do with it, is use it to fuel charitable gifts.

**Laura MacDonald:** The other thing is to talk to donors about the successor clause. When they set up their donor-advised fund, they have to say, here's what should happen to my money if I get hit by a bus. And they can give it to their heirs, or they could give it to you. Ask to be their successor clause.

**Mark Hager:** Okay, thank you all. I think I could spend a whole 90 minutes on donor-advised funds. It's a great topic that comes up over and over across our webinars. There's a nice link in the chat that Nancy Jones put up to an article in Forbes on recent payouts from donor-advised funds. Take a look there. I'll return to the chat, and we'll have Hilda pick up on the next segment of the webinar.

**Hilda Polanco:** Thank you so much. And so, you've heard, sort of, where is individual giving in the sector as a whole? Laura, thank you so much for those statistics; can't even find my favorite chart, they were all so great. I'm going to connect the shifts that we're hearing to the part of our programs that we always focus on, which is, what do we need to build internally to be successful with this type of revenue? And so, just to think about what has changed in the world of individual giving, we hope you'll join us, especially in Session 2, which is at the end of the month where we're going to roll up our sleeves and look a little bit more closely around the concept of systems and infrastructure necessary. But one thing we've seen in our work, and in research done for education purposes, generally, fundraising systems are emerging all the time. There are more avenues to access donors, to stay in touch with donors. And so that is an area of priority that we would—I'm gonna say a little bit more about and definitely spend more time in in Session 2.

**Hilda Polanco:** There is, as we know, a widening wealth divide that has really positioned the larger donor value to be a greater proportion of the overall giving, and therefore, some of the information that Laura shared with us, trying to understand how we stay in touch with those trends and how that impacts our strategy at an organizational level.

**Hilda Polanco**: The common cause. You've heard it now from multiple observations made. One of the takeaways from the program, we hope, is that you will think about what is that common cause that you are building with the community, so that that social contract that Dana and Jon spoke about could be strengthened. And these are things that may have existed through time, but they're accelerating in terms of the impact that they have, in the economics of the giving. DAFs, giving circles. We just had an exchange in this question around the complications with the systems and tracking and understanding—even in your own accounting. When you receive an individual donation from a donor-advised fund, how are you categorizing it? How do you understand it? So, a lot’s changing in that space, and asking you to think about how you're keeping pace with that. What remains the same is that donor motivation is really around the programming. It's that social contract, that common cause, what we believe in. And we, from a financial management perspective, want to also remind you that the conversations we've had about Overhead Myth and full cost remain the same. We have to continue to advocate for the full cost of running programs. The beauty of individual giving is that it's left up to the leaders to make those choices. But there is, of course, we know, concern among donors about the effectiveness of the cost structure.

**Hilda Polanco:** The trust, the integrity, the relationships. Another takeaway from Laura's presentation was the repeat donor. Have them repeat at least one year, and you have a greater chance of retention. That's about the trust that's been built, and the donor management systems, even though the cost of entry has been reduced significantly, the investment possibility in these systems, of course, depends on size and scale. So, with these sort of economic factors, I want to go back to our business model considerations. For those of you who have joined us again, we always think about these sources of revenue in these four major categories. So, who's paying for the dollars, and what are they paying for? And I think we've given you some tools to think about that in the prior sections. What are the risks and sensitivities? We've covered some already in the way that we've highlighted some of that—the common cause, the structure, the trust. What is the leadership capacity? So, as we think about successfully relating with our individual donors, what does leadership look like, and what are the strengths that the leaders need to have in successfully managing their individual giving? What does the staffing look like, in that leadership capacity? And lastly, the infrastructure needs. Are they different than what we needed to have in place for institutional fundraising or government funding?

**Hilda Polanco:** When we think about individual giving, do we have the infrastructure in place? And I will say, in general, revenue diversification is often a priority for boards, and when we hear that as a priority, our next question, when we work with organizations, is always to say, “If you're going to diversify the revenue, are you also making sure that you have the skills in leadership and infrastructure for this new source of revenue?” And so, we're thinking today about individual giving; lots of information that was presented assumes you have the ability to capture that information, and you have the ability to analyze, again, those leading and lagging indicators.

**Hilda Polanco:** So let me just dig a little bit deeper into these points. One, in terms of the sensitivities, risks, and challenges, Ruth is going to talk a little bit more about risks in a little bit, but reputational presence is key in that sort of public, common good, social contract. The leadership orientation. So, the leader—when I say leader, I mean the executive director, the board, the public face of the organization—there needs to be a passion and an interest in this emotional consciousness of the whole, for the organization. That social contract is really with individuals. It's not institutions; it is one individual at a time. In research that I'll share in a little bit, it's become very clear that the concept of individual fundraising is, in addition to institutional fundraising, a place where it's not just the development director or the executive director, it’s a community, it's a culture of philanthropy that needs to be created. So yes, externally, we're creating that emotional connection with our donors. We're also engaging in this process every aspect of the leadership group. It is our boards having a voice in the fundraising. Being an ambassador, being a solicitor. We may have the fortune of being able to hire a development director, and I'll say more about that in a minute. Finance directors, they basically hold their area. HR directors hold their area. Development directors hold their area *and* need to be the levers for the rest of the organization to build that philanthropy culture.

**Hilda Polanco:** The development director needs to be viewed as a key leader and partner to the organization. We're often asked in our work, “We're gonna make the investment in our first development director. What skill sets should I be looking for? How do we find one person who can help us with individual giving, with special events, with high-net-worth individuals? And, by the way, we need them to be able to write foundation grants, and sometimes a government grant proposal.” Well, we know that that's going to be tough. In the area of individual giving, it’s a community activity, more so than maybe some of the other sources. So, thinking about your staffing and your focus internally, in that cultural philanthropy, I want you to be thinking about how that sort of exists within your organization. The infrastructure needs are a section that will again, as I mentioned, be the focus of Session 2. But we need to—if you did a Google today, a Google search on fundraising systems, the entries would just be a very lengthy output. And so, we hope, in the second session, to really orient us to what kinds of donor management and donor acquisition systems exist out there. How are they going to connect with each other? If, in each case, we are purchasing apps to do this activity or that activity, and they don't speak to each other, and they don't integrate with your financial systems, we’re sort of slowing ourselves down from being focused on the relationship building with our donors and finding ourselves internally with the infrastructure challenges. So, part of the strategy is to think about how each of these donor management components are going to integrate into a system.

**Hilda Polanco:** We also need a way of understanding who our donors are. Donors are more than entries in a database. And so, what are the ways in which you're going to be able to identify which are the high-net-worth individuals, which are the community donors, in Laura's sort of composition we have. It's about loyalty, so how are we going to understand who they are, so we can maintain that loyalty? And lastly, this idea of, how are we going to staff these activities, which brings us back to sort of the leadership orientation, and how we want to make sure that all the right voices are at the table.

**Hilda Polanco:** With respect to the staffing, there is a research project that took place. It’s been a few years now, but in our work, we see this continuing to be very relevant and present today. The research project is called UnderDeveloped, and it was funded, as you can see here, by the Haas Foundation and undergone by Jeanne Bell and Marla Cornelius, two individuals who have been working in the sector and we're proud to call our colleagues. And the idea of this research was to basically look at the infrastructure of a fundraising component of an organization. And whether you're larger or smaller organizations, what are the dynamics of the relationship and the ability to attract the talent that we need? And so, these are some of the challenges that are mentioned here—that again, through the years, we continue to see that it is very difficult to fill the position, partly because of what I mentioned earlier, this very long list of expectations. And so I encourage you, as you're thinking about, if you are among that first development director planning leaders, what will you be expecting of them? How can you share those responsibilities, so that the individual is sort of cultivating and managing and not necessarily feeling like it's all on their shoulders. We have seen statistically, and I'll show you in the next slide, that the smaller the organization, for all of the reasons we mentioned here, sometimes the longer it takes to fill the position, and sometimes the higher turnover. So, when you're thinking about investing in this position, let's think about exactly what the expectations are and how others can be a part of that culture.

**Hilda Polanco:** Again, these statistics were part of the survey that was part of the research project, and we see trends in our work that are consistent years after. At that time, the development directors that were interviewed spoke of needing to, or wanting or planning to, leave the organization within the next two years. But take a look at the correlation between statement of wanting to move on and the size of the organization. And so, if we saw in what I called the Bell Curve, where we had as many organizations in that $500K–$1M as we did over $5 million, think about, as you're thinking about the staffing, what would be those expectations? And then last here, the vacancy factor. So, going out expecting that one person—just to date myself and others on the call—that we're gonna depend on their Rolodex, and that's what's gonna make them successful. Not quite, not quite the infrastructure approach today.

**Hilda Polanco:** So again, I'm looking forward to being with you again at the end of the month, where we're gonna dig a little bit more into some success stories of organizations that have really made investments in the infrastructure to be able to attract and manage the funds. Now, infrastructure is something you can purchase, you can invest in. I think the next aspect of the conversation is about the social contract and about the relationships. And I'm going to pass the baton to Ruth, who's going to talk a little bit more about that partnership with your donors and how to treasure that relationship. Ruth, back to you.

**Ruth McCambridge:** Thank you very much. This been a call. It's just been fascinating to watch your questions and comments, your responses to the polls. And I'm hoping that we're gonna be. We can be in touch with a number of you, and I'm gonna ask you some questions before I finish here, because I'd like to just find out more about the way your organizations do business in this regard. But I want to just address something that Laura and Dana and Hilda all mentioned, which is, among the risks of the model of a significant dependence on individual donor money is the risk of what I call betrayal and abandonment. We know that depending on too few donors with too high donations actually creates the same kinds of risk that foundation funding… it eliminates the stability of the larger donor base that you get when you really have numbers of modest size donors. But there's another risk that is incredibly important. We've seen this play out numerous times over the past 10, 12 years, which is the risk of actually betraying the trust between yourselves and the donors. If you see the donors as a group that you're directly accountable to, you're gonna be very careful about not listening to them.

**Ruth McCambridge:** And a prime example of this, of course, is Susan G. Komen for the Cure, who, at some point, I think it was in 2012, made a decision that it was just gonna cut off all funding to Planned Parenthood. And it did so evidently without understanding that a good part of its base of funding was individual donors who were doing peer-to-peer fundraising essentially in the walks and the runs and the other events that were being run around the country by individual chapters. What happened is, almost immediate reaction from the constituency of the organization, which resulted in a plummeting not only of the dollars that the organization was able to raise, but a complete disassociation of enough of the donors at a local level that they lost all of their chapters within a few years. Komen’s inability to admit that they had been wrong, and that they had cut their relationships without care, really resulted in their losing and never regaining that donor base. Now, the organization is—primarily, first of all, it's got a lot less money. And secondly, most of its money is corporate, and other kinds of institutional money. So, it essentially lost its donor base within a matter of, I would say, two or three years, almost entirely.

**Ruth McCambridge:** This is, it basically shows the kind of risk that you have when you get out of step with your donors. If your donors and you are not on the same page about the common cause that you're involved in, then you've got a problem. The same thing actually happened also with Wounded Warriors. But Wounded Warriors very quickly apologized. It was very clear about how it was going to change it the way it worked, etc., etc. Now, the degree to which it followed through on all those commitments is, you know, I can't speak to, but it at least acknowledged that it was out of step with its donor base and it committed to do better. I do feel that, for all of us, when we commit to a donor base, we commit to that common cause, that social contract. It means that our listening has to be acute, and we can't do that from a single position within an organization. That's done across the organization. If we're faced with a choice, with something that we want to do as an organization, do we understand the effect that that will have on our supporters? It doesn't mean that we would not make the decision, even if it does turn off some of the supporters, but it means that you do so in a conscious way. And that you have to really understand the depth of the trust that is kind of integral to keeping a donor base over time.

**Ruth McCambridge:** I wanted to talk a little bit about, and I will go to the next slide, about a study that was done by the same people who did the UnderDeveloped study, basically. This was a study, and what they were doing was looking at what they called positive deviations. They were looking for organizations that were relatively small or modest size and had very large, vibrant donor bases, relatively. And they were trying to figure out, well, what are the characteristics of these kinds of organizations? And what they found is what you see here. This is a study that is well worth reading. For these organizations, they had left the idea of driving all of their donor activity by a development director behind them. And it really was about the organization really seeing itself in common cause with its supporters, who are also its donors. The study found that in these organizations, fundraising was distributed really broadly across staff. In some cases, the staff, individual staff members who were in various positions around the organization, had portfolios of donors that they were in touch with and responsible for. The fundraising succeeds because there is some authenticity within the relationship between the supporters and the organization, and when questions are raised, they're answered. When questions about ethics, about approach, etc., etc., they're taken seriously by the supporters, who are also very often activists. And then, fundraising is characterized by real persistence, but disciplined and very intentional activity that is organization-wide. Can we go to the next slide? Okay.

**Ruth McCambridge:** We're going back to, “Why did we use the term ‘crowdfunding’ in the way we talked about this in the beginning?” That is, in crowdfunding, you're not dealing with individual donors so much as you're dealing with communities of common cause. Again, that term is incredibly important. When you're dealing with communities of common cause, a dollar is worth more than a dollar, and that happens for a number of reasons. In a lot of cases, those donors will also get active in other ways, so that if your other—say, in a government-funded organization, if you've got enough individual donors, they'll come out on your behalf when your government funding is threatened. They may, in fact, be part of the contingent that is building the houses for the community housing initiative that you're a part of, etc., etc. We've always known, if you're a fundraiser, you know that if you can get someone active in the organization on a voluntary level, it provides a greater assurance that they'll give on a consistent basis. And so, this is about that link.

**Ruth McCambridge:** A dollar leverages other dollars. Again, this is about the peer-to-peer approaches that are becoming more and more popular, the giving group of [indecipherable].

Stability is developed through numbers. It's not developed through a single large donation or a few large donations. In this case, the stability is in the breadth of the market, and so, keeping in mind that it's not enough to make your dollar goals; what is enough is to make your dollar goals, be sure that you're not at least losing donors, and try to actually gain some every year. Make sure that they're engaged, and that they feel like they're a part of the organization. Some protection can be purchased. That, again, relates to the fact that if you can mobilize people to come out on behalf of your cause when your other funding is threatened, it’s actually enormously useful. And I've seen it happen over and over again, where organizations have been able to fend off cuts this way by using their donors, and by proving through their donor numbers that they have support. Can we go to the next one?

**Ruth McCambridge:** Okay, really quickly. I don't know if people noticed, but Merriam-Webster's word of the year last year was “authenticity” for some odd reason. But authenticity is incredibly important in your relationship between yourself and your donors. If they sense that you're lying to them, or trying to manipulate them, playing on them in any way, you're gonna have problems. Your donors are more sophisticated than that today. They can sense that stuff. And so what's important to have as principles in your donor program is to be genuine about who and what you stand for as an organization, and understanding that they're going to be able to sense whether you are actually being honest or not with them, is gonna be critical. Fundraising has to be seen as a form of organizing and power-building, not just the strategy for financing the organization's work, and understanding that that, in fact, is your power, that that is a social contract, and that that is the soul of civic involvement, is important. Development directors or organizational leaders focused on building the skills and systems to monitor and do fundraising organization-wide, and that the conversation about fundraising goals and progress belongs everywhere in the organization. It is not siloed off in some weird way.

**Ruth McCambridge:** Can we go to the next one? I think we're headed into the question and answer. So, I want to say something before I end this here. Those people who answered the questions in the poll saying that most of their budget, or the majority of their budget, was covered by individual donations, or that they gained donors last year, if you could just identify yourselves in the chat at some point before we end. I would love that, because we'd love to be in touch with you before we do the final segment on this, on individual giving. That way, we can integrate in the models that you're using to be successful in your work. So, with that, I will hand it back to Mark for question and answer.

**Mark Hager:** Thank you, Ruth, and I think we're bringing everybody in: Dana, Laura, Jon, Hilda, Ruth, me, and there's just too much breadth there for us to get very deep into some of the great content that you've shown us, Ruth. I'm thinking about a time where I spend an entire hour with a group talking about the Komen case. I mean, we can go on and on about some of the details that are there. But we have about six or seven minutes here for some final questions, so let me post some rather broad questions. They'll give all the panelists a chance to join in as they can.

**Mark Hager:** The first one is a theme that emerged from the questions that people posed when they were registering. We asked folks to post questions if they wanted to, we looked through all of those—and I have, by the way, everyone, over in the Nonprofit Financial Commons Forums, I've done my own summary of the range of questions that people posed during the registration, so you can find that over there in the forums. You can pose additional questions there. The more discussion interaction we can get going on there, the better.

**Mark Hager:** But one question that emerged there had to do with what small organizations can do in order to do fundraising. Hilda, I think this goes to the UnderDeveloped slide that you had up there in that study. Surely, there are organizations that have a hard time hiring fundraising staff, but there are so many small ones without any hope of hiring any staff to do fundraising. Let me read two specific questions. One, “What's the best way for a very small nonprofit with an overworked small group of staff and volunteers to find individual donors?” And then, relatedly, “Is it possible to cultivate individual donors effectively without a single staff position to get dedicated to this?” What's even possible for this large group of small nonprofit organizations?

**Ruth McCambridge:** I can begin to approach that. I just want to tell very quick story. I ran, well, I was a director, originally a volunteer, and then a director of a battered women's organization— that's what we called them then—in Lawrence, Kansas. When the Reagan administration defunded LEAA, which held about 95% of our funding, we had had three staff people and somewhere close to 60 volunteers, all of which were board members, unreasonably. At the point that we were defunded, or we knew we had about six months to live, we asked each one of those volunteers to go out and find five donors. It was organization-wide. It was very specific. It didn't matter how much money that people were giving, but it immediately built a base of volunteers, because we had a lot of involvement in the organization. For organizations that are young, you have to look around you and understand who your devoted stakeholders are and approach them. And don't just approach them for a donation themselves. Make them understand that your future depends upon them, and that you respect them for that. Because that's basically the way that it always gets done. Sometimes you have more or less resources for development, but in fact, that's a good way to think about getting started. Who are your stakeholders. How much do they care about you? What can you reasonably ask of them?

**Mark Hager:** Let me pick on you, Hilda. [Sure.] Let me go directly to you. What's the prospect of an organization with no fundraising staff to compete for donors?

**Hilda Polanco:** I would echo what Ruth has just said. It takes a village, and the village starts with our volunteers, and those who already believe in in our mission and we have that social contract with. I also feel—and I don't know, Laura, if your statistics confirm this—that after an individual has been a part of an organization's programming in some way, there's some connection to it, the donation is likely to follow. So, first question isn't the donation; that first question is, come and be a part of us.

**Ruth McCambridge:** That’s right. So important.

**Laura MacDonald:** Exactly. So, engagement, number one. And if you're doing that engagement digitally, for example, don't start right out by asking for money. Give them other opportunities to engage with you, to participate in some advocacy. Next-gen in particular are much more likely to open and click through an email if it's about advocacy. Nobody is more likely to open an email if the subject line is about fundraising. The other thing is, encourage your board members to create—first of all, 100% of your board members need to be donors. It is disrespectful to ask anybody else to give if your donors aren't already investing, or if your board isn't already investing in the cause. And two, ask them to think about setting up their gifts as matches or challenges. Would you match, dollar for dollar, the next five donations we receive? Those work well, and yes, I know they get a little bit tired when we hear public broadcasting, but they continue to lean into it because they work.

**Mark Hager:** I'm gonna skip to the final question here. Short answer from everybody: What can we expect from donors in 2024? What does now look like, and what does the immediate future look like in terms of individual donations? Maybe I should call on folks. Who looks like they have an answer? Jon! Jon, you look like you have an answer. What do we expect now and going forward in terms of individual donors.

**Jon Pratt:** Well, I guess I would come down on the resilient side, is that people want to be involved in something larger than themselves and want to contribute. But it's a complex picture, so I'd love to hear what the others say.

**Mark Hager:** Yeah. Dana, what do you think? What does the future look like?

**Dana Britto:** I won't speak to the trendline per se. I do think there will be… the emphasis on crowdfunding and the systems and technologies to sustain it will be a huge part of this upcoming year and future years. And I think, as it relates to technology and platforms, introducing AI into the conversation, and the use of generative AI as a storytelling tool, and then there's the platforms around accepting money from stocks or cryptocurrency and whathaveyou. I think technology and infrastructure pieces will continue to influence this arena and will also continue to influence an organization's success in building, especially across small donations. Systems and platforms will be huge.

**Mark Hager:** I can tell you're already looking forward to our January 20th [sic] seminar. We'll get down to those roads then. Laura. What does now and the future look like?

**Laura MacDonald:** Two things. First of all, I'd like to echo what Dana said entirely. We tend to see big leaps in technology in years with presidential elections, that a lot of the technology that's being developed to support candidates or causes ultimately transfers over to the nonprofit sector. So keep your eyes on what candidates and issues do, because you might learn from that. I think individual donors are craving opportunities to connect to where they can be, safe places devoid of partisan yelling, and where they can exercise their generosity, whether that's their generosity in giving, or serving, or encouraging others to be a part of what you're doing. Giving makes people feel good. It's a scientific fact. So, I think that if you can tap into that, then you can have that band of supporters that Ruth and Hilda and Jon all talked about that resilient core of support.

**Mark Hager:** Thank you. Hilda, give us your quick take on what the future of individual giving looks like.

**Hilda Polanco:** I think we all want to feel good about what we do. So, I'm gonna end it there and give it back to the closing of the program.

**Mark Hager:** Ruth, maybe you have a thought on what the future looks like? But then, you’re the last one up, to wrap up the series.

**Ruth McCambridge:** Yeah, I’ll integrate it. I’ll integrate it into what I say. I have never been happier than when I was in an organization that had a huge number of donors. Because you can learn so much from supporters and from the people that you are in common cause with. The richness of that experience is well worth the effort that it takes to build up those programs. I do want to say that… I want to just really quickly say that I think that next session, we're gonna be talking very specifically about how each dollar that we get in individual donations produces other revenue of one kind or another, whether it be social or financial currency.

**Ruth McCambridge:** One thing that I want to indicate to people is, I will be in touch with those people who did leave us their names to be in touch with about the next session. We're still very much, because we wanted to have this session with you first, in development about the next session, where we look specifically at organizations who have made use of some of the methods and frameworks that we talked about today to build healthy donor bases that are sustainable. So don't miss that session. Those are always the richest parts of everything that we do.

**Ruth McCambridge:** I do want to say also, we have an enormous number of resources that you should not miss that are available to those of you who are part of this. There is a special resource list, and I think we've probably we've probably posted that link already, that people can make use of. In there, you will find links to the Bright Spots study, to the UnderDeveloped study, to the Nonprofit Fundraising Effectiveness studies, etc., etc. So don't neglect to go there.

**Ruth McCambridge:** Finally, I would love it if you guys would let us know what you want to learn more about. It can be about the business model for individual donors, or it can be about other issues that are on your mind about nonprofit finances. But let us know; that's how we know how to set our agenda for learning, and it's only through talking with you that we understand what should rise in in the level of priority to something that we want to add to our learning agenda.

**Ruth McCambridge:** Finally, I do want people to know that the people that you had access to today are stellar. We intend to try to match that in every single event that we have this year. But I do want to thank very much, Jon Pratt and Laura MacDonald for joining us here today, using some of their time and sharing their brilliance with us. And thank you very much, Hilda and Dana—and Mark—for making this all happen. So, thank you.