

WHITE PAPER

2022 Nonprofit Technology Trends Report

Nonprofits leveraging technology
achieve greater impact during pandemic



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Introduction

2022 could be referred to as the year of the nonprofit. As challenges continue amidst the repercussions of the global pandemic, the results of our third annual Nonprofit Technology Trends survey showed tremendous resiliency and creativity in the nonprofit sector. Given this is the third annual report, we are in the unique position to compare key nonprofit metrics from pre-, during, and post-pandemic markets; although we recognize “post-pandemic” is an optimistic term at this writing.

In 2020, our Nonprofit Technology Trends Report provided interesting and helpful insight into how nonprofits leverage technology to achieve their mission. In 2021, the pandemic and the subsequent health and economic impacts forced nonprofits to deal with organizational disruptions, while also being looked to for leadership to support and respond to the overwhelming societal challenges.

With that in mind, we launched our 2022 nonprofit technology survey asking finance leaders across the nonprofit sector to provide their perspective on the industry, the challenges they face, and technology engagement—in and out of the context of the pandemic.

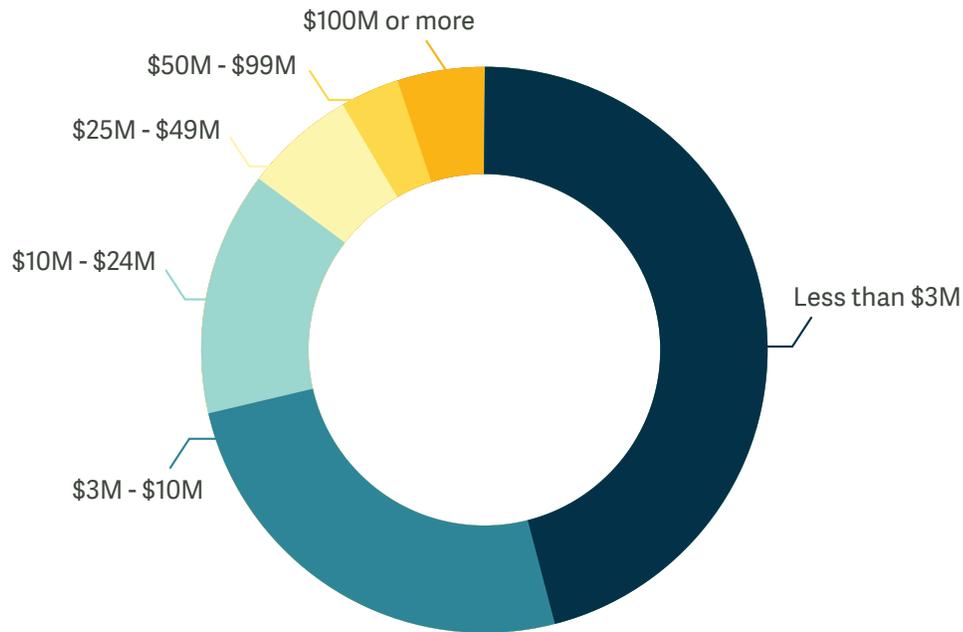
As we look forward to 2022, we can celebrate the resiliency and brilliance of this sector. In this report, we will share not just encouraging numbers from over 900 nonprofit finance leaders, but examples of creativity that allowed nonprofits to not just survive—but thrive—in 2021.



Demographics

This year we received our largest response to date with over 900 nonprofit leaders responding to the survey. The majority of the organizations (85%) that completed the survey were 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, giving us the ability to compare year-over-year in many areas.

What is the approximate annual revenue for your organization?



The respondents represented a variety of nonprofit cause areas including human services (22%), education (18%), community improvement (15%), healthcare (14%), and faith-based (12%).

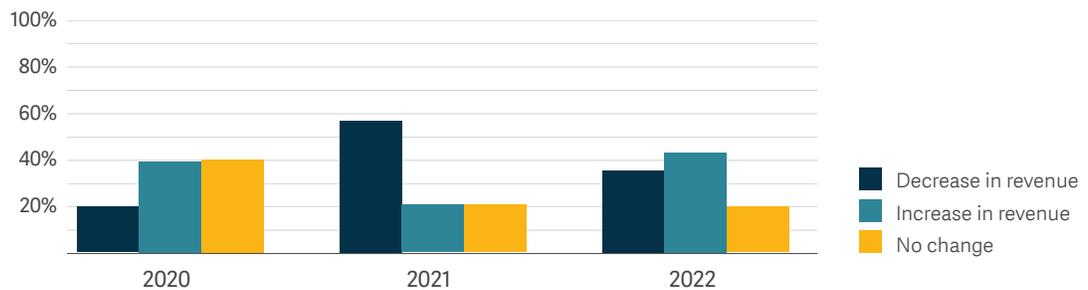
The most frequent titles of respondents were executive director, chief financial officer, and chief executive officer. Over 44% of respondents represented the c-suite level at their organization, up from 27% of respondents last year. Other survey participants identified themselves as controller, director of finance, accounting manager, and VP of finance and administration.

Results

Revenue

44% of respondents reported an increase in revenue in 2021 with an additional 20% reporting flat revenue. Human Services organizations were the most common type of nonprofit to report an increase in revenue, while education organizations were more likely to report a decrease. This makes sense given the changes in our world due to the pandemic—the increased demand for global human services, and the lack of in-person education programming.

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

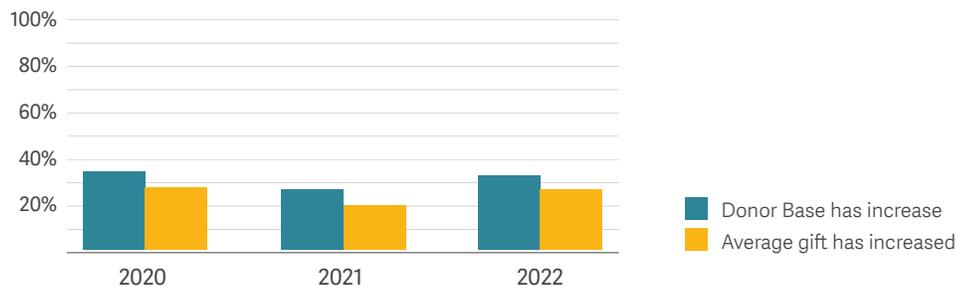


When we examine in greater detail the last three years, there is a clear rebound in this year's numbers. In early 2021, 58% of respondents reported a decrease in revenue.

We aren't quite back to the numbers from early 2020 when only 20% of nonprofits experienced a decrease in revenue, but we are headed in the right direction.

More good news for 2022, of those that saw an increase in funding, one-third experienced an increase of greater than 25%. And of those forecasting a decrease in funding, 72% are forecasting a decrease of less than 25%.

What changes have you experienced with your donor base in the last 12 months?

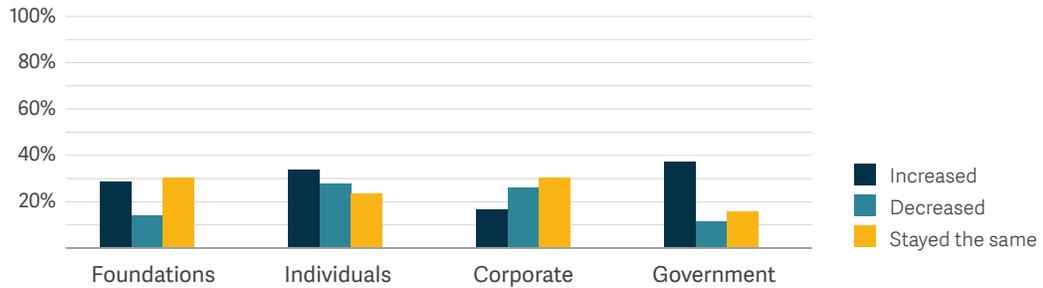


When we look at donor base, the numbers are also trending in a favorable direction. The latest numbers from this year's survey are very close to what they were in 2020 right before the pandemic hit, after taking a big dip last year in both size of donor base and size of average gift.

Funders

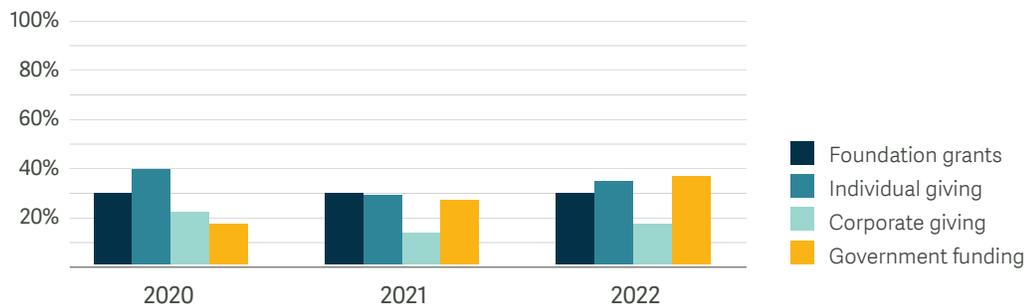
Nonprofit finance leaders report that the biggest increase in funding this year came from government funding, which echoes many survey comments regarding PPP loans and other government programs.

In what funding areas have you seen a change in the last 12 months?



When we look at year-over-year trends, government funding stands out as having grown exponentially since 2020, with more organizations reporting an increase each year. While foundation grants have remained steady in our data, individual and corporate giving are both on the rise and closer to their pre-pandemic numbers.

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



Programs and services

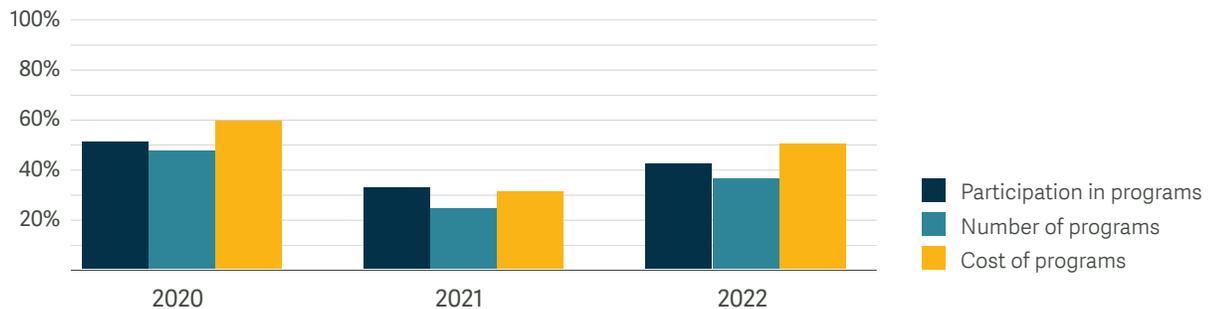
During the COVID-19 crisis, we saw the demand for services increase while the number of programs offered via nonprofits simultaneously decline due to the inability to hold in-person programming.

The latest data shows that both the number of programs offered and the participation in those programs have increased since the height of the pandemic. For 2022, 42% of organizations report their participation in programs has increased. This is down from 51% in 2020, but it represents a 10% increase in the 2021 data.

Similarly, 36% of organizations report an increase in the number of programs in 2022. This is up 12% from last year, but still down from 47% pre-pandemic.

As is expected, with the increase in participation and number of programs, the cost of programs also rose, with 50% of respondents saying their cost of programs increased this year.

How have your programs changed in the last 12 months?



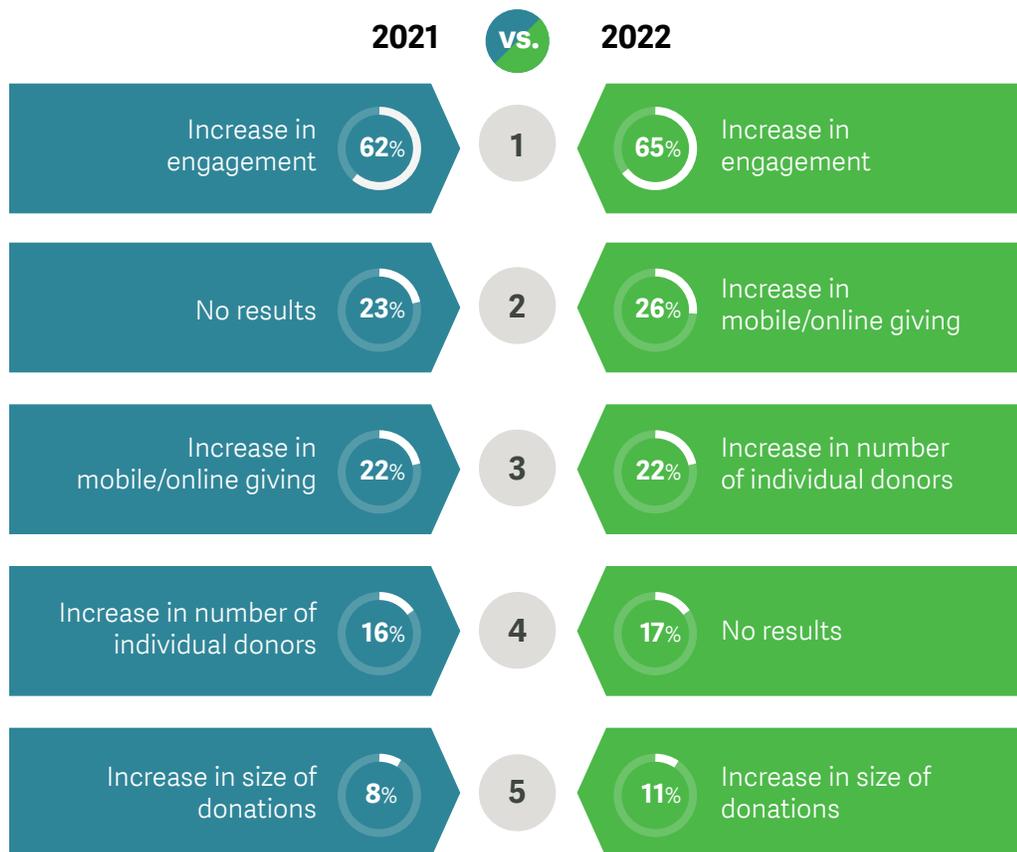
Communication and constituent engagement

Last year, we saw nonprofits turn to social media as a way to connect with their constituents and communities when traditional in-person events and communication weren't possible.

The trend continued this year, with 71% indicating they have a social media strategy, with an additional 16% saying they are considering one. This is up from 65% reporting they have a social media strategy in 2020.

Interestingly, of those that do have a social media strategy, 71% have changed it in the last 12 months, presumably as a result of the pandemic and the desire to engage in new ways.

What results have you seen from your social media strategy?

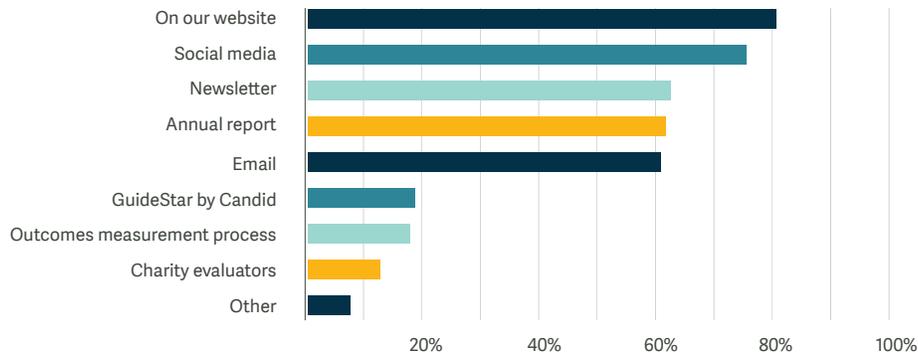


Each year, we ask respondents about results from their social media strategy. This graphic shows how the responses differed from 2021 to 2022.

Increase in engagement is still the number one result, although the percentage of organizations experiencing that benefit has increased slightly. That in and of itself is a great reason for a nonprofit to start a social media program if they haven't already.

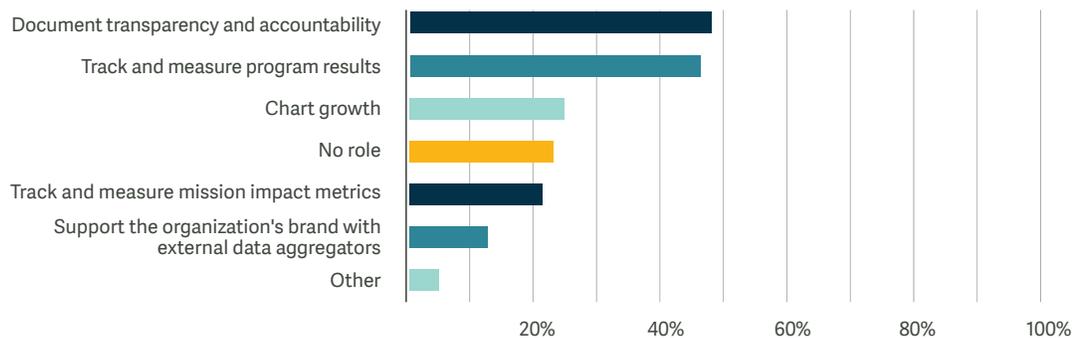
Increase in mobile/online giving and increase in the number of individual donors moved up the list of results this year, while no results moved down. This could indicate that nonprofits have been more effective with social media this year, perhaps after a year of pandemic communication under their belt. This could also mean that nonprofits are improving their measurement of their social media results or potentially tracking results for the first time. Either way, these data points reinforce the need for nonprofits to connect with constituents via social media.

How does your organization share your story of mission achievement with constituents?



We were also curious to understand how nonprofits share their story of mission impact to constituents. It's encouraging to see the high levels of engagement with many different media forms. The most common ways of sharing mission impact were through a website, social media, and newsletters. This is consistent with the results from the last two years.

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



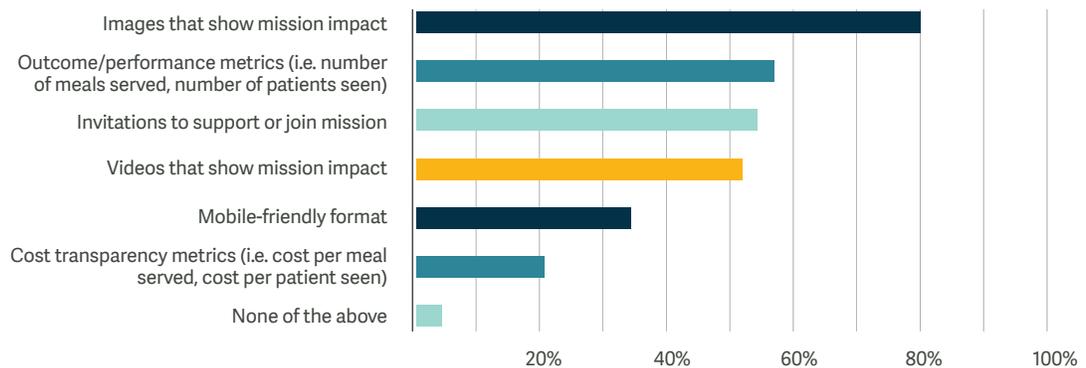
This survey was targeted at nonprofit finance leaders and we were curious to understand their role in telling the story of mission impact to constituents.

77% of respondents indicated that their finance team is involved in telling their impact story, up from 74% last year and 64% in our 2020 report. The steady increase of finance’s involvement shows the increased importance placed on tying financials to mission impact. This is a compelling way to tell the story of mission achievement.

The most common contributions by finance cited were documenting transparency and accountability, tracking and measuring program results, and charting growth.

One new area we explored in this year’s survey also touched on sharing your story of mission achievement. We were curious to know what visual or impactful elements nonprofits included when telling their story.

What elements do you include in sharing your story of mission achievement?



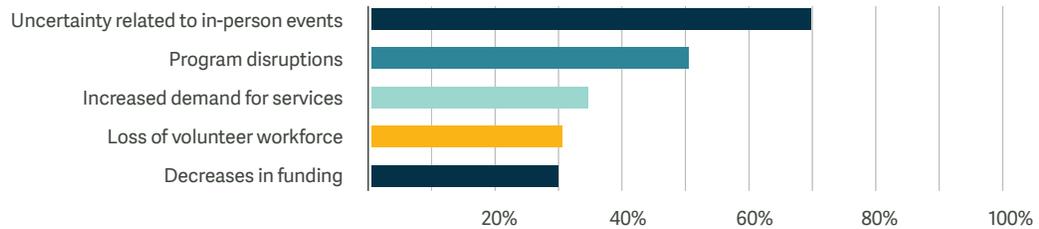
It’s encouraging that, overall, 95% of respondents include compelling elements beyond just text. Imagery can be powerful in connecting with constituents and compelling them to donate, so it’s not surprising that 80% of respondents include that in their storytelling efforts.

One lesser-used element was “cost transparency metrics” (i.e., cost per meal served, cost per patient seen, etc.). These metrics tie your mission to financial metrics to tell a truly powerful story that can motivate donors. These data points help donors connect their gifts to actual impact.

Market trends

Although we are almost two years into the pandemic, the challenges nonprofits face remain remarkably similar. Last year we asked respondents about the biggest impact COVID-19 had on their organizations. 70% of nonprofit leaders said that program disruptions had the biggest impact on their organization. This year, challenges related to programs and in-person events top the list again.

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



Although uncertainty around events and program disruptions are challenging, many nonprofit organizations found ways to be creative with their programs in the current environment.

“We ran several massively successful live-streamed virtual events, which was entirely new for us.”

Advocacy nonprofit

“We maintained our member base and increased virtual participation.”

Quasi-governmental organization

“We were able to execute a drive-up pantry.”

Human services nonprofit

In many cases, nonprofits credited virtual programming with increasing their reach and impact.

“Remote accessibility has opened up more opportunities to partner/engage/network with entities in varying geographic locations including those located internationally.”

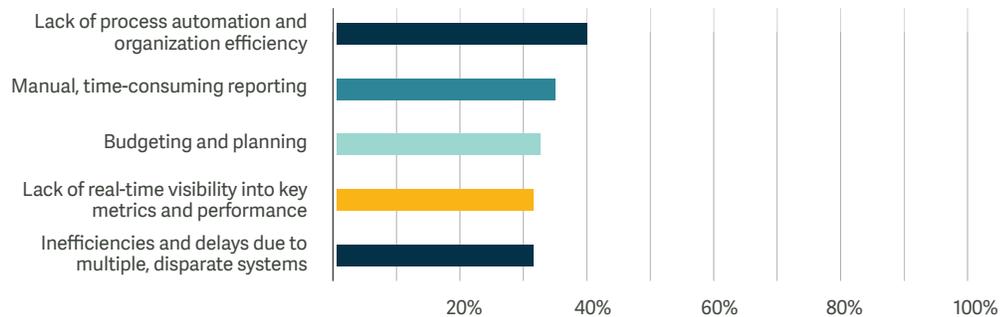
International nonprofit/NGO

“We developed virtual programs that expanded our audience base from regional to national.”

Arts, culture, and humanities nonprofit

The external frustrations from the pandemic are often things out of our control. We also wanted to understand what challenges nonprofits were facing internally, within their organizations.

The top five internal frustrations for 2022 were:



These frustrations are very similar to the previous two years—with some notable exceptions.

Top 5 Internal Frustrations from 2020-2022

	2020	2021	2022
1	Lack of process automation and organization efficiency	Lack of process automation and organization efficiency	Lack of process automation and organization efficiency
2	Manual, time-consuming reporting	Inefficiencies and delays due to multiple, disparate systems	Manual, time-consuming reporting
3	Inefficiencies and delays due to multiple, disparate systems	Manual, time-consuming reporting	Budgeting and planning
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	Inability to measure outcomes metrics	Inability to measure outcomes metrics	Inefficiencies and delays due to multiple, disparate systems

Once again, “lack of process automation and organization efficiency” is the number one frustration for nonprofit finance leaders for the third year in a row. Many organizations are still doing things “the way they’ve always been done,” leading to inefficient home-grown systems, workarounds, and heavy paper-based processes.

This year, “manual, time-consuming reporting” returned to the number two spot as “inefficiencies and delays due to multiple, disparate systems” fell to the last spot. This could point to technology changes nonprofits made during the pandemic because of the shift to remote work, many organizations deployed more modern cloud-based systems that connect.

However, reporting continues to be a challenge as many organizations piece together information from different processes and manipulate data in spreadsheets.

The most glaring change is that “budgeting and planning” was the third most common internal frustration with nonprofit finance leaders. This answer was not in the top five in 2020 or 2021 but again points to pandemic-related frustrations. As we navigate this period of uncertainty, the ability to budget and plan for the future is more crucial—and difficult—than ever.

Technology

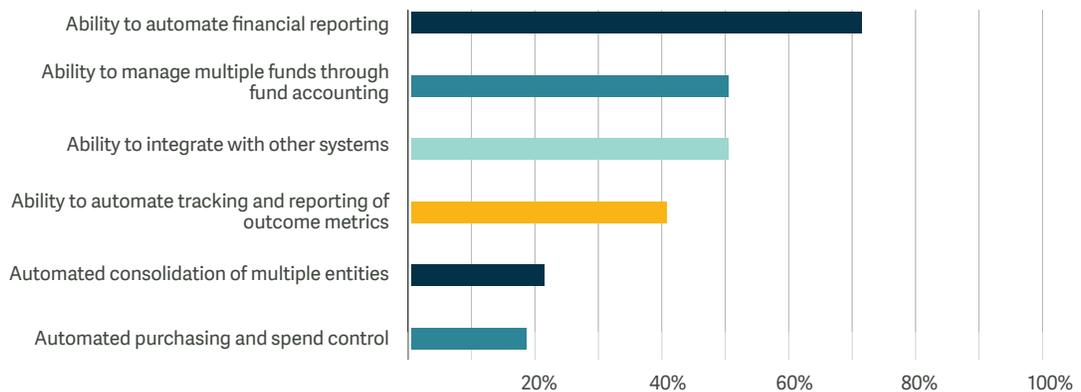
We asked respondents about the technology solutions they use to support operations and growth. The most used pieces of technology were financial management and accounting software (82%), a website (80%), and payroll software (58%).

Accounting and financial management software

When asked specifically about financial management and accounting systems, 44% of respondents indicated they use QuickBooks. That was the most prevalent answer followed by Sage Intacct, Blackbaud, and outsourcing to a third-party accounting firm.

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

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



The top five responses were selected in the same order as in the 2021 survey. As in 2021, the ability to automate financial reporting is still the most desirable functionality. The ability for nonprofits to measure real-time data easily and quickly is key to efficiency and mission impact. In fact, this functionality was the most desirable by a large margin—72% of nonprofit finance leaders indicated this is a priority for their organization. The number two priority received 20% fewer responses.

New this year, we also asked respondents via an open text box about their technology wish lists, “When it comes to technology, what would be the most transformational for your organization?”

Some of the most frequent themes were around integration, reporting, and modern technology:

“Technology that is able to measure and track our metrics.”

Community improvement nonprofit

“More advanced technology available to our target audiences, in third-world countries.”

Education nonprofit

“Artificial intelligence-driven tech for finance, programs, etc.”

International nonprofit/NGO

“An integrated financial reporting system all in one for financial reports, GL detail, and performance metrics.”

Healthcare nonprofit

Key takeaways

Some pandemic innovations are here to stay

While the beginning of the pandemic forced many nonprofits to alter their operations, after two years, it's clear that some pandemic innovations not only work, but are here to stay.

One of the areas in which this has had a profound impact is in remote work. In fact, almost one-quarter of respondents mentioned remote work as a positive of the pandemic. The benefits described range from cost-effectiveness and productivity to personnel and hiring.

"The ability to recruit employees from anywhere in the U.S. We are no longer constrained by geography for talent."

Human services nonprofit

"Remote working has reduced operational costs."

International nonprofit/NGO

"We reduced the need for physical office space, despite an increase in staffing."

Human services nonprofit

"The knowledge gained from remote work and how to efficiently complete tasks when not in the office has been positive."

Community improvement nonprofit

"We brought our organization to the 21st century. The realization that there is a high potential that some jobs will work remotely and can do so efficiently has been a huge plus."

Human services nonprofit

Technology is a true difference-maker during disruptive times

The survey was clear: organizations that were able to pivot in terms of technology were able to get more done and have a greater impact on their communities.

A prolific theme in the survey was the story of virtual—or non-traditional—programming. Survey respondents credited technology for the ability to ease frustrations and pivot operations.

“We ran several massively successful live-streamed virtual events, which was entirely new for us.”

Advocacy nonprofit

“More use of technology to reach rural communities and increase member engagement.”

Education nonprofit

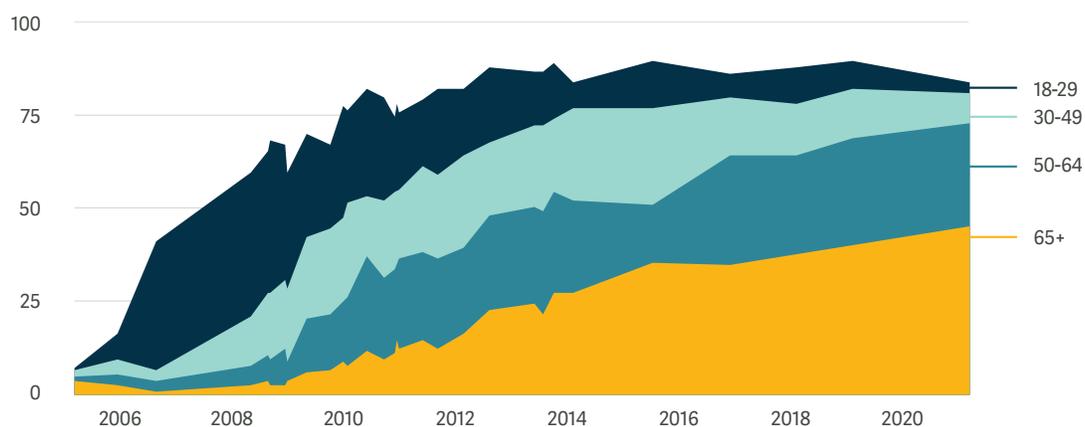
“Some programs can continue to be remote, allowing us to reach more people overall.”

Human services nonprofit

If you don't have a social media strategy, now is the time to implement one

Social media is more important than ever in the nonprofit space. Today, around 7 in 10 Americans use social media to connect with one another, share information and engage with content, according to [Pew Research Center](#).

% of U.S. adults who say they use at least one social media site, by age



Note: Respondents who did not give an answer are not shown.

Source: Surveys of U.S. adults conducted 2005-2021.

Most of our respondents (71%) currently have a social media strategy in place. If you fall in the category with the other 29%, 2022 is the perfect time to consider implementing one. The survey showed several benefits to having a social media strategy:

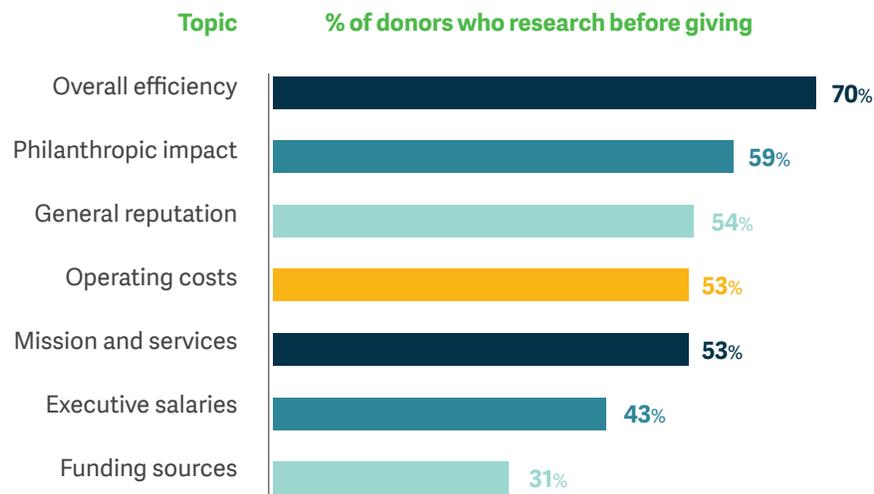
- ✔ 65% say they saw an increase in engagement due to their social media strategy
- ✔ 26% saw an increase in mobile/online giving due to their social media strategy
- ✔ Organizations with a social media strategy were more likely to see an increase in revenue, donor base, and average gift size in 2021

Not sure where to start? Start by asking your current donors and volunteers which social media platforms they engage with—then choose 2 or 3 of those with a goal of one post a week, at a minimum.

Compelling storytelling elements can help engage constituents and boost donations

Donors research organizations prior to giving more than ever before. Thanks to the internet, prospective donors enjoy easy access to research that helps them select gift recipients. Donors care deeply about finding organizations that best reflect their values and priorities. They want evidence of solid financial stewardship and strong mission impact. If they can't easily understand your organization's story, their donations may go somewhere else.

Before making contributions, donors consider the following factors:



Source: A Guide to Philanthropy in the U.S. 8th Edition, 2019 CCS Fundraising

Images and videos that show mission impact in nonprofit storytelling can help move the needle in motivating a donor to give. In fact, a recent Google survey revealed that **57% of people who watch a nonprofit video** make a donation.

In our survey, 61% of respondents reported they use both images and video to share their story of mission achievement. Using images and videos that show your mission impact can help donors emotionally connect to your mission and can have a profound impact on your mission and donor motivation.

Using these elements on your website and on your social media will help extend your reach.

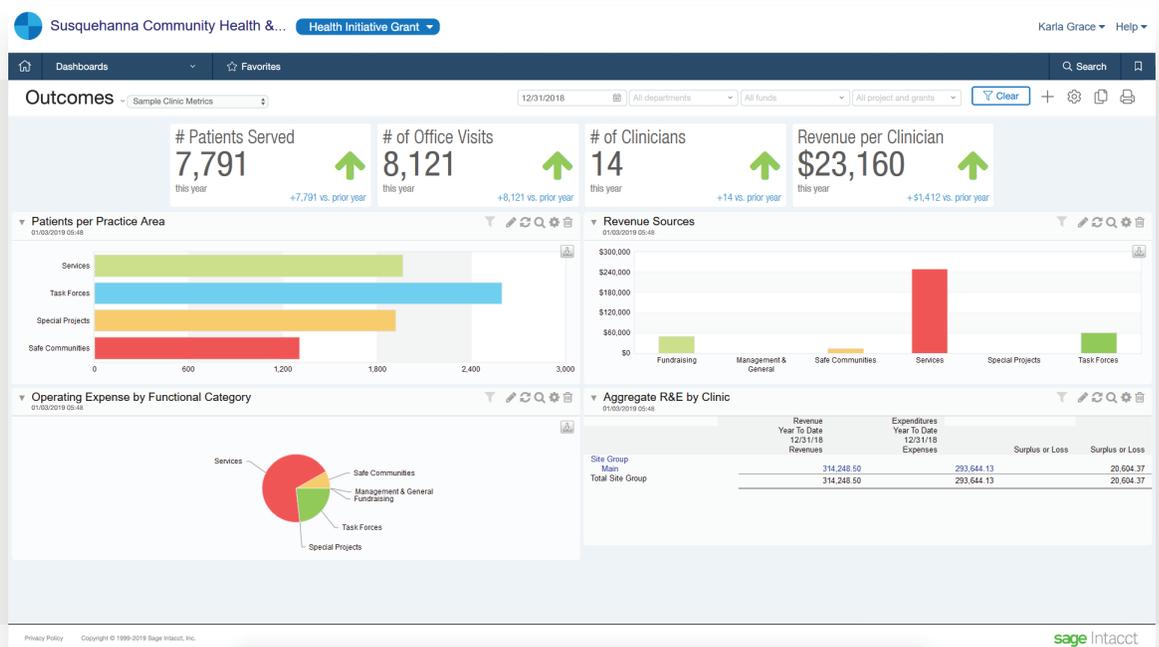
Connecting financials to your mission will make you stand out

In today's skeptical society, the demand for transparency and accountability is forcing nonprofits to seek ways to both produce and demonstrate successful outcomes. To meet this demand, nonprofit organizations are embracing outcome metrics to measure and report their performance. By linking together your financials and your mission with outcome metrics you are not only able to show funders and constituents how your organization is performing, but you will also help pave the way for sustainable growth and greater efficiency with overall greater visibility and ability to quickly course correct.

Whatever your mission, define the metrics that best support impact and stewardship and measure them. Transparency to outcome metrics (like cost per meal served, or cost per reading level achieved) help donors connect their dollars to your mission impact.

In our survey, only 21% of respondents track and share outcome metrics.

But outcome metrics can have a big impact on specific donors. Survey respondents who tell their story using outcome metrics were 82% more likely to have increased corporate donations.



In the example above, dashboards in Sage Intacct provide real-time visibility into outcome metrics by linking together financial and statistical data. This enables you to not only share these outcome metrics with your constituents, but to proactively manage your organization to produce more successful outcomes

Conclusion

As we look toward 2022, the nonprofit sector can be proud of the flexibility and innovations implemented over the last two years.

Our 2022 Nonprofit Technology Trends Report highlights some of the ways nonprofits innovated this year, like virtual programming, increased global reach, and barrier-free hiring. All of this has led to major improvements in funding and donations this year.

As nonprofits have taken proactive steps to engage with their communities and tell their stories, many have relied more heavily on technology than ever before. The pain and frustrations in nonprofit finance are real—but you don't need to live with the status quo. A modern financial management system, like Sage Intacct, can provide antidotes to these frustrations by:

- ✔ Solving reporting issues (financial, operational, compliance, outcomes)
- ✔ Giving you greater visibility with dashboards and industry benchmarks
- ✔ Streamlining process and eliminating paper through automation
- ✔ Providing robust nonprofit-specific functionality like fund accounting and grants management
- ✔ Simplifying multi-entity and multi-currency management
- ✔ Scaling with you as you grow with new locations, programs, and funds

If you're ready to take mission achievement to the next level—the right financial software system matters.

To learn more about Sage Intacct, visit: www.sageintacct.com/nonprofit

About Sage Intacct

Sage Intacct is the AICPA's preferred provider of cloud financial applications. Specializing in helping nonprofits of all types—including health and human services, NGOs, charities, trade and membership associations, cultural institutions, and faith-based organizations—Sage Intacct streamlines grant, fund, project, and donor accounting, while delivering real-time visibility into the metrics that matter.

Our modern, true cloud solution, with open APIs, gives nonprofits the connectivity, visibility and efficiency they need to do more with less. At Sage Intacct, we help nonprofits strengthen stewardship, build influence, grow funding, and achieve mission success.





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