

Blackbaud Survey Finds Not-For-Profits Operating in an Increasingly Competitive Landscape — leveraging the Internet and remaining accountable to donors and regulatory boards require attention

State of the Asia Pacific Nonprofit Industry — More than 200 not-for-profit professionals share how their organisations are faring in three key areas

about the survey

Today's not-for-profit organisations face unprecedented challenges: an increased need for new donors, rising competition from other not-for-profits, a greater demand from funders and regulatory boards for performance metrics, an ever-increasing interest in the Internet as a means of fundraising, and building relationships top the list. Although some not-for-profit organisations are leading the way in establishing best practices in these areas, others don't know where to begin or how they compare to their peers.

In October 2005, Blackbaud Pacific launched its annual State of the Asia Pacific Nonprofit Industry Survey. The goal of the survey is to provide an overview of critical information that helps not-for-profit organisations better benchmark their operations. The results of the survey provide information on three key areas deemed vital to the management of a successful not-for-profit organisation:

1. General Operations
2. Use of the Internet
3. Accountability/Stewardship

The survey was widely distributed throughout the not-for-profit community, as well as to Blackbaud clients via industry newsletters and targeted emails. Over 200 respondents participated in the survey. Since it was administered online, it is important to take into account this sampling bias.

results

General Operations

Despite common perceptions, both budgets and the demand for services are increasing in many organisations. The survey also validated that not-for-profit organisations continue to rely on a wide variety of methods to raise funds and communicate with constituents.

- ◆ Fundraising methods:
 - ❖ Direct marketing, recurring giving, special events, one-to-one solicitation of major donors, and bequests are commonly used
 - ❖ 55% have never used lotteries
 - ❖ Many not-for-profits plan to use payroll giving and online donations
- ◆ Communication methods:
 - ❖ 79% said they most commonly communicate with donors via mail
 - ❖ 73 % plan to increase the use of email
- ◆ Not-for-profits said their biggest challenges are recruiting new donors, retaining current donors, and competition with other nonprofits

Use of the Internet

The majority of not-for-profits (92%) consider the Internet to be a critical tool in running their organisations; however, most feel their Web sites are not effective at meeting their strategic Internet goals.

- ◆ Only 37% (of not-for-profits with a Web site) think their site is effective at meeting their strategic Internet goals
- ◆ Importance of various online tools (% who said it was somewhat or very important):
 - ❖ Email (98%)
 - ❖ Fundraising (94%)
 - ❖ eNewsletters (87%)
- ◆ Younger donors (ages 18-34) and first-time donors are those more likely to give online rather than offline

Accountability and Stewardship

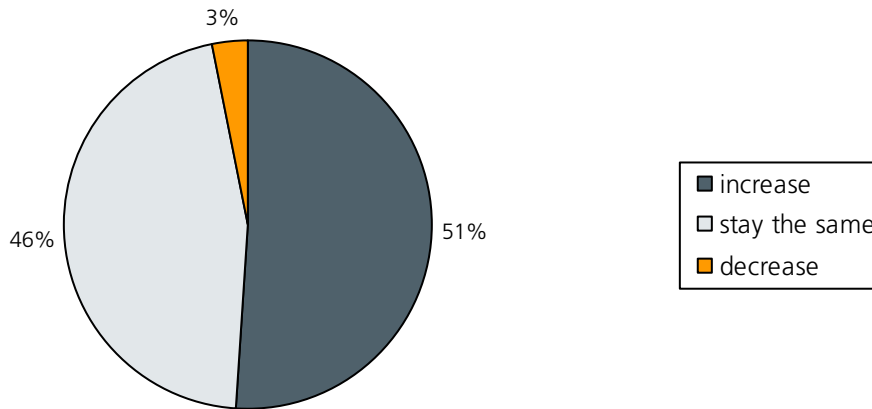
Over one third of nonprofits have found that more donors are asking for information on how their contributions were spent. Now more than ever, organisations are being held accountable for how funds are allocated.

- ◆ The majority of organisations have audited financial statements (99%), an audit committee (63%), and proactively communicate with donors on how donations were spent (78%)
- ◆ 98% believe donors trust that donations to their organisation will be spent appropriately
- ◆ 86% think the public trusts not-for-profits in general
- ◆ Almost half have seen an increase in donor requests that their gifts be restricted for a certain purpose
- ◆ This increase is making it difficult for almost a third of not-for-profits to get funds for general operating purposes, and 29% say they are specifically soliciting unrestricted gifts

Survey Results

General Operations

How do you expect your organisation's overall staffing level to change in the next 12 months?

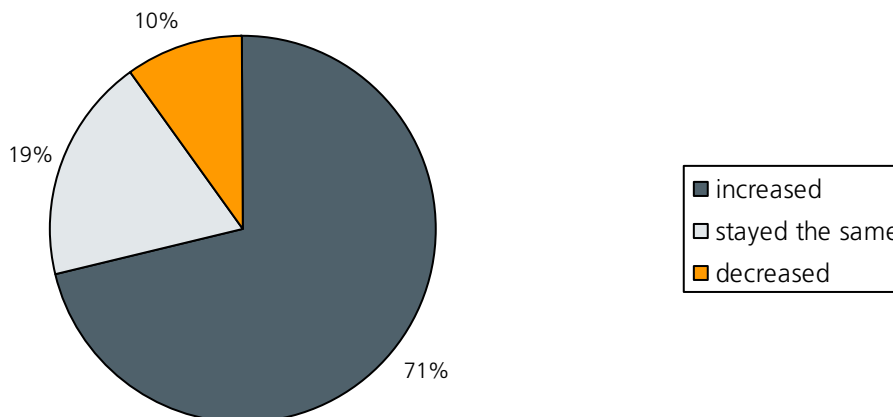


208 total respondents

How are the following roles represented in your organisation?

	full-time position	part of someone's job	part-time position	volunteer position	outsourced	N/A	response total
Major Gifts Officer	18%	58%	6%	1%	1%	16%	205
Prospect Researcher	8%	57%	4%	2%	2%	27%	202
Bequest Officer	21%	48%	10%	1%	1%	19%	206
Information Systems	36%	32%	2%	2%	14%	14%	202
Internet Manager / Webmaster	19%	49%	7%	2%	16%	7%	207
Database Manager	35%	45%	12%	2%	0%	6%	209
Communications / Marketing	54%	31%	6%	2%	2%	5%	209

How did your organisation's overall budget change for the current fiscal year when compared to last year?

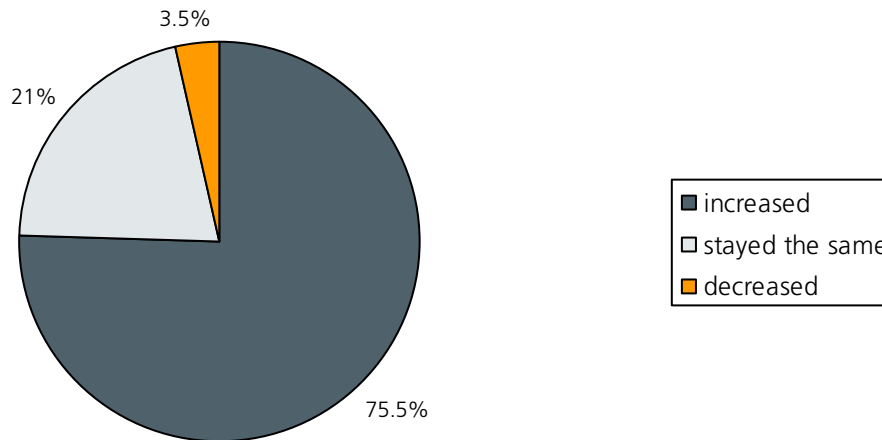


198 total respondents

How did your organisation's funding from each source change when compared to last year?

	increased	stayed the same	decreased	no funding from this source	response total
Individual Donations (not including bequests)	67%	18%	11%	4%	198
Corporate Donations	46%	30%	11%	13%	186
Government Grants	41%	29%	6%	24%	180
Foundation Grants	35%	28%	18%	19%	173
Fees for Program Services	25%	29%	6%	40%	159
Investments	43%	29%	7%	21%	151
Paid Memberships	20%	22%	9%	49%	180
Special Events	35%	27%	11%	27%	184
Bequests	42%	24%	13%	21%	180
Merchandise Sales	27%	22%	11%	40%	183
For-Profit Business Ventures	21%	10%	1%	68%	161

Over the past year, how has the demand for the services that support your mission changed?



200 total respondents

Which best describes your organisation's use of the following fundraising methods?

	use frequently	use periodically	don't use yet but plan to use	formerly used but stopped	have never used	response total
Direct Marketing	52%	26%	11%	1%	10%	182
Recurring Giving (i.e. automatically deduct bank account / credit card at regular intervals)	48%	23%	16%	1%	12%	180
Special Events	34%	44%	7%	6%	9%	184
One-on-one Solicitation of Major Donors	28%	42%	18%	0%	12%	180
Bequests	45%	28%	16%	1%	10%	183
Online Donations	27%	30%	21%	2%	20%	181
Merchandise Sales	35%	27%	9%	9%	20%	187
Payroll Giving	17%	18%	23%	1%	41%	174
Face-to-face Fundraising	26%	25%	12%	3%	34%	181
Lotteries	18%	18%	3%	6%	55%	172

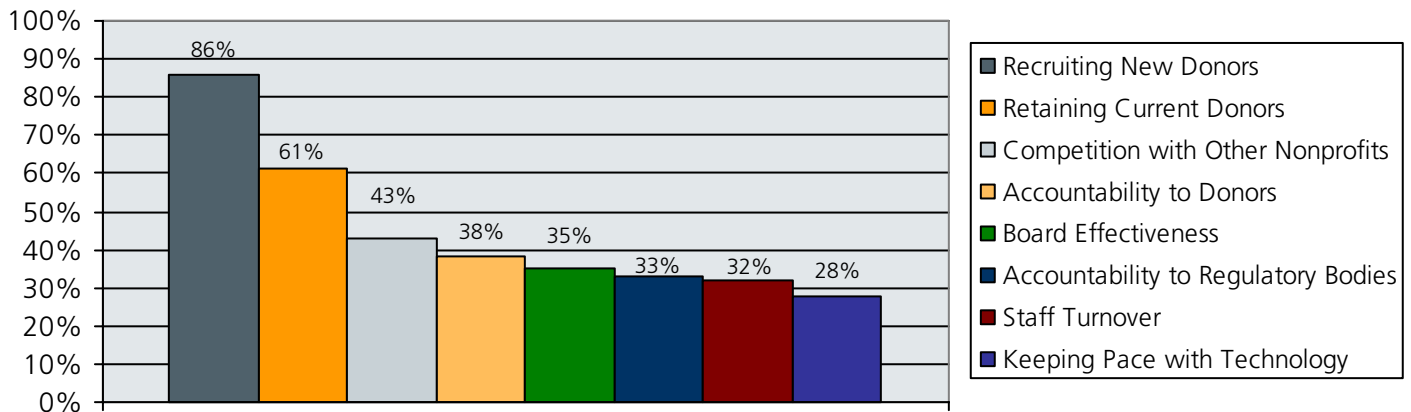
How are the ways your organisation communicates with donors changing?

	increasing	no change	decreasing	n/a	response total
Phone	58%	36%	1%	5%	176
Email	73%	19%	1%	7%	175
In Person	57%	36%	2%	5%	178
Mail	53%	41%	4%	2%	181
Web Postings	55%	26%	1%	18%	167

How much do you agree with the following statements regarding your organisation's board members?

	strongly agree	Agree	neutral	disagree	strongly disagree	response total
Our board members are committed to helping provide strategic direction for the organisation.	42%	41%	14%	2%	1%	185
Our board members believe technology is a critical success factor.	20%	34%	38%	8%	0%	182
Our board members believe in offering competitive pay and benefit packages to recruit and retain staff.	13%	35%	36%	13%	3%	182
Our board is effective in governing the organisation.	19%	52%	25%	3%	1%	183

What are your organisation's biggest challenges? (totals more than 100% because respondents chose 3)



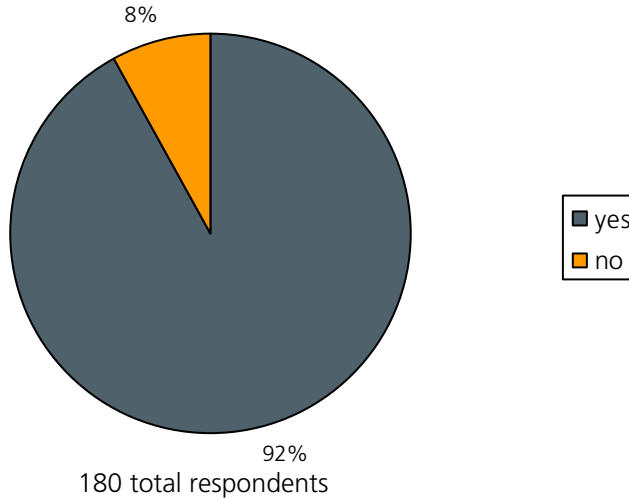
212 total respondents

Does your organisation have the following?

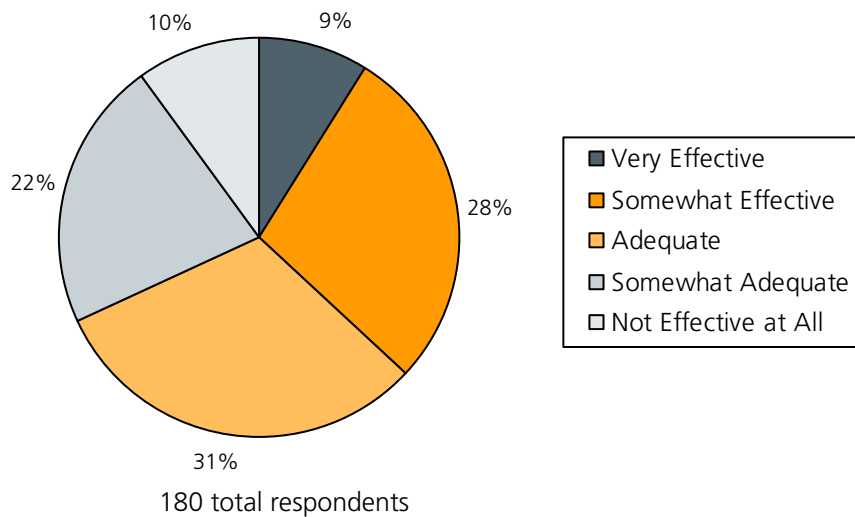
	yes	working on it	no	response total
High Speed Internet Connections (not phone line)	90%	4%	6%	184
A Documented Internet Strategy	38%	33%	29%	177
Employees Who Work Remotely	63%	7%	30%	182
A Technology Budget	67%	12%	21%	175
A Written Technology Plan	36%	24%	40%	164

Use of the Internet

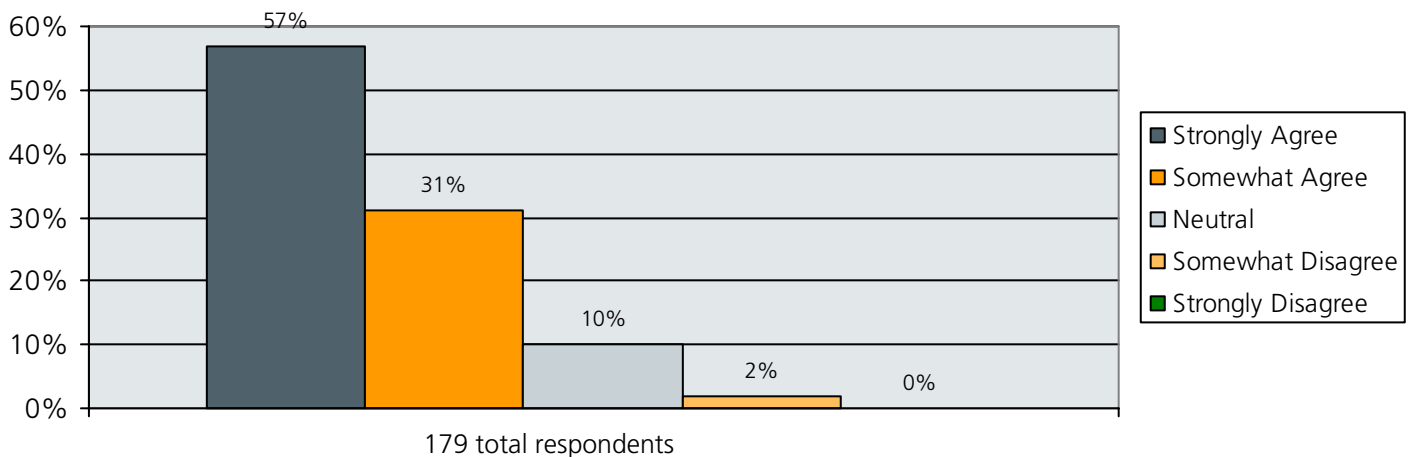
Do you consider the Internet to be a critical tool in running your organisation?



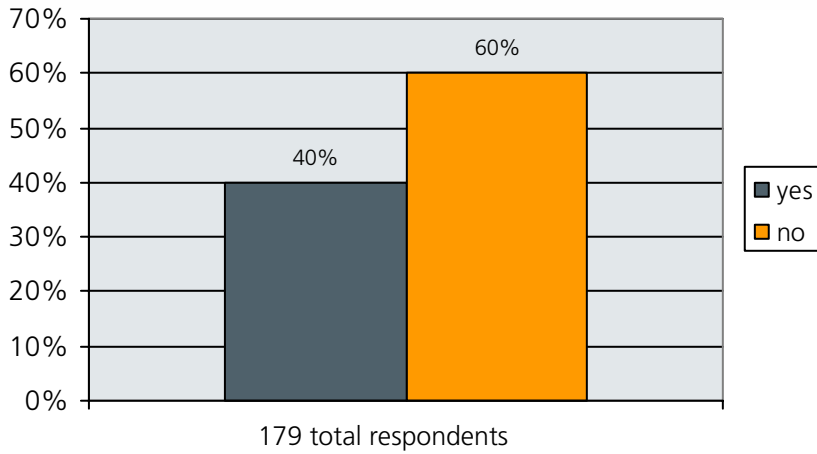
How effective is your Web site at meeting your organisation's strategic Internet goals?



To what extent do you agree with the following statement? "It is important to synchronize online information updates with our primary fundraising or constituent relationship management (CRM) database."

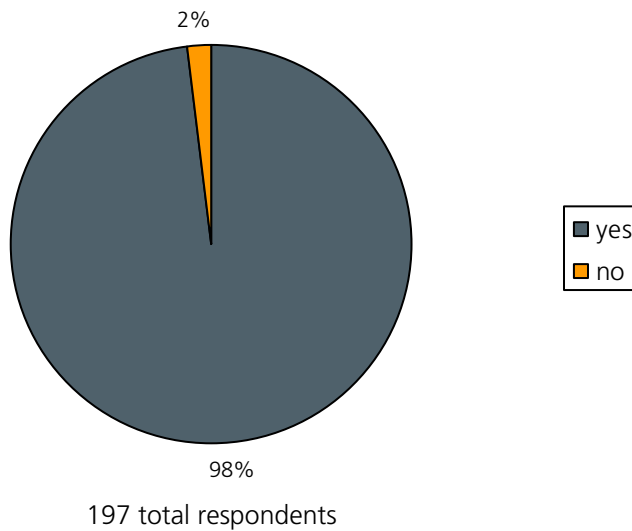


Does your organisation actively raise funds online?

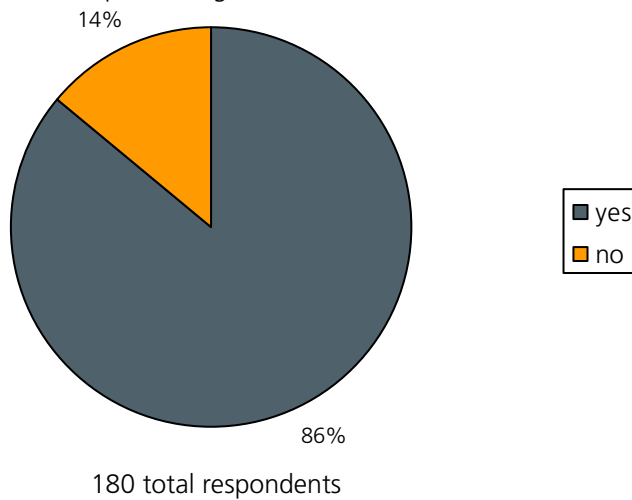


Accountability and Stewardship

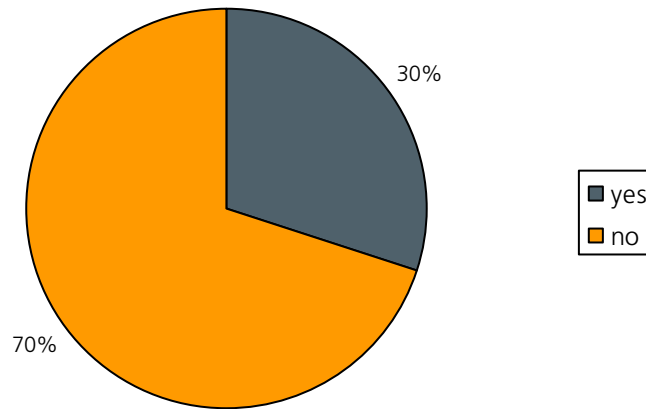
Do you think that your donors trust that their donations to your organisation will be spent appropriately?



Do you feel that the public trusts nonprofits in general?

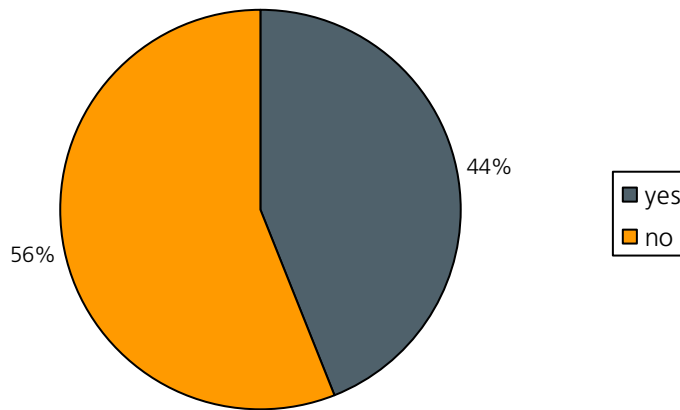


Has your organisation seen an increased demand from donors asking to be updated on how their contributions were spent?



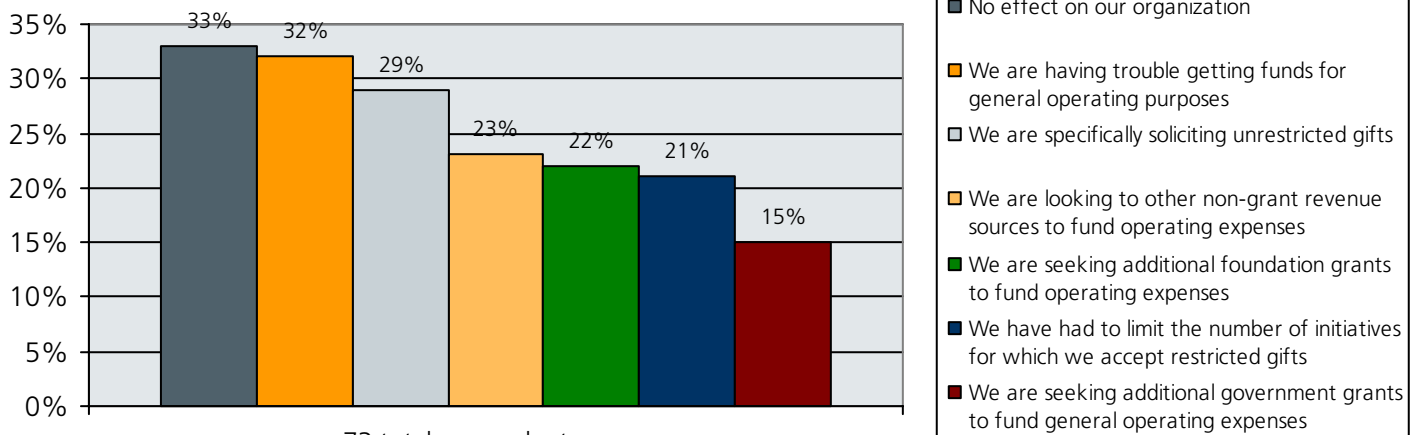
179 total respondents

Has your organisation seen an increased demand from donors asking that their contributions be restricted for a certain purpose?



167 total respondents

How is this move toward increased restricted gifts affecting your organisation? (totals more than 100% because respondents could choose more than one)



73 total respondents

For each of the following practices, please indicate the action your organisation has taken.

	implemented more than 1 year ago	implemented within the past year	plan to implement	no plans to implement	response total
Audited Financial Statements	89%	11%	0%	0%	168
Formed Audit Committee	56%	7%	8%	29%	142
Purchased Directors' and Officers' (D&O) Insurance	70%	6%	8%	16%	93
Communicated Proactively to Donors on How Donations Were Spent	57%	21%	14%	8%	167

for more information

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