



“Dollars Up – Donors Down: Increasing Quiet Crisis Facing Nonprofits in 2025”

Time of the Essence to Recruit, Retain and Re-engage Donors

FEATURE ARTICLE **NEW**

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You have likely experienced times when everything appeared to be going well, but then you learn of a hidden problem beneath the surface that has been brewing.

Sometimes it can be something funny...

The church van that “only makes that noise in reverse.” It’s spotless on the outside. But under the hood, it’s one pothole away from a roadside prayer meeting.

...while other times it is more serious...

A straight ‘A’ student appears to be thriving. But they are burning out from anxiety, perfectionism, or pressure, and a mental health crash could be looming

The mission statement is on the wall, the website, and the letterhead. But daily decisions, staff culture, and strategy don’t align with it. Drift has already started.

Those were just fictitious examples. Here’s a real-life example:

After an exhausting year of fundraising, everyone is relieved to see top line numbers showing more money raised this year over last year. But after studying the data more closely, it is realized goals were met only because a handful of major gift donors increased their giving from the previous year. So yes, more money was raised but from fewer donors giving more than last year.

This has in fact been happening nationwide at most donor-supported organizations and ministries. There has been an overall decline in the number of donors nationwide for 3 consecutive years, and we may learn soon that 2024 marked the 4th consecutive year. The Giving USA report, considered the official record of annual charitable giving in the U.S., will tell us but will not be released until the end of June 2025.

While we wait for the Giving USA report, the annual Fundraising Effectiveness Project (FEP) report can be a good preliminary option. It doesn't track as many donors, dollars and donation-supported nonprofits as the Giving USA report but, for those of us who understand how research works, it covers a valid sample size of nonprofits in the U.S. to merit attention, and for you to cross-reference its results with your own database to see how your organization compares.

Here are 4 takeaways from the FEP report on 2024 giving which help explain why overall giving went up and the number of donors went down. I also include some actionable steps you can take to help increase your number of donors and donation support they will give in the remaining months of 2025:

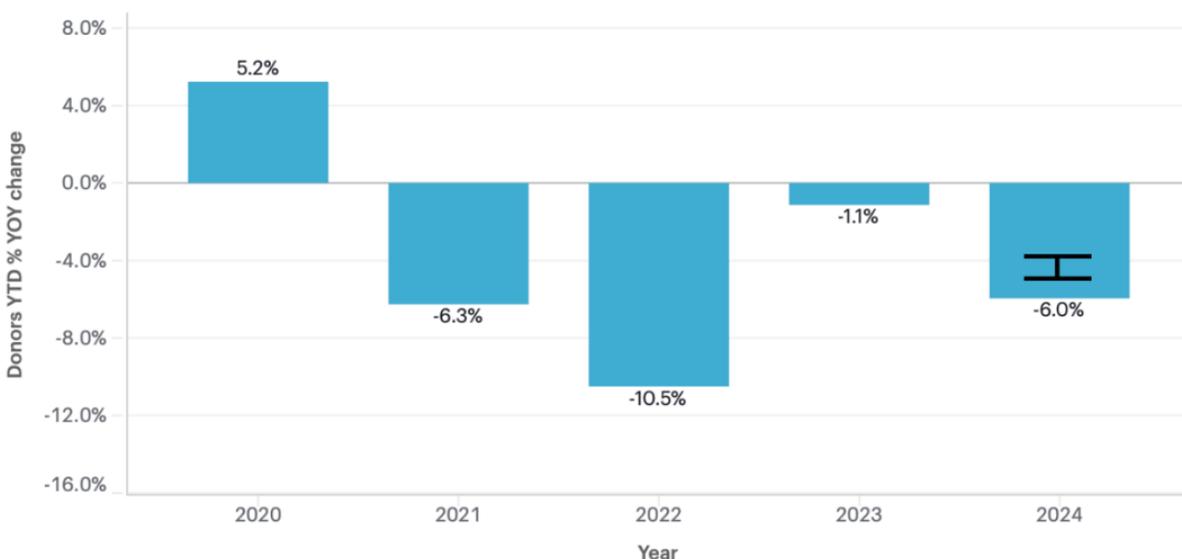
It was another *Dollars Up – Donors Down* year overall

Total fundraising dollars increased 3.5% in 2024 over 2023, even as the overall number of donors decreased for the 4th consecutive year, this time by 4.5%.*



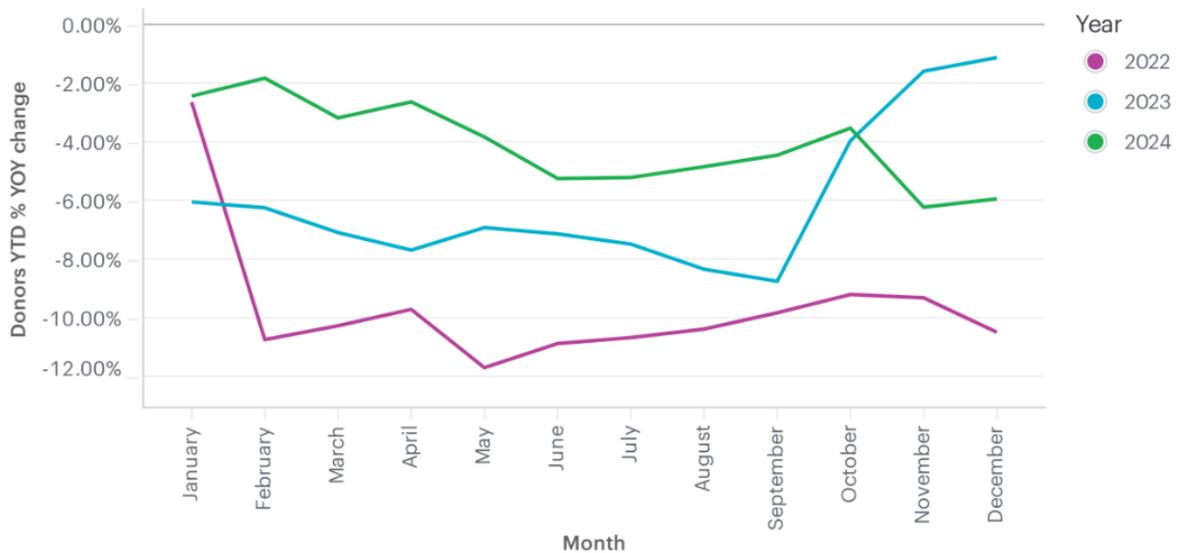
This means, on average, fewer donors are giving larger amounts for the 4th year in a row. This is not sustainable long-term! Donor-supported ministries that expect higher revenues from fewer donors each year face significant short term and long-term risks.

Donors Growth (Yearly)



Drilling further down into the declining number of donors in 2024, look at the line graph (below) and notice when the largest decline took place. The sharpest decline was heading into year-end giving season. Some argue it was fears around election time causing donors to hesitate until they were closer to the end of last December.

Donors (Monthly)



Action

Committing to Key Performance Indicators (KPIs) focused on donor counts and dollars raised, alongside budget goals, ensures a more comprehensive and sustainable fundraising approach. Starting this *now* (May 2025) gives you 7 remaining months from June to December to build or rebuild relationships with more donors before the upcoming year end giving season.

Major Gift Donors were the primary drivers for higher donated dollars in 2024

Defined here as donors who each gave \$5,000 or more in the year, they collectively gave 75% of all donations raised in 2024 despite representing only about 3% of all donors.** Major gift donors have been the MVPs of charitable giving across our country the last few years especially, as other donors have decreased in numbers. They have been giving as they do likely because they tend to be the donor group who nonprofits invest more personable cultivation practices.

Actions

Depending on staff size, the work of growing major gift donor relationships primarily falls on the CEO or the top development person. Major gift fundraising typically has the highest positive net ROI when compared with direct mail, digital, events and other fundraising initiatives. Exploring other key stakeholders to get involved, especially board members managing even a short list of high-capacity donors, could see huge returns for your ministry.

New Donors dropping 7% was the primary reason for the decline in overall donors

Defined here as donors who gave their first gift to your organization, they represented nearly 40% of all donors in 2024. This statistic screams the need to better understand the motivations of first-time donors.

Action

Create a marketing funnel containing a donor pipeline for intentional donor acquisition. Smaller-dollar donors are critical for long-term sustainability and community engagement. Learn first-time donor motivations and

employ compelling storytelling, accessible giving opportunities, and multi-channel outreach. Testing incentives such as monthly giving options or first-time donor incentives can also prove beneficial. Develop strategies around acquisition such as an “email welcome series,” and for retention such as a regular newsletter for improved and continued engagement.

Donor Retention – the ability to keep donors from the previous year – declined in a couple of critical areas

Those who contribute less than \$5,000 annually represent about 97% of all donors. Among them the most significant drop occurred with donors who gave up to \$500 annually. November and December 2024 saw particularly sharp downturns in number of donors giving at year end, as shown in the earlier line graph. It could’ve been an election issue last year, as referenced earlier, yet elections don’t occur every year.

Actions

Retain the smaller-gift donors as they provide stability and broad community support essential for resilience, especially during challenging economic or social climates. Analyzing 2024 year-end fundraising outcomes from your own database enables you to identify high-performing segments and channels, along with those underperforming. Engage donors early in the year to strengthen year-end campaigns. Waiting until year-end to steward donors increases the likelihood they will have already decided by then to direct their giving elsewhere.*** Proactive, personalized mid-year engagement with “pre-lapsed” donors – those who gave in 2024 but haven’t yet contributed in 2025 – can significantly improve year-end results.

The release of the annual Giving USA report will shed more light on all of this. Until then, this is a heads up for some things to watch for and to start working on. Checking your own database against either of these reports can give you a head start on adjustments needed now.

When plans like these are implemented to recruit new donors, retain current donors and re-engage donors who may be on the verge of lapsing, results should be tracked along the way and adjustments made when necessary. Starting this now still gives you a 7-month runway to build stronger relationships which will more likely be there for you at the end of the year and beyond!

*Annual Fundraising Effectiveness Project report on 2024 giving, containing results from 12,504 U.S. nonprofits with annual revenues anywhere from \$5,000 to \$25 million. The Giving USA report, considered the official record of annual charitable giving in the U.S., will not be released until June 24, 2025. In lieu of the Giving USA report, the Fundraising Effectiveness Project report is a good preliminary source, though its results may be different from Giving USA.

**Giving USA 2024 report on 2023 giving.

***Fundraising Effectiveness Project Report on 2024 Giving-Insights on Shifts in Smaller Gifts.

Dusty Rhodes is a strategic executive leader helping Christian radio and other nonprofits grow revenues to fulfill their missions for wider and deeper impact! He works alongside leadership creating visionary strategic plans and the revenue strategies to fund them for sustainable growth. His accomplishments span 30+ years serving in Christian media and ministry as an award-winning radio morning show host, Program Director, Operations Manager, General Manager, Chief Operating Officer, Chief Development Officer and Senior Vice President.

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