

A large orange diamond shape is centered on the page. It is formed by two overlapping diamond outlines. The top and bottom points of the diamond are cut off by the top and bottom edges of the page. The text is centered within the diamond.

Social Solutions 

FOUNDATION  
REPORTING  
STUDY

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WHAT FUNDERS WANT

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# INTRODUCTION

# OUR APPROACH

We surveyed a group of representatives from various foundations and charitable trusts, who we are calling funders, from around North America. The purpose of conducting the survey was to discover how funders decide on providing funding to nonprofit organizations.

When drafting the survey, we utilized previous market research as the base for questions. It was important to know whether past studies and trends were still relevant in 2017, and how they have changed. We crafted the survey questions to pinpoint the exact criteria foundations use to determine where funding dollars go. It's important to note the distinction of "foundation funding".

## GRANTSPACE.ORG DEFINES A FOUNDATION AS:

“ A foundation is a non-governmental entity that is established as a nonprofit corporation or a charitable trust, with a principal purpose of making grants to unrelated organizations, institutions, or individuals for scientific, educational, cultural, religious, or other charitable purposes. This broad definition encompasses two foundation types: private foundations and grantmaking public charities. ”

Foundations historically provide the largest amount of funds outside of governments. This study solely focused on foundations and charitable trusts.

### The survey covered three elements in the survey:

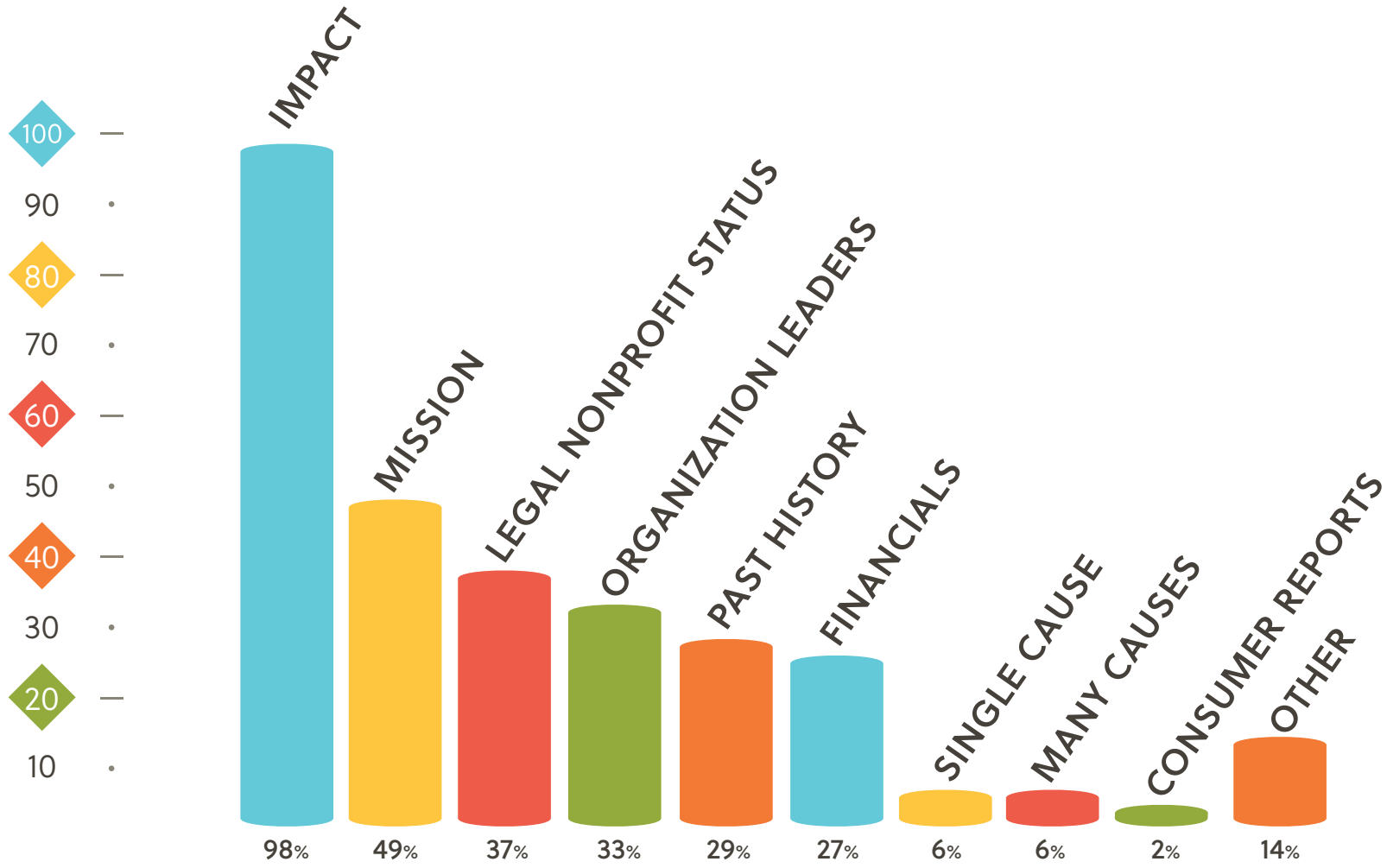
- 1 Current, past, and future demands for reporting
- 2 Preferences for information, format, and channels of displaying reports
- 3 Key areas nonprofits report on to present to foundations

**All responses were voluntary, confidential, and analyzed as a group.**



# TOP 3 MOST IMPORTANT CONSIDERATION ITEMS FOR FUNDING

Figure 1 illustrates what funders identify as their three most important considerations for funding. Impact (98%), mission (49%), and legal nonprofit status (37%) were the most common responses.



Other answers: Timing, Sustainability / Longevity, Stability, Capacity FIGURE 1

# BEST INDICATOR WHEN EVALUATING AN ORGANIZATION'S IMPACT

Knowing that 98% of funders identify "impact" as one of their top three considerations when funding organizations is highly valuable. Understanding how your organization can demonstrate its impact is the next step. For 67% of funders, outcomes are the best indicator of an organization's impact followed by consistency to mission (16%).

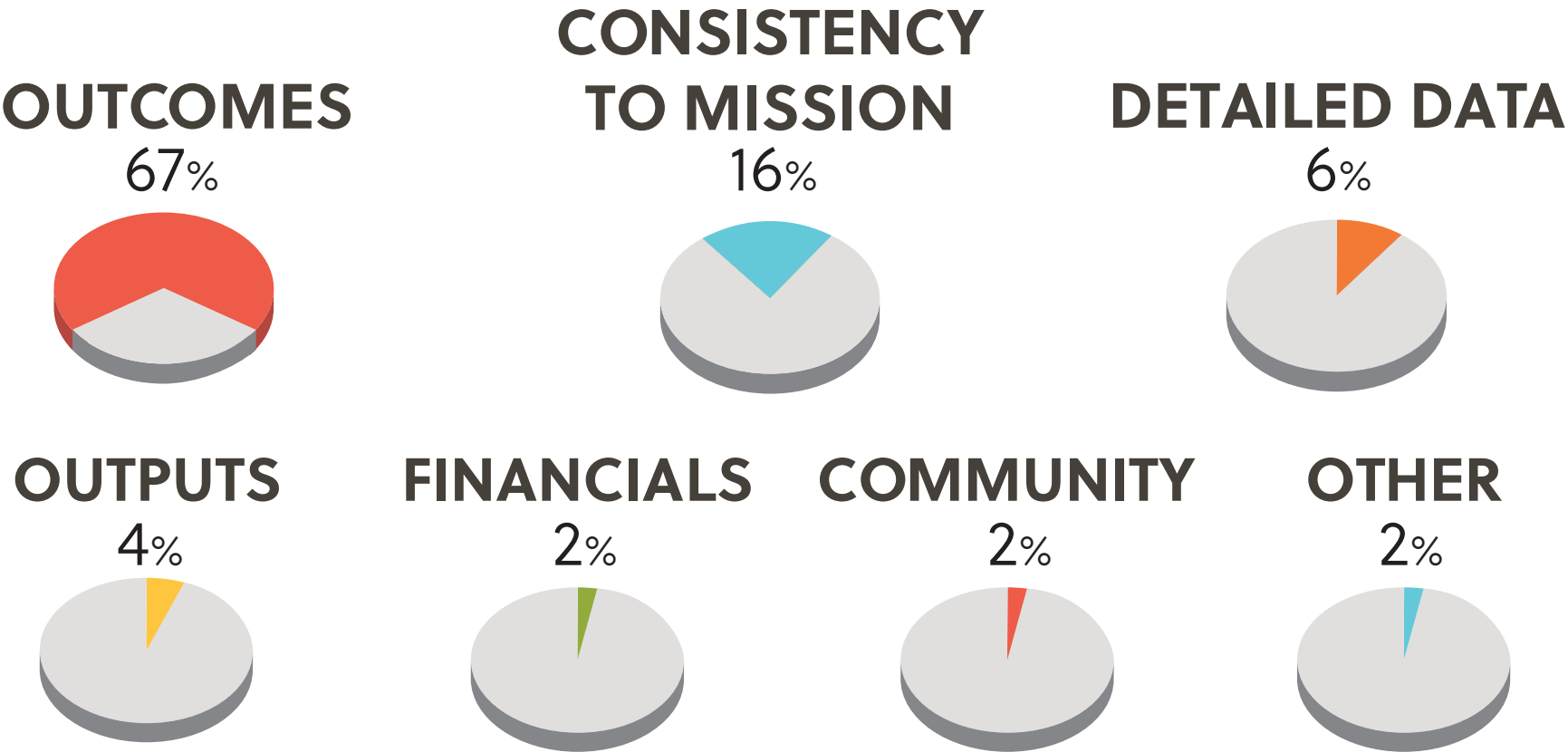


FIGURE 2

**Other answers:** "Fidelity of implementation - Did they do what they said they were going to do? Example: if X organization did a training for teachers, did the teachers take up the new lessons appropriately?"

# TOP 3 THINGS FUNDERS LOOK FOR IN REPORTING

Knowing that impact, mission, and legal nonprofit status are of utmost importance to funders, the next question is how to demonstrate those and other important factors. Funders are seeking program outcomes (88%) and impact stories (41%) in effective impact reporting. The least sought after elements were donation usage (16%), past performance (16%), and mission (14%).

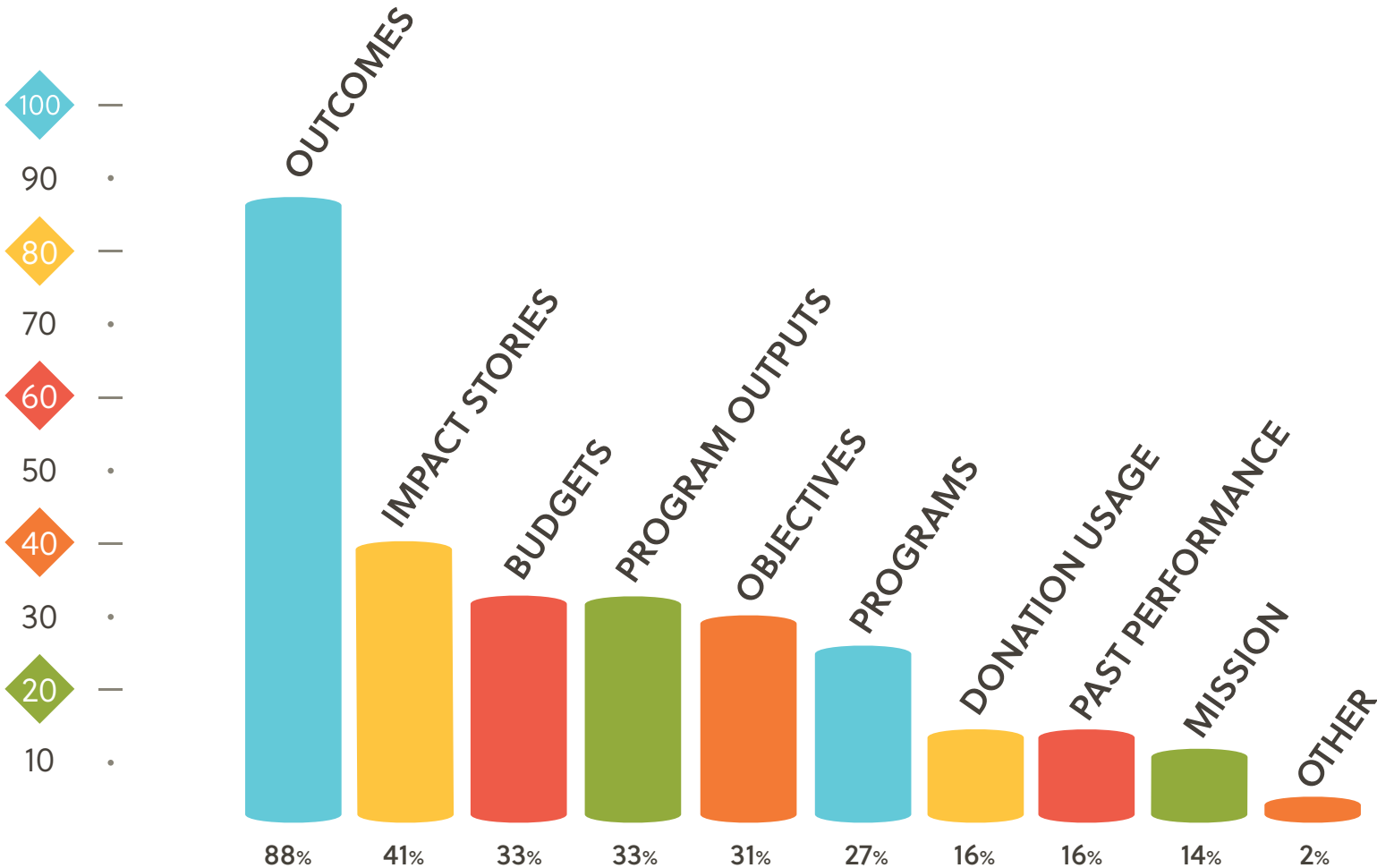


FIGURE 3

# PREFERRED REPORTING FORMATS

Funders are notably looking for impact stories from the organizations they support (82%). Other reporting formats though are quite fractured with physical paper reports being preferred by 41%, graphs by 37%, and spreadsheets by 35%.

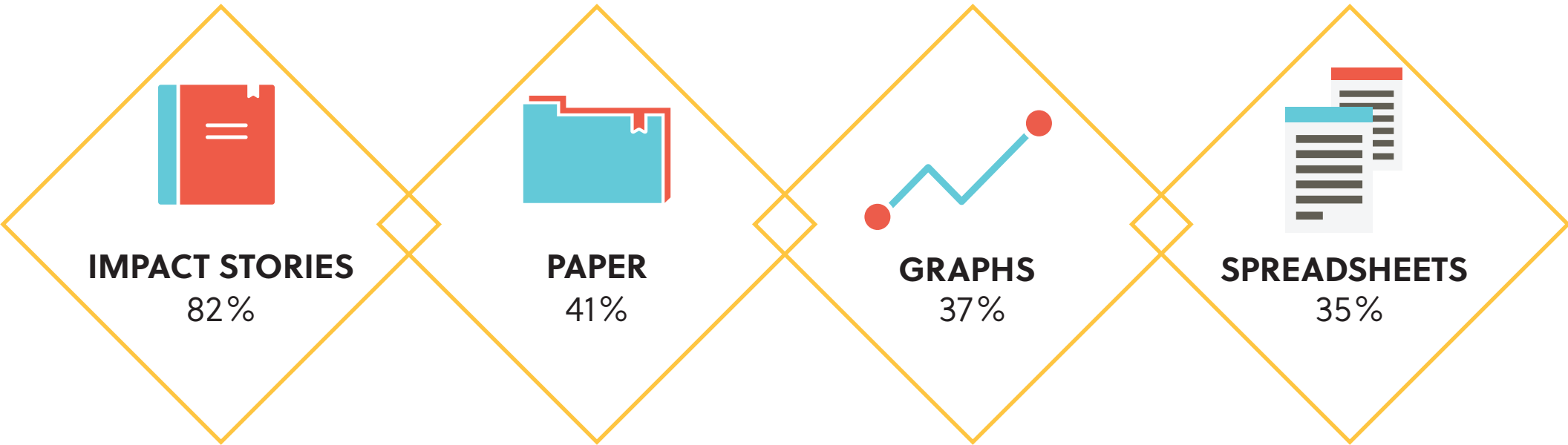


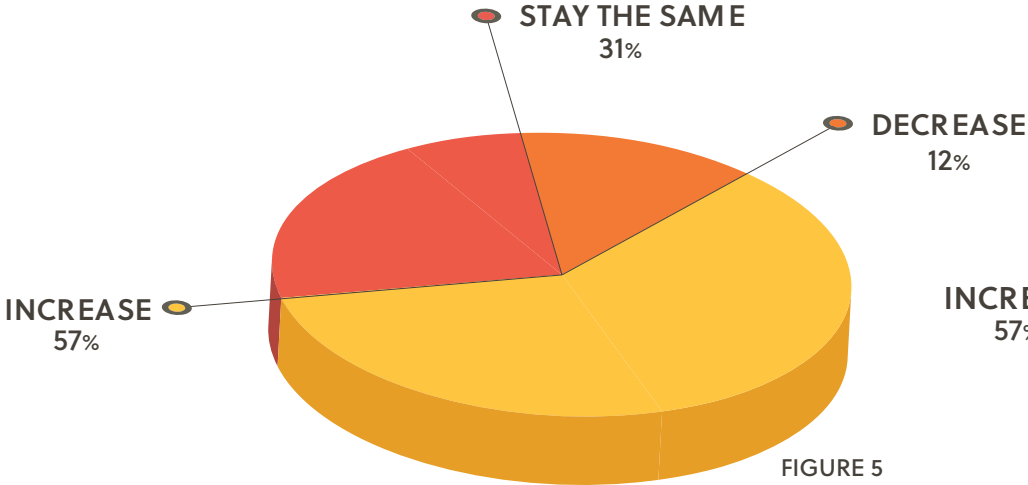
FIGURE 4



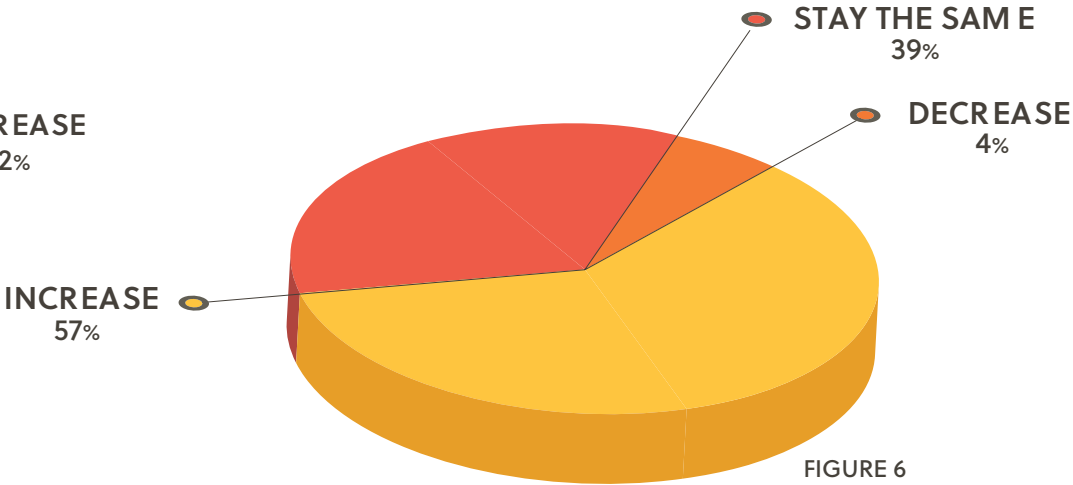
# CHANGES IN REPORTING REQUIREMENTS

If it seems like reporting requirements from funders have increased in the past 5 years, it isn't your imagination; 57% of funders say they have. Looking forward, the expected trajectory is that these requirements will continue to be in place and even increase. Only 4% of funders believe their reporting requirements will decrease in the next 5 years.

## CHANGES IN THE PAST 5 YEARS?



## CHANGES IN THE NEXT 5 YEARS?



## HOW DO YOU DETERMINE THE EFFECTIVENESS OF AN ORGANIZATION?

Finally, funders told us in their own words what they are looking for from organizations. The following word cloud demonstrates that “outcomes” was the most frequently used word in their responses demonstrating consistency with the data in Figure 2.

Specific, yet anonymous, quotations from our survey can be seen below.

“ We look at what the organization or program intends to achieve and whether or not they do. If they fall short of their objectives, we won't rule them out. We look at the data, analyze the factors that contributed to the results, and determine any changes that can be made. We will work with the organization during this review process and support a revised plan. ”

“ We look at outcomes, impact as well as what they learned/insights gained. Sometimes a project that fails is a success. We don't consider failure to be bad. ”

“ Proven capacity to achieve intended outcomes. ”

“ Site visits and reports from the organization. ”



“ We think that reports are the best way to determine if the organization is effective its sector, if they achieve their short-term goals, in the financial and beneficiaries, we believe that an organization that can do great things and move forward. ”

# EXECUTIVE SUMMARY



## IMPACT, IMPACT, IMPACT.

Funders identified impact as one of their top three most important considerations for funding.

## IMPACT IS DEMONSTRATED THROUGH OUTCOMES AND STORIES.

Funders clearly value impact above all else. An overwhelming 98% of funders When looking at nonprofits' reports, 88% of funders want to see program outcomes data and 81% of funders say impact stories are desirable.

## REPORTING REQUIREMENTS WILL CONTINUE TO INCREASE.

Reporting requirements will continue to increase. In the past 5 years, 57% of funders say their reporting requirements have increased. Looking ahead to the next 5 years, most funders expect reporting requirements to stay about the same or increase more. Only 4% expect reporting requirements to decrease.

## Social Solutions

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