



Best Practices in Donor Reporting

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Category: Reporting

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Description of Practice:

The following document outlines the broad category of donor reporting and its purpose, frequency, content and intended audience. This document is not all-inclusive as there are reporting types and methods that fall outside of these baseline parameters. Rather, this document serves as a framework for implementing a donor reporting program that meets standard organizational reporting requirements as well as donor expectations.

Prospective Users of Practice:

Administrators

Fiscal Managers
Fundraising Officers
Donor Relations Officers
Development Communications Officers

Issue Addressed:

This document provides baseline parameters for reporting activity to meet and exceed organizational reporting requirements and to answer the need to inform donors of the impact of their philanthropic investments.

Desired Outcome:

This best practice document will serve as a guide to users on how, what, when and where to execute a successful donor reporting program. It answers common questions related to content, audience and definitions of types of reports.

ADRP/AASP Donor Reporting Definition

Donor reporting is a primary component of donor stewardship. Reporting communicates a program, project or gift's impact on an organization to the donor(s) who have or will philanthropically invest. Reports can be used at several strategic points in the donor cycle, including after receipt of a gift, cultivation of a future gift or as a donor touch point.

While most commonly the result of gift transactions, reports can be initiated by any number of situations, including: accepting gifts, family relationships, cultivation strategies, volunteer activities or serving other philanthropic needs or goals of the organization. Some donations, such as grants from a foundation or corporation, require reporting as part of their gift agreement. For individual donors, consider sending a report to a major donor or to groups of donors to highlight the accomplishment of a program milestone, announce the launch of a program, show progress on a construction or capital project, or celebrate the completion of a special project.

Reporting should be utilized to meet both donor and institutional needs. Externally, reports serve as a tool for programmatic and fiscal stewardship. Organizations use reporting to educate donors on the impact of their gift and as a donor recognition and cultivation tool. Internally, reports provide appropriate checks and balances and can serve as an official institutional record of programmatic progress or fiscal accountability. Externally, donor reporting serves to build trust, provide transparency and ultimately uphold the values put forth in the Donor Bill of Rights.

1. Report Categories

There are many types of reports that organizations may develop and disseminate to their donors. These categories can be based on broad factors such as purpose, audience and fund type, or more specific donor segments that are connected by similar giving behavior or interest areas. There are reports that serve technical, financial and legal requirements and those that aim to relay impact and further inspire donors. Many reports are a combination of these elements and serve multiple purposes. The following are the most common types of reports generated by organizations:

Endowment report: An annual report that details the financial performance of an endowed fund over a pre-defined period (generally 12 months). This may include scholarships, faculty positions, building/maintenance funds, programmatic support funds and much more. A report is generated for each individual donor/donor household who has established an endowed fund with a charitable gift. The endowment report includes information on the organization's overall investment performance as well as the specific performance of each fund with which the donor/donor household is associated.

Typically, endowment reports will include:

- Cover letter from appropriate leadership figure
- Overall investment pool performance information
- Individual fund statements
 - opening balance/market value
 - charitable contributions during reporting period
 - gains/losses
 - fees assessed if applicable
 - expendable distributions
 - closing balance/market value
- Narrative on how the expendable portion of the fund was utilized by the organization and/or beneficiaries (i.e. impact statement)
- Donor survey designed to gather donor feedback on the content of the report (format, clarity, messaging), to gauge satisfaction rates with the organization's utilization of the original gift and to update contact information as needed

Annual report: An annual report is a comprehensive report on an organization's activities throughout the preceding calendar or fiscal year. Annual reports are intended to give donors and other interested parties information about the organization's activities and financial performance. Annual reports can be disseminated in a wide variety of formats and via print or electronic mediums. Annual reports can be geared toward donors with the inclusion of honor roll/donor listings and impact statements or stories.

Typically, annual reports will include:

- General organizational overview
- Operating and financial review
- Director's report
- Corporate governance information
- Chairperson's statement
- Auditor's report
- Financial statements, including
 - Balance sheet also known as Statement of Financial Position
 - Income statement also profit and loss statement
 - Statement of changes in equity
 - Cash flow statement
 - Notes to the financial statements
 - Accounting policies
- Among other features

Impact report: A general term to include a wide variety of reports that are designed to relay the positive impact of charitable gifts on the institutional life, individual beneficiary or broader operations of an organization. The content, delivery method, frequency and audience are dependent on the organization's goals for the report. Impact reports can be disseminated in a wide variety of formats and via print or electronic mediums.

Common elements in an impact report include:

- Beneficiary testimonies
- Messages of gratitude
- Financial elements similar to those described above

Scholarship report: An annual report generated to inform a donor of the previous year's activity within their endowed or non-endowed scholarship fund.

Common elements in a scholarship report include:

- Student recipient profiles/beneficiary testimonies
- FERPA-compliant biographical data on student recipients
- Messages/letters of gratitude
- Financial elements similar to those described above

Current-use report: A report that details the financial performance of a non-endowed fund over a pre-determined period (usually 12 months). Current-use fund reporting may

cover a variety of topics, including: scholarships, faculty positions, building/maintenance funds or programmatic support. As current-use funds are expended during a shorter period of time and typically have a more immediate impact, reports should be timely and as frequent as needed.

Common elements in an impact report include:

- Beneficiary testimonies
- Messages of gratitude
- Financial elements like those described above

Frequency: In most cases annual, endowment, scholarship and current-use reports are generated on an annual basis. But the frequency can deviate based on a variety of factors such as strength of content (generate a piece only when there's information and substantive change to share), whether your organization is in a capital campaign, and the duration of a project (e.g. at the close of a successful capital project, as well as intermittently via "mini" project development reports). Also, when reporting to an individual donor on their comprehensive or lifetime giving, producing a report annually may be too frequent. Perhaps consider a bi-annual or every 3 to 5-year cycle.

2. Audience

Donor report audiences can vary widely depending on your specific goals and intended outcomes. Reporting should serve a strategic purpose that educates, motivates or inspires your audience members. Based on the type of report you are generating and your end goal, your audience may vary from one to many thousands.

When generating communications regarding specific funds that were established by one donor or donor family, such as a named fund, reporting should be aimed at the primary donor(s). If that donor is no longer living, the organization should take steps to communicate with surviving family members to best determine future reporting needs and recipients. This can be determined by an appropriately worded phone call, email or letter. This highly individualized and custom reporting would be reserved for your most engaged donors and would consist of endowment reporting, impact reporting and scholarship reporting.

When communicating on funds that have multiple donors, group gifts or an inherently broad audience, audience definition can be derived from budget constraints and/or levels of donor engagement. If you need to disseminate a report to a large audience, but have limited financial and human resources, consider a tiered distribution approach which may consist of setting a minimum gift threshold or capitalizing on the use of less expensive electronic methods (e.g. email, website stories or social media).

3. Report Content

The purpose of stewardship reports is to demonstrate to our donors that we have used their gifts in alignment with expressed donor intent. The scope and content included in a stewardship report can vary greatly depending on the resources available. Staff time is required to conduct outreach, collect information, draft content, design the reports and produce the final report.

There are a variety of factors which should be taken into consideration when developing stewardship reporting plans. First and foremost, it is critical to have a system (database, spreadsheet, etc.) and strategy in place to track the donors and funds that you will be stewarding. Next, decisions will have to be made on the level of complexity appropriate for the donors that you are stewarding. A tiered approach to your reporting cycle may make the most sense to ensure you are communicating with all of the levels and types of donors (e.g. leadership annual giving donors, loyal donors, major donors, principal donors, et al).

At minimum, a report should include expression(s) of appreciation for donor support and provide information about how the gift was used by the organization. This fund usage should demonstrate to the donor(s) the impact that their gift has made on the organization. In order to accomplish this, a variety of different techniques can be used.

When a gift has supported a particular beneficiary, (e.g. student, faculty or staff member, doctor) a narrative written by that beneficiary can be highly effective in communicating how the gift has had a transformative effect on their work. These narratives could include testimonials from the beneficiaries along with their photo to further personalize the messaging and truly “put a face” on the philanthropic gift.

When a gift has less of a direct impact on an individual beneficiary, a financial summary and/or infographics may be employed to tell the story of how that gift has made a difference at the organization. Financial data should be clear, accurate and reflect institutional messaging, providing information that reflects and adheres to audited financial data. A combination of relevant data points and testimonials from experts related to the use of the gift can be very effective tools to illustrate how the donor’s philanthropy has made a difference at the organization.

When possible, inclusion of a cover letter from a leader within your organization may be a worthwhile addition. This need not be the most senior leader in your organization, but it could be the most senior person benefitting from the gift such as a program manager, department head or dean. A personalized, well-written letter that speaks to the transformative nature of the gift can further reinforce to the donor that their gift is being used as intended and is making a difference at your institution.

The following are other common formats or components of reports:

- newsletters
- webpages
- financial fund reports
- granting agency forms
- photographic records
- audio and visual recordings
- communications from recipients
- programmatic data
- study results
- newspaper or journal articles
- press releases
- annual reports
- student/faculty/staff/grateful patient quotes
- quotes from leadership or key organizational partners
- impact statistics
- timeline of gifts
- list of substantial volunteerism/leadership roles
- pie chart of lifetime giving
- gift milestones
- list of lifetime scholarship recipient
- personalized giving history related to the donor's overall philanthropic impact on your organization

When determining what content to deliver for a donor report, consider the following questions:

- What does the donor expect?
- What does the donor want to achieve through their giving?
- What needs does the donor not even realize they have?

4. Internal Collaboration

The complexity of gathering information for your reports can depend on the size and scope of your organization. In anticipation of your annual reporting cycle, it is recommended that you identify those colleagues at your institution with whom you will rely upon for providing the relevant information for your reports and communicate with them early and often. It would be extremely advantageous to build a rapport with those colleagues as your ability to provide quality reports will be dependent on their cooperation in the stewardship process.

In terms of next steps, plan to set expectations early on in this process in order to ensure both the appropriate quantity and quality of data needed. Consider, too, sharing the preferred timeline for receiving this information. It is often helpful to explain why their cooperation is so important, namely that the information provided is used to inform donors about the impact of their giving at your organization as well as to prepare them for future charitable solicitations. Remind you institutional partners that the best prospects for future gifts are existing donors.

Some institutions are fortunate enough to have their internal systems linked so certain data points are shared among databases across organizations. For example, a university may automatically “feed” their financial aid data over to their alumni/development database of record, or a patient database might automatically tag grateful patients in the development records. This allows some organizations to link donors and beneficiaries in one, accessible location for the benefit of the following institutional partners:

- Finance
- Evaluation
- Professors
- Clinicians/Physicians
- Program Staff
- Financial Aid
- Marketing
- Institutional Research
- Patient Relations
- Career Services

As you are developing your annual reporting plan, effective communication and coordination with your internal partners is key. Be sure to share your agreed upon timelines with your colleagues early in the year and then set reminders to check in as their “deadlines” are approaching.

Keep in mind that just as there is turnover in development staff, there can also be turnover in other administrative roles across your organization. The more you are able to formally document processes and procedures, the smoother your transitions from one internal partner to the next will be. These processes and procedures should be reviewed and updated on a regular basis.

A helpful reminder—just as we steward our donors to ensure their continued support, we need to steward our internal partners. A simple thank you note or email can go a long way to fostering those collaborative relationships that are so vital to our work in donor relations. This may include partners on your finance, development services/operations, financial aid, legal, IT or prospect research teams to name a few.

5. Report Implementation

Donor reporting staff members have the right to request access to all necessary data. Data management tools and resources will vary by institution.

The data cycle/workflow of reporting includes the following elements: properly

recording gifts, acknowledging the donor according to established processes, ensuring the appropriate use of gifts, communicating both the financial data and programmatic impact of the gift to the appropriate parties and deciding when and how the reporting cycle should end.

Determine a regular schedule for reporting/adhere to required scheduling (such as a schedule imposed by granting agencies or a schedule detailed in a gift agreement). Ensuring that fund administrators are aware of this schedule ahead of time often helps ensure that they can provide this information quickly and accurately.

Reports must comply with institutional policies and applicable federal privacy/other regulations (such as HIPAA/FERPA).

Before you begin, develop an implementation plan considering the following:

- Overarching goals for the program
- Steps to be taken before impact reporting can begin
- Individuals who will be impacted by or will own a piece of the reporting process
- Timeline for implementation

You will also want to consider your limitations:

- Estimate the amount of time and resources you could devote to impact reporting
- Start discussions with key partners to evaluate obstacles that may arise
- Reflect in annual business planning

When providing data, staff often think of the data report without looking at the source of the data. The following “steps” make up the flow of data and include collection, management, reports and usage. These steps, and their relationships to each other, provide a way for you to assess the quality of your own data collection process and to control data collection and storage, data quality, data reporting and usage.

Step 1: What data must be collected?

Identify what is needed to collect for reporting, for internal monitoring/planning and why. This includes:

- Identify data elements necessary for reporting
- Identify data elements necessary for program purposes
- Monitor and evaluate to improve overall capacity to meet the needs of target report recipients

Once identified, use provided definitions for all data elements that are required for

reporting and communicate agreed upon definitions used for all other data elements so that all partners understand what they need to collect.

Step 2: Where do you find the data you need?

- Where does the data you need reside and in how many various places?
- Are there places that are easier to get the data from?
- What does it take to get the data when, where and how you need it? This includes: requesting, capturing, recording and storing data from these identified sources. It may also include development of inter-organizational agreements to ensure secure and appropriate access to data

Step 3: How do you collect the data?

- Develop or modify appropriate data collection tools and protocols to ensure you are collecting all targeted data as defined
- Define and communicate how data should be collected and submitted and provide the necessary tools for direct entry into a database or submission of previously collected data sources
- Ensure your data is appropriately stored to prevent inappropriate access, loss or theft through system breakdown
- Implement and communicate standards of confidentiality, privacy and security in order to protect your donors' data

Step 4: How do you know the data you get is good and accurately reflects what you are trying to measure or report?

- Design and implement procedures to examine your data to ensure validity, reliability, completeness, timeliness, integrity and confidentiality
- These procedures can include communication and training as well as system checks and routine data quality improvement activities

Step 5: Who do you report it to, and how do you report the data you have?

- Follow procedures to correctly and efficiently prepare and submit your data to meet the data reporting requirements, or to meet the end goal of the communication piece (educate, inform, inspire)

Step 6: How do you use your data to inform your program about how you are doing?

- Interpret and present data to inform an audience
- Use the data to inform planning, evaluation, allocations or quality improvement

Step 7: How do you use your data to inform your program decisions?

- Evaluate and improve your program activities
- Identify gaps
- Strengthen planning or expansion efforts

6. Reporting Vehicles

There are many methods to deliver donor reports. In most cases, the following methods should suffice (as allowable by organizational policy and procedures):

- Email report
- Post to website for download
- Post to internal intranet folder for retrieval
- Print paper copy on site
- Print paper copy and mail
- Copied to portable media for delivery
- Hand delivery by relationship manager or gift officer

For reports that are needed on a regular schedule it may be best to investigate a delivery queue that can be pre-scheduled or to create a master calendar of communications for team-wide reference.

Another consideration will be your policies regarding data confidentiality and size of files allowed to be delivered externally and internally via email. If these policies are not known to you, they may help in guiding how reports are delivered. For example, public use of a student or beneficiary's name and personal information requires written permission. You must also abide by your organization's policy on record retention, both hard copy and electronic files.

One important area that you will not see in these steps is data security, privacy and confidentiality. This topic permeates data at almost every step. Certainly you must be mindful of it during Step 2, when seeking data from others. It is also important in Step 3, when you collect data. This is something you must address as a foundation for any data system you consider.

7. Tips for Success

- Clearly define your purpose, audience, goals and timing
- Before developing a reporting program, consider the following questions:
 - Is my audience already engaged and what is my end goal?
 - Are there other reporting or communication efforts that I need to consider?

- Would a report be the most effective means to accomplish my end goal?
 - Where does (optional) reporting rank in terms of importance for this organization?
- Utilize your faculty, staff, student and direct beneficiaries as the messengers
- Often limited text and visually compelling images make the strongest statements
- Develop a data request form for use by those requesting information/reports
- Meet to discuss specific requirements needed from internal partners prior to undertaking a project
- For more complex annual reports, consider breaking the content into 2 or 3 stewardship touch points throughout the year instead.
- Seek feedback!
 - If your reports are hand-delivered by development officers, encourage them to engage their donors in a conversation about the content and how satisfied they are with the information presented.
 - If they are mailed or emailed, include a survey to gather donor feedback.
- Ask your donors if they would like report copies sent to additional members of their family or friends that would benefit from receiving the report.
- Lastly, make your donor the hero! Reports can sound boring and transactional, but take advantage of the possibilities to make them fun, meaningful and donor centered.