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Year-End Reminders from the Backend

A few weeks ago, I wrote an article entitled "It's Not Too Soon to Plan Year-End Fundraising." While Dec. 31 seems far away (especially if you've used up your vacation time for 2016), in fundraising time, it's just a blink of an eye. To help us prepare, I chatted with Bill Sayre, president of Merkle Response Group, about the back-end processes for year-end donations—making sure you process your donations accurately and quickly so you can mail out your thank-you receipts in a timely manner.

For those of you who don't regularly read my posts, I am a firm believer in sending out a timely receipt for every first-time gift and almost all gifts from repeat donors. The only expectations might be the very small gifts ($1, $2, $5, etc.) or anytime the donor specifically asks for no receipt. A hardworking receipt can both give your donor assurance that you received and used the gift as requested, and it can lead to another gift. A gift is a trigger for a receipt—which, in turn, may trigger another gift. Yes, it costs money to mail a receipt, but the cost to replace a donor makes this expense pale in comparison. If you aren't convinced, check out my three-part series of posts here, here and here.

Now let's go back to my conversation with Bill. First, we discussed the increase in the volume of donations by mail in the last quarter of the year. Merkle sees, on average, a volume of 22 percent, 24 percent, 25 percent and 29 percent in the first, second, third and fourth quarters, respectively, according to Bill. However, Merkle processes only mail donations; for those of you with online donations to process as well, you may have an even higher volume at year-end.

In fact, Network for Good reported that 11 percent of all online giving happened in the last three days of 2015, with 29 percent of all giving in 2015 occurring in the month of December. Key takeaway: Finely tuning your donation processing systems is critical to do before year-end. Start now to test the donation process from receiving the gift to the receipt going in the mail. Where can you streamline it without sacrificing this prime relationship-building opportunity?

In terms of communicating with your donors before the year-end, Bill had a wise recommendation: "There's a big onus on the nonprofit to be sure they are communicating with the donors. Remind the donor where they stand in their giving this year."

Merkle has found that this is a prime time to ask for a higher gift amount in direct mail; donors often respond with an upgraded gift at year-end.

One of the key things every fundraiser should be concerned with in September—to make December gift processing much smoother—is your business rules. These are the policies and practices you should always follow when processing gifts. It is important to review them from time to time to make sure they still reflect current standards and best practices. Having a clear business rule is especially critical when it comes to what date you record for the gift date.

"Pay attention to the donor intent on when they want the gift to be made," Bill cautioned.

He noted that the post office may not print a postmark on business reply mail, so you can no longer have a rule that only states that date determines the gift date. Your business rules should, for example, set out how you handle issues like a check dated Dec. 20, but you don't receive it until Jan. 20. What are your rules for assigning that gift to one year or the other?

Another challenge from the lack of a postmark is that companies, like Merkel, traditionally used the postmark date to sort the mail received in early January. This allowed Merkle to prioritize the prior year donations for processing, as well as give nonprofits estimates on when it completed the prior year mail delivery. Without a postmark, it can not sort "old year" versus "new year." So, you may need to set the firm date when you close the old year further out, but stay flexible based on what kind of prior year volume you get throughout January.

For credit card gifts, Bill stressed the importance of reminding your donors that if they want to give by credit card at year-end, they should make the gift online before midnight on Dec. 31 rather than mail it to you. The date of the gift must be the date that you charge the credit card. So, if a donor mails a reply form on Dec. 31, with a credit card gift, you won't process it until the new year. Therefore, that processing date is the gift date.

As a fundraiser, you may love the creativity that goes into your work and thrive on the relationships you build. But paying attention to donation processing matters. The receipt you provide to your donors may be all that stands between them and a less-than-pleasant IRS audit. If you aren't sure if your receipt is all that the IRS expects it to be, check out its Publication 1771.

Beyond the legal aspects of a donor being able to substantiate a donation to charity, donation processing can be a great relationship builder. We're all concerned about donor loyalty, so let's take responsibility for making sure our organization does the best possible job saying "thank you" to our supporters. Even if it's another department's task, every fundraiser needs to make sure the system is as donor-focused as possible. Take it from this

old dog: The donor you displease by not meeting expectations for saying "thank you" is one step closer to being a lapsed donor.