Squark|AI

The State of Nonprofit Fundraising with AI

A June 2026 State of the Union Review for U.S. Nonprofit Leaders

Prepared for Squark AI — June 2026

Resilient dollars. Fewer donors. AI everywhere. Strategy still scarce.

Executive summary

Nonprofit fundraising is not in a simple downturn. It is in a reallocation. Dollars are still moving, but they are concentrating around organizations that can earn trust, reduce friction, steward quickly, and cultivate higher-capacity relationships. The strategic opportunity for AI is not to produce more donor copy. It is to build a disciplined relationship operating system: one that helps teams know who to engage, when to engage, why to engage, and how to measure whether engagement turned into durable generosity.

The 2026 fundraiser is looking at two dashboards. On one dashboard, the market is resilient: total U.S. charitable giving reached $592.50 billion in 2024, a new current-dollar high, with total giving up 6.3 percent in current dollars and 3.3 percent after inflation. On the other dashboard, participation is weakening: the Fundraising Effectiveness Project reported that 2025 fundraising dollars grew 5.0 percent while the number of donors declined 3.6 percent, continuing a multi-year donor-base contraction.[13]

Blackbaud reported that the typical nonprofit grew revenue 4.3 percent in 2025, but the gains were uneven: large organizations grew 11.7 percent while small organizations declined 6.4 percent. Gifts of $1,000 or more grew; gifts below $1,000 declined.[4]

Digital fundraising is still expanding, but the rules of discovery are shifting. M+R Benchmarks 2026 reported 15 percent growth in online revenue, 16 percent growth in email revenue, 44 percent growth in donor-advised-fund revenue in its sample, and 48 percent growth in mobile revenue from a small base. At the same time, M+R warned that organic search traffic declined over 2025 as AI answers and social platforms mediated more supporter discovery.[5678]

AI adoption has crossed the threshold from novelty to normal. The 2026 Nonprofit AI Adoption Report from Virtuous and Fundraising.AI found that 92 percent of surveyed nonprofits were using AI in some form. But only 7 percent reported major improvements in what their teams could accomplish, 81 percent were using AI individually rather than through shared workflows, and 47 percent had no AI governance policy.[9]

That gap defines the opportunity. Most organizations are using AI as a personal productivity tool. The next phase will be organizational: governed donor data, shared workflows, human review, automated signals, and clear measurement against fundraising outcomes such as second-gift conversion, retention, mid-level upgrades, major-gift qualification, sustained giving, and staff time returned to relationship work.

Research note: what is current as of June 2026

This white paper is dated June 16, 2026. As of this date, Giving USA stated that its 2026 key findings, infographic, and presentation for 2025 giving would become available on June 23, 2026, with the full annual report in mid-July. Therefore, the latest public Giving USA national giving baseline used here is Giving USA 2025, which covers giving in calendar year 2024.[2]

Benchmarks are not the same as universal sector totals. FEP, Blackbaud, M+R and vendor studies use different samples, definitions and data sources. The value is in convergence: multiple sources point to the same strategic pattern - revenue is growing in many places, donor participation is thin, larger gifts are carrying more weight, digital channels are changing, and AI adoption is high while AI operating maturity is low.

The June 2026 fundraising scorecard

Signal	What it says	Source	Implication
$592.50B	Total U.S. charitable giving in 2024; up 6.3% current dollars and 3.3% adjusted for inflation.	Giving USA 2025	The national baseline is strong, but it does not prove broad donor health.
+5.0% dollars / -3.6% donors	2025 fundraising dollars rose while donor counts declined.	FEP Q4 2025	Revenue growth is masking participation erosion.
+4.3% typical org	Typical revenue growth in Blackbaud data; large orgs +11.7%, small orgs -6.4%.	Blackbaud 2025	Scale, brand, data and major-gift capacity are widening the gap.
36.1% in Q4	Share of annual fundraising revenue received in Q4 in Blackbaud data.	Blackbaud 2025	Year-end precision is core strategy.
+15% online	Online revenue growth in M+R Benchmarks 2026.	M+R 2026	Digital is still growing, but conversion and discovery quality matter more.
+44% DAF revenue	Growth in DAF revenue in M+R online fundraising sample.	M+R 2026	DAF and asset readiness should be built into donor journeys.

Signal	What it says	Source	Implication
92% using AI / 7% major gains	High AI use, low transformational impact.	Virtuous/ Fundraising.AI 2026	The gap is not access to tools; it is operating discipline.
47% no AI policy	Nearly half of surveyed nonprofits lacked an AI governance policy.	Virtuous/ Fundraising.AI 2026	Governance is now part of fundraising infrastructure.

The market thesis: revenue resilience, donor fragility

The central fundraising condition in June 2026 is not scarcity. It is concentration. Giving dollars are available, and many organizations are raising more than they did a year earlier. But those dollars are coming from fewer people, larger gifts, year-end concentration, and increasingly sophisticated giving vehicles.

FEP reported that 2025 donor retention ticked up slightly from 43.1 percent to 43.3 percent, but the donor base still declined for the fifth consecutive year. The strongest growth came from Major and Supersize donors. That pattern is a warning. A donor pyramid can look impressive at the top while becoming hollow underneath.[3]

Blackbaud reported a similar split: gifts of $1,000 or more grew 4.7 percent, while gifts below $1,000 declined 1.1 percent. The average gift size in its long-term data has nearly doubled since 2016. For fundraisers, this creates a two-part challenge: protect the high-capacity relationship engine while rebuilding the entry-level and mid-level donor pipeline.[4]

This is why the most valuable AI use cases are not the flashiest. The highest-return applications are likely to be the ones that improve conversion from anonymous attention to first gift, first gift to second gift, new donor to retained donor, annual donor to monthly donor, mid-level donor to major prospect, and interested supporter to meaningful conversation.

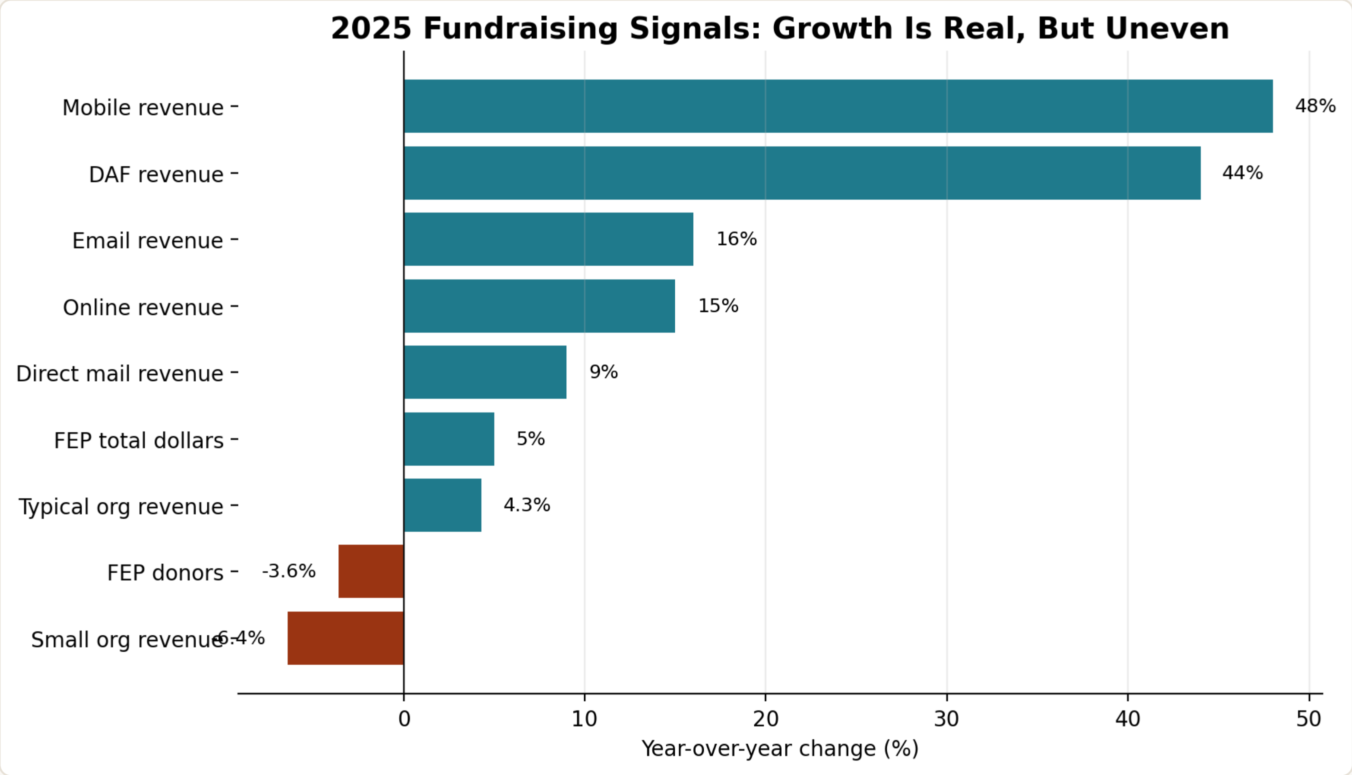

Figure 1. 2025 Fundraising Signals: Growth Is Real, But Uneven

What AI is actually changing in fundraising

In fundraising, AI is changing three things at once: the cost of producing communication, the speed of interpreting donor signals, and the way supporters discover and evaluate organizations. The first is easiest to see. The second is where most of the performance value sits. The third is where many organizations remain underprepared.

AI reduces the cost of drafts, but drafts are not strategy

Generative AI makes it easier to draft appeals, grant language, donor emails, social posts, scripts, event copy, and stewardship updates. This matters, especially for small teams. But if every organization uses the same tools to make more content, the sector will produce more sameness. The fundraising advantage will come from better judgment: better segmentation, better offers, better timing, better proof, better gratitude, and better human follow-up.

AI can create relationship velocity

The more important opportunity is workflow intelligence. AI can summarize donor history before a call, flag upgrade candidates, identify lapsed donors worth personal outreach, detect unusual giving patterns, classify donor intent from forms or emails, recommend next actions, and help a team coordinate across development, marketing, programs and finance. This is not about replacing the fundraiser. It is about making the fundraiser more timely, prepared and relevant.

AI is changing discovery

M+R reported that organic search remained the largest single source of nonprofit website visits in its sample, at 39 percent, but also noted that organic search traffic declined over 2025 and that AI overviews may answer supporter questions before a visit occurs. This creates a new fundraising surface: the answer engine. Nonprofits need clear, structured, current, authoritative content that makes their mission, impact, financial credibility, leadership, programs, and donation pathways easy to understand.[7]

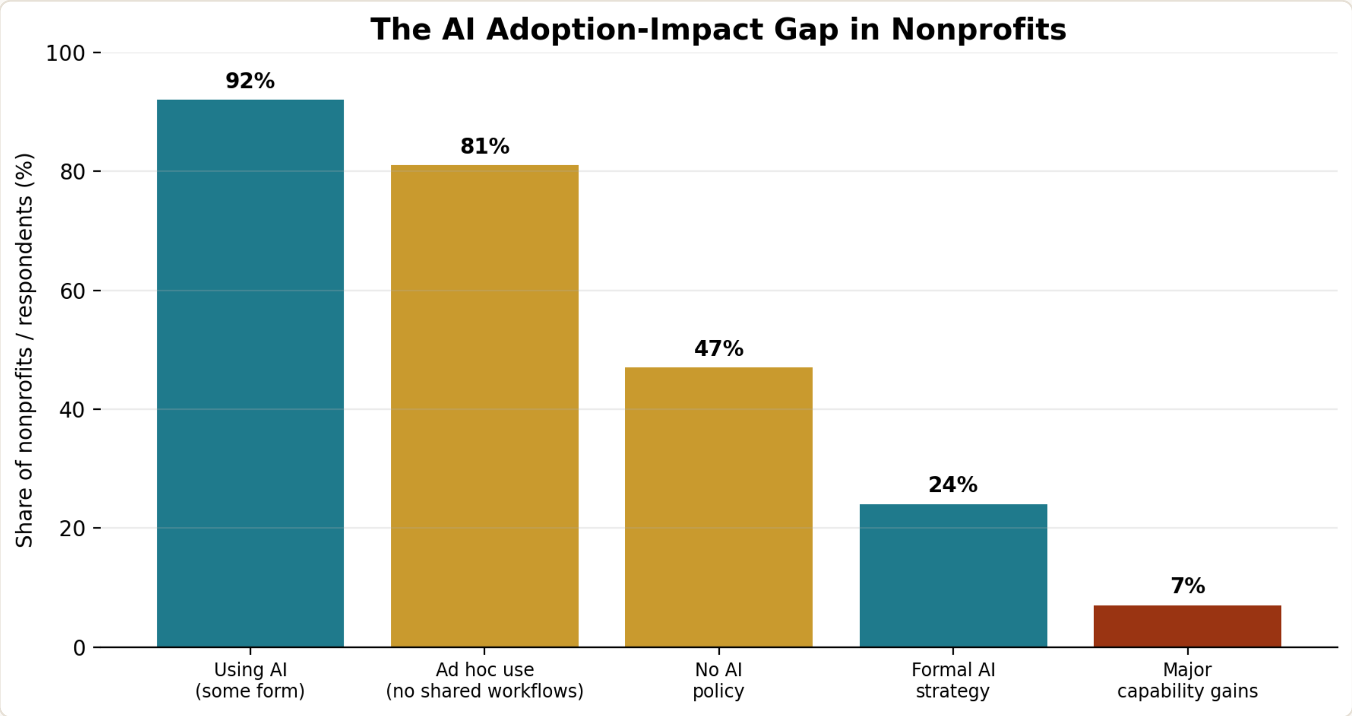

Figure 2. The AI Adoption-Impact Gap in Nonprofits

The six fault lines every nonprofit leader should watch

1. Dollars up, donors down

This is the headline condition. Revenue growth without donor growth creates fragility. The practical fix is to manage the donor lifecycle with more rigor, especially first-year stewardship and reactivation.

2. Major giving strong, broad-base giving weak

Major gifts and DAFs are carrying more weight. That makes prospect qualification and relationship management more important, but it also raises concentration risk if organizations fail to replenish the pipeline.

3. Digital growth, discovery disruption

Online revenue is growing, but search and social are changing how supporters learn about organizations. Donation pages, FAQ pages, program pages, annual reports, and impact evidence must be built for both humans and AI-mediated discovery.

4. Staff capacity stretched, AI maturity low

Nonprofit teams are adopting AI because they need leverage. But without shared workflows and governance, AI becomes a patchwork of personal habits rather than an organizational capability.

5. Trust becomes a performance variable

Fundraising has always depended on trust. AI makes trust more operational: accuracy standards, donor data handling, bias controls, and transparency now influence brand, reputation and conversion.

6. Tax and funding volatility rewards segmentation

Beginning with tax year 2026, IRS guidance states that nonitemizers may deduct up to $1,000, or $2,000 for joint filers, in qualifying cash contributions. At the same time, tax-law changes add a 0.5 percent floor for itemized charitable deductions. Messaging should be factual, carefully reviewed, and tailored by donor segment.[11][12]

The Squark AI operating model for fundraising

Squark AI should stand for a clear point of view: AI should not replace relationship fundraising. It should make relationship fundraising possible at a scale and cadence that human teams cannot sustain alone.

1. **Data foundation:** donor identity, giving history, engagement, channel permissions, consent, CRM hygiene, program participation, event and volunteer signals.
2. **Insight and prioritization:** segmentation, propensity, recency/frequency/amount, next-best-action scoring, lapsed risk, capacity signals, donor intent.
3. **Engagement production:** drafts, journeys, proposals, acknowledgments, grant boilerplate, impact updates, web FAQs, donation-page variants.
4. **Human stewardship:** calls, meetings, personal notes, board outreach, cultivation events, gratitude, listening, mission connection.
5. **Measurement and governance:** outcome dashboards, policy, audit trails, hallucination checks, privacy controls, bias review, model/tool approvals.

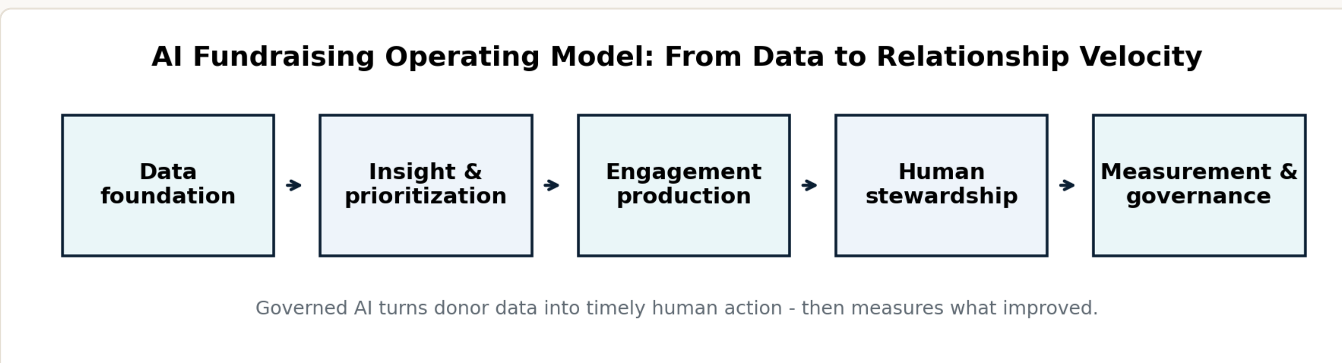

Figure 3. AI Fundraising Operating Model: From Data to Relationship Velocity

Priority AI use cases for the next 90 days

Use case	AI-enabled workflow	Primary KPIs
First gift to second gift	Classify new donors by acquisition source, likely motivation and gift context; trigger personalized thanks and 7/30/60-day stewardship.	Second-gift rate; days to second gift; first-year retention.

Use case	AI-enabled workflow	Primary KPIs
Mid-level and major-gift prioritization	Score donors using recency, frequency, amount, engagement, DAF/asset indicators, event participation and known capacity signals.	Qualified prospects; meetings booked; pipeline value; upgrade rate.
Monthly giving growth	Test donation-frequency defaults, identify likely sustainers, detect cancellation risk, and automate save journeys.	Sustainer starts; 12-month retention; monthly revenue; save rate.
DAF and non-cash readiness	Identify donors likely to use DAFs or appreciated assets; route them to education, giving instructions and personal follow-up.	DAF leads; non-cash inquiries; completed DAF/asset gifts.
Grant and institutional fundraising	Match opportunities to programs, assemble evidence, draft narratives, check compliance requirements, and build reusable boilerplate.	Proposal cycle time; submission volume; win rate; dollars requested/won.
Answer-engine and web optimization	Structure pages, FAQs, impact proof, schema, leadership information, financial credibility and donation paths for AI-mediated discovery.	Organic visits; AI/referral mentions; donation-page conversion; branded search.
Lapsed donor reactivation	Detect donors with high reactivation probability and generate outreach pathways by segment, channel and relationship owner.	Reactivated donors; reactivation ROI; reactivated revenue.
Board and volunteer fundraising enablement	Produce board-ready prospect briefs, scripts, invite language, and follow-up notes from approved data.	Introductions made; event invites; meetings; board-sourced pipeline.

Governance, trust and risk

AI governance is not a legal appendix. It is fundraising infrastructure. AFP has framed trust as the new currency of fundraising in the age of AI, citing sector research that found broad AI use but very low readiness to use AI responsibly. Virtuous/Fundraising.AI similarly found that 47 percent of surveyed nonprofits had no AI governance policy.[9][10]

The core rule is simple: no donor should become a prompt. Donor data, private notes, wealth signals, sensitive program participation, health information, immigration status, minors, beneficiary stories, and confidential relationship context require explicit data rules and human accountability.

Minimum viable AI fundraising policy:

1. Approved tools.
2. Data boundaries.
3. Human review.
4. Fact standards.
5. Disclosure standards.
6. Donor research rules.
7. Bias and equity review.
8. Recordkeeping.
9. Incident response.
10. Measurement.

A 90-day action plan

Timeframe	Leadership move	Deliverables
Days 1-15: Diagnose	Map current fundraising workflows, AI usage, CRM/data health, risks and bottlenecks. Select three use cases tied to revenue or retention.	AI usage inventory; donor-data risk map; prioritized use-case list; baseline KPIs.
Days 16-30: Govern and prepare	Create minimum viable AI policy; define approved tools; clean essential data fields; set review standards and measurement owners.	AI fundraising policy v1; tool list; prompt/playbook templates; KPI dashboard outline.
Days 31-60: Pilot	Launch three pilots: first-year stewardship, mid/major prioritization, and answer-engine/donation-page optimization.	Pilot workflows; staff training; human approval steps; weekly measurement cadence.
Days 61-90: Measure and scale	Compare baseline to results, refine models/prompts, document lessons, and decide what to scale, stop or redesign.	90-day results memo; board/ELT briefing; scale plan; governance updates.

Conclusion: the next phase belongs to relationship intelligence

June 2026 is not the moment to debate whether AI belongs in nonprofit fundraising. That question has largely been answered by adoption. The better question is whether AI will make fundraising more human, more trusted and more effective - or merely more automated.

The state of the union is this: giving dollars remain resilient, but donor participation is fragile. Digital channels are growing, but discovery is shifting. Major donors and complex giving vehicles matter more, but broad-based generosity still needs to be rebuilt. AI tools are everywhere, but strategy, governance and measurable impact are scarce.

For Squark AI, the business-development message is clear. Nonprofits do not need another promise of effortless automation. They need a practical path from AI curiosity to AI operating discipline. They need help identifying the workflows that matter, protecting donor trust, training teams, measuring outcomes, and turning data into timely human action.

> ***The winners of the next fundraising cycle will not be the organizations that ask AI to write the most. They will be the organizations that use AI to listen better, prioritize better, steward faster, and give fundraisers more time for the irreplaceable work of trust.***

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