

# 2025 NATIONAL STATE OF THE NONPROFIT SECTOR SURVEY FINDINGS

## Essential, Enduring, and Under Strain: The Nonprofit Sector's Strength and Struggle in a Shifting Landscape

Nonprofits – community centers, health clinics, and more – are a part of our infrastructure, as vital as roads and power lines. They carry out the daily work of strengthening, enriching, healing, and repairing communities. When the nonprofit infrastructure is healthy, coordinated, and connected, it makes our communities strong and vibrant.

In our 2025 survey, 2,206 organizations shared what 2024 looked like, and what they're bracing for in the future. Some of what we heard echoes long-standing challenges, like rising demand and the toll of doing underfunded work year after year. But we also heard new and urgent concerns: costs are climbing faster than funding, and many are worried about what happens if government support continues to decline.



# Acknowledgements

## REPORT AUTHORS

- Elise Miller, Nonprofit Finance Fund
- Jennifer Talansky, Nonprofit Finance Fund
- Anjali Deshmukh, Co-Founder of Make Justice Normal

## OTHER REPORT CONTRIBUTORS

- Annie Chang, Nonprofit Finance Fund
- Larry McGill, Ambit 360 Consulting, LLC
- Tessa Borelli, Nonprofit Finance Fund
- Morgan Webster, Morgan Webster Consulting, LLC
- Charney Robinson-Williams, Make Justice Normal Collective Member and Founder of Noire Impact

Nonprofit Finance Fund® (NFF®) is a nonprofit lender, consultant, and advocate. For more than 40 years, we've helped organizations access the money and resources they need to realize their communities' aspirations. Alongside others, we're working to build community wealth and well-being and put affordable housing, essential services, quality jobs, and excellent education within reach of more people.

The 2025 State of the Nonprofit Sector Survey was made possible through the generous support of our sponsors:



**Ford Foundation**

WALTER & ELISE HAAS FUND



Hawai'i Alliance of Nonprofit Organizations, and sponsor collectives from Georgia (Betty and Davis Fitzgerald Foundation, Community Foundation for Greater Atlanta, The Imlay Foundation, Tull Charitable Foundation, United Way of Greater Atlanta) and from Greater Philadelphia.

## ABOUT THE 2025 SURVEY

The State of the Nonprofit Sector Survey – Nonprofit Finance Fund's tenth – collects data about US nonprofits' health, including their collective challenges, successes, and the required investments to continue enriching millions of lives, and transforms this data into an accessible, evidence-based illustration of the sector's current landscape and needs. This collective dataset, one of the largest of its kind, is used by many across the sector to advocate for meaningful actions philanthropy, government partners, and other community leaders can take to support nonprofits now and in the future.

The 2025 Survey, conducted in collaboration with EVITARUS and Ambit 360 Consulting, explored how nonprofits are faring in today's changing environment and the investments needed to secure their long-term futures. From January 30 to March 14, 2025, we asked US nonprofit leaders a series of closed- and open-ended questions to understand the management, operational, and financial picture they navigated in 2024 and anticipated in 2025. Topics included government and foundation funding, workforce well-being, and the implications of recent events – such as the 2024 election, climate emergencies, and federal court system rulings.

NFF is deeply grateful to the 2,200+ survey respondents for all of the important work they do every day, and for entrusting us with their stories. NFF also thanks our survey sponsors and the many community partners who provided input on survey topics and distributed the survey to their networks.

Note: Due to rounding and to questions that allowed respondents to select multiple answer choices, not all numbers in this report may appear to add up to exactly 100%.

We are building, not breaking.  
We are healing, not hiding.  
We are fighting, but not falling.

Human services survey respondent in California

# WHO RESPONDED TO THE SURVEY?

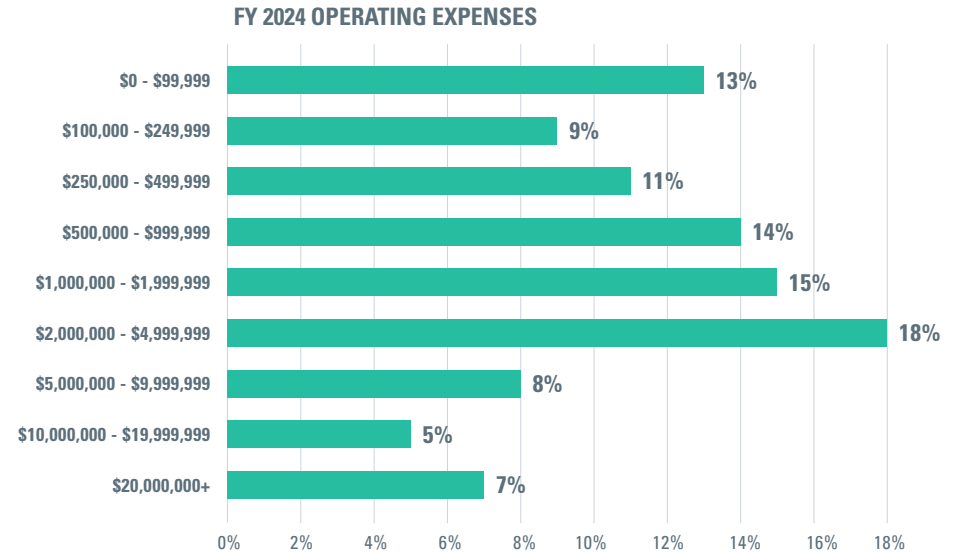
## A SNAPSHOT OF THE NONPROFIT SECTOR

The 2,206 organizations that responded to this survey represent a wide cross-section of the nonprofit sector by age, size, mission, and leadership.



## ORGANIZATIONAL AGE AND SIZE

This snapshot includes both long-established nonprofits and newer organizations. 4 in 10 (41%) were founded before 1990, while nearly 1 in 5 (18%) were founded since 2015. Most have budgets under \$2 million.



## SECTORS REPRESENTED

KEY AREA OF OF WORK	
Human Services	20%
Arts/Culture	15%
Education (Other than Early Childhood)	9%
Housing/Shelter	8%
Youth Services	7%
Social Justice/Civil Rights/Community Organizing	6%
Economic Development (including Employment and Workforce Development)	5%
Food/Agriculture/Nutrition	5%
Other*	26%

\*Categories in "Other" include: Animal-related, Capacity Building/Nonprofit Support, Immigration, Philanthropy or Grantmaking, Religion, Reproductive Health, Community Development, Healthcare, Environment/Environmental Justice, Mental Health/Crisis Intervention, Education (Early Childhood)

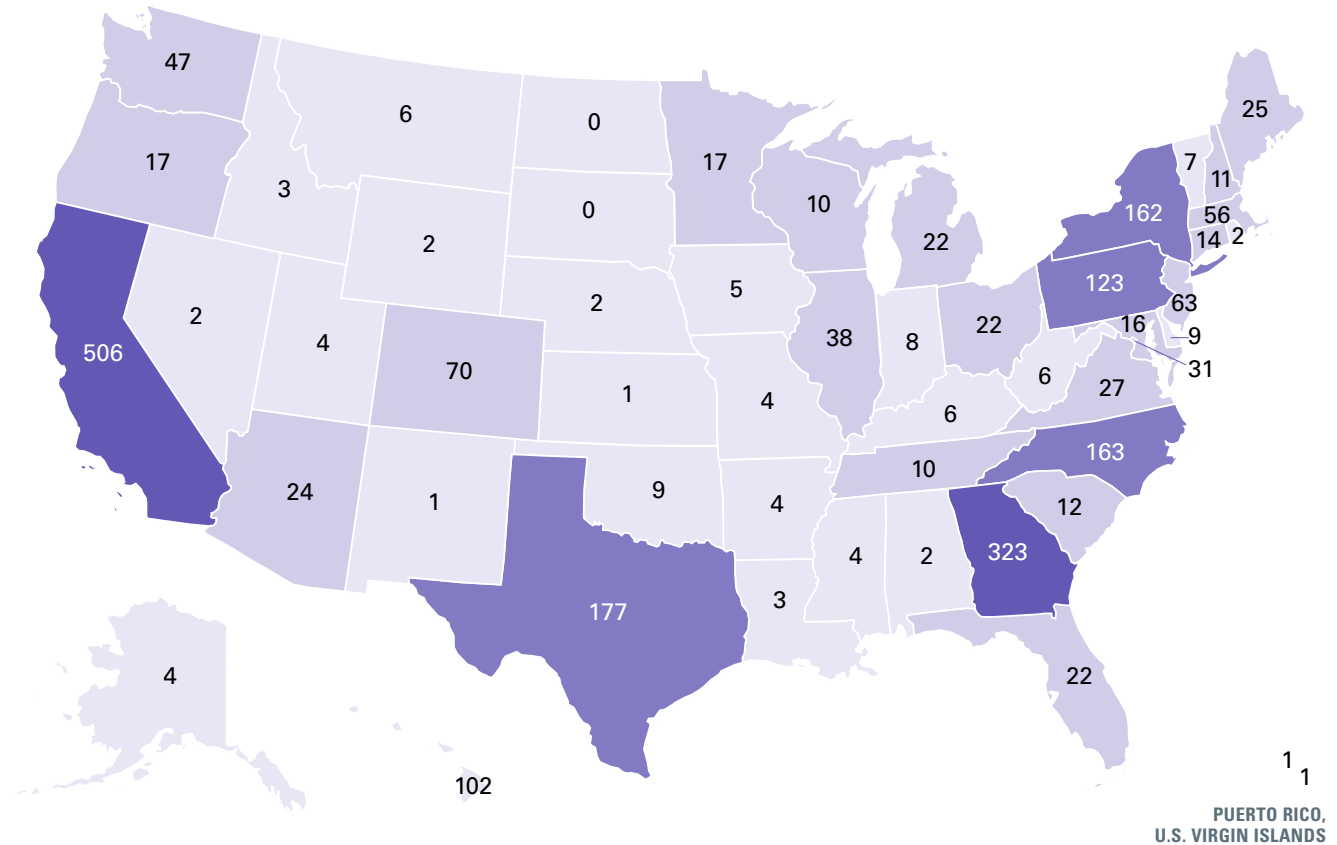
## LEADERSHIP DEMOGRAPHICS AND TENURE

- 46% of leaders have been in their roles for five years or less.
- 70% of responding organizations are female-led.
- 37% of organizations reported that their leader identifies as a person of color.
- 40% reported that half or more of their leadership team identifies as people of color.
- 8% of leaders identify as having a disability.

## WHO AND WHERE THEY SERVE

- Survey respondents represent 48 states, Washington D.C., and two US territories.
- 67% serve urban areas; 47% serve rural communities.
- 76% serve regional or local areas; 14% reported a national scope.
- 67% of respondents said they primarily or exclusively serve people with lower incomes; 54% primarily serve communities of color.

NUMBER OF RESPONDENTS PER STATE



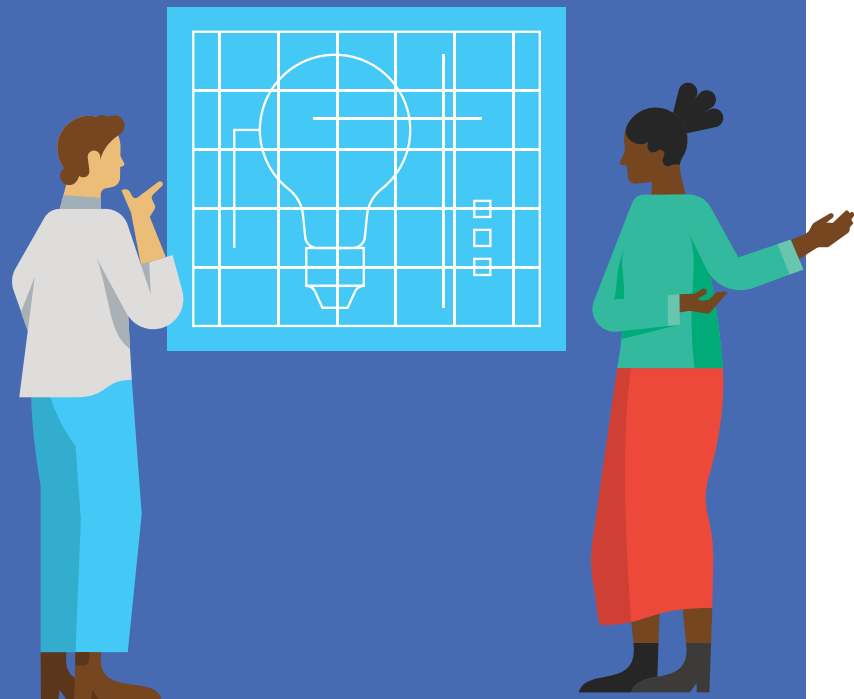
# WHAT THE DATA TELLS US

# THIS IS WHAT

# COMMUNITY

# INFRASTRUCTURE

# LOOKS LIKE



If you’ve ever gone to a free health clinic, dropped your child off at an afterschool program, joined a local arts event, or turned to a food pantry in a tough moment, you’ve felt some nonprofit magic. Nonprofits are everywhere, feeding us, housing us, teaching us, nurturing our creativity, and helping us heal. They are the community centers, theaters, shelters, museums, and schools that help us live full, connected lives. They’re working behind the scenes, making a big impact – often with few resources. And they’re often stepping in to fill basic needs where our public systems are failing us.

The 2,206 organizations that responded to our survey offer a snapshot of what the infrastructure made up of 1.8 million US nonprofits looks like. Similar to roads and power lines, they often fade into the background. But they’re always vital to making our communities safe, joyful, and whole. When we invest in this kind of infrastructure, everybody wins.

## NONPROFITS ARE ALL AROUND US. YOU LIKELY INTERACTED WITH ONE IF YOU:













 <p>Entered the world born in a nonprofit hospital—nearly half of America’s hospitals are nonprofit.</p>	 <p>Developed life skills like conflict resolution and teamwork through Girl Scouts, Little League, 4-H, or other youth development organizations.</p>	 <p>Enjoyed family vacations at nonprofits such as the San Diego Zoo, the Museum of Science and Industry in Chicago, or the Metropolitan Museum of Art of New York City.</p>
 <p>Avoided polio because March of Dimes raised research funds to discover a safe and effective vaccine, and escaped other diseases because of scientific research by nonprofits.</p>	 <p>Attended a nonprofit preschool, grade school, high school, college, or graduate school, perhaps with support of a nonprofit scholarship fund.</p>	 <p>Inhaled cleaner air in tobacco-free restaurants thanks to the work of public health nonprofits.</p>
 <p>Attended services at a house of worship maintained by one of the nearly 350,000 nonprofit religious congregations.</p>	 <p>Exercised your rights to vote, to education, to travel, to equal treatment under the law and other rights secured and protected by nonprofits.</p>	 <p>Enjoyed the natural wonder and splendor of America’s rivers, forests, and open spaces due to the work of nonprofits committed to conservation and our environment.</p>
 <p>Learned how to swim through lessons at the local JCC, YMCA, or scout camp.</p>	 <p>Visited historic treasures and places of natural beauty preserved by nonprofits.</p>	 <p>Laughed, relaxed, rejoiced, and were inspired at nonprofit arts performances.</p>

Chart developed by National Council of Nonprofits, [Nonprofit Impact Matters: How America’s Charitable Nonprofits Strengthen Communities and Improve Lives](#)

# When the World Gets Hard, Nonprofits Show Up

Most nonprofits are rooted in the communities they serve. When crises hit, they step up.

**These organizations don't just serve communities; they are the community.** One-third (32%) of surveyed nonprofits said their leader has lived experience representative of the communities their organization serves. Half (51%) said they solicited and acted on community feedback in 2024 to shape their programs and services.

When a colleague's nonprofit organization became insolvent and ceased operations after 102 years of existence, our organization quickly filled the void left in their community by moving to expand and open a new center in its place. This saved jobs and avoided displacing children and families from their early care and education environment.

Early childhood education survey respondent in Ohio

[In response to the Los Angeles wildfires,] we immediately initiated community support funds and activities to connect members with each other and help agencies; we have initiated a giving campaign to supply our members with donated new equipment essential to their ability to work.

Arts/culture survey respondent in California

Most staff and all leadership come from the community we serve. We are in deep relationship with the community and embedded [in it]. We follow through in a way that is unprecedented. We try not to let funding drive the work, but to let the community's needs drive [it].

Early childhood education survey respondent in California

We've been in the community for a full century, and the level of trust we receive from our clients is unprecedented. Generations of their family members have come to us at times when they needed assistance, community, and a place to organize and fight for equality. Our history is incredibly storied, and we continue to do our work until equity and equality are the norm in our city.

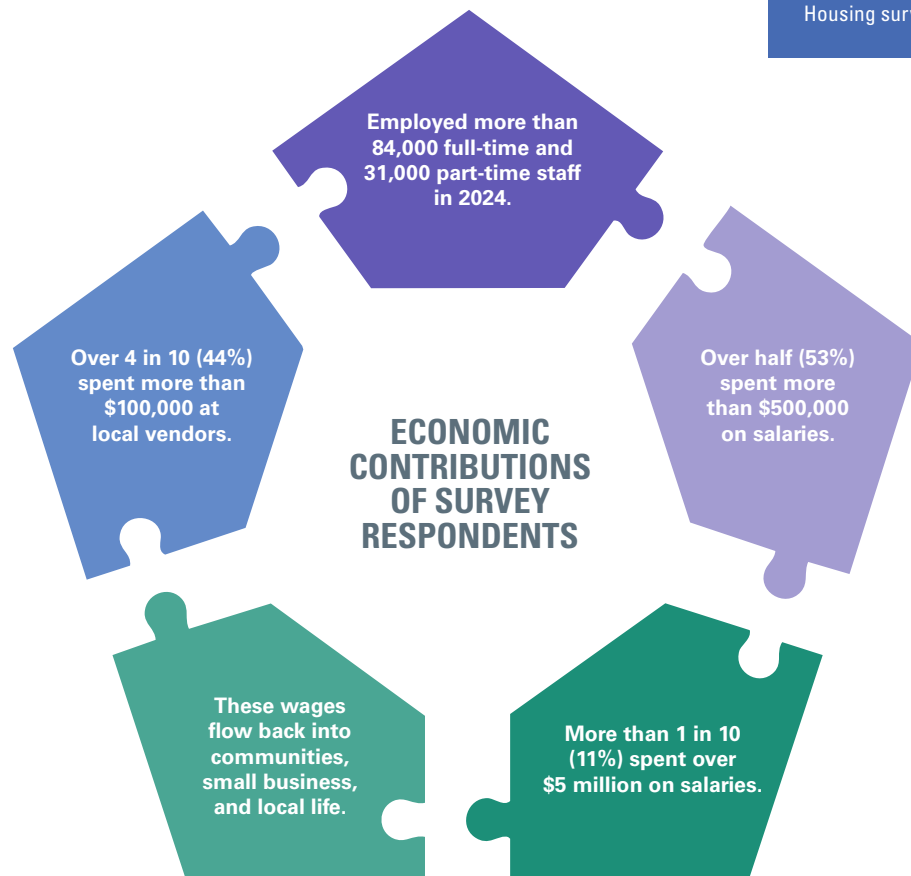
Human services survey respondent in Minnesota



# For Building the Economy, Nonprofits Stand Tall

Nonprofits are economic engines for the people they serve and the communities they're rooted in.

## The nonprofits in our survey alone:



Since we've existed, we have generated over \$350 million in investment to create permanent affordable housing, which has created over \$1 billion in economic impact across our three-state footprint.

Housing survey respondent in Pennsylvania

Every dollar invested in our organization results in \$10 in economic impact on multiple fronts. Our impact on an international level is 10x times the size of our budget.

Arts/culture survey respondent in California

We employ close to 200 people in our area and spend most of our \$12 million budget on housing expenses, groceries, and activities for the people we support. All of these dollars are kept local, and we pride ourselves on partnering with local businesses to keep patronizing them instead of national corporations.

Human services survey respondent in Oregon

**Field-wide data** paints a fuller picture. Nonprofits employ over 10% of the US private workforce – 12.5 million people – and spend more than \$670 billion on wages, with an additional \$65 billion going to federal payroll taxes. They're the third largest private sector employer in the country, contributing around \$1.4 trillion to the economy each year.

Nonprofits are responsible for millions of jobs and billions in local spending. Beyond the dollars, they provide job training, education, childcare, and healthcare that fundamentally shift the capacity and economy of entire communities.

# To Demand Better, Nonprofits Stand Up

Nonprofits work to build a better future for all.

## MAJOR FOCUS AREAS FOR RESPONDENTS

Building Community Wealth and Well-being	62%
Addressing Economic Inequality	54%
Advancing Racial Equity	44%
Helping People Maintain and/or Keep Quality Jobs	36%
Advancing Gender Equity	24%
Advancing Environmental Justice	19%

In addition, 45% of respondents engaged in advocacy or policy work in 2024, and 29% worked to increase civic engagement.

We organize community-led campaigns to move more public money to address community-identified needs, from the local to the national scale. We work to educate and engage members of our community in the government... and work together to find resources and solutions.

Social justice/civil rights/community organizing survey respondent in Colorado

We will stand up for the rights of our children and adults, and we are organizing with other grassroots organizations in the state in order to participate in any manifestations, protests, or marches that may take part locally, statewide, or nationally. We are preparing to defend the rights of the visually impaired community with everything we have.

Human services survey respondent in California





# WHAT THE DATA TELLS US OUR COMMUNITY INFRASTRUCTURE IS IN TROUBLE

Nonprofits have always made do with limited resources. But they are close to reaching a breaking point in 2025 as they navigate three colliding crises: inflation, government funding cuts and delays, and growing demand.



## Three Colliding Crises in 2025

### INFLATION

**86% of respondents said high costs due to inflation affected their organizations and clients in 2024.** From rent to insurance to supplies, expenses have been climbing across the board, and policy decisions intensify the pressure. Our staff and communities are facing the same problem at home.

### GOVERNMENT FUNDING CUTS & DELAYS

Chronic funding delays, coupled with expected massive cuts in government funding in 2025, threaten to disrupt essential services. **Among respondents with government funding, 84% expect cuts as a consequence of 2024 election results,** and 65% anticipate cuts bigger than 10% of their government revenue. Nonprofits anticipate that these kinds of cuts will result in paused programs, hiring freezes, fewer services, and challenges paying bills.

### GROWING DEMAND

**With over one-quarter of Americans** living near or below the poverty line in 2023, the work of many nonprofits is helping people meet basic needs. **85% of respondents expect demand for services to increase in 2025. Many already couldn't keep up with demand in 2024** and expect it to get worse in the year ahead.

A LONG PATTERN OF FINANCIAL STRAIN

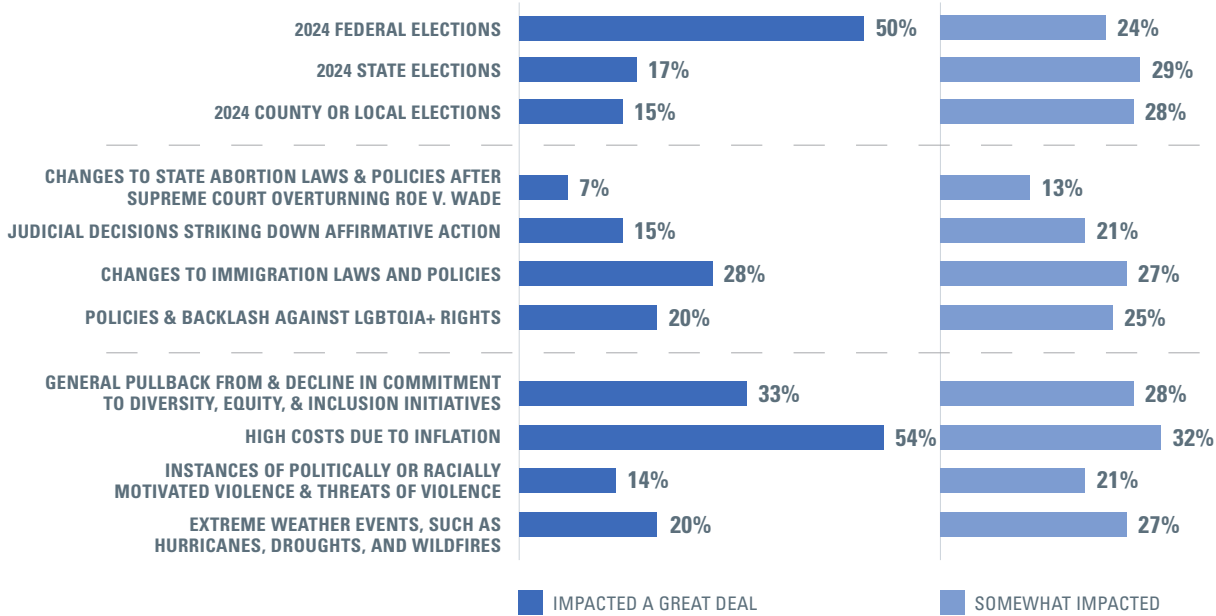
We’re looking at 2025 with urgency – not just because of this year’s data, but because we’ve seen the consequences of this kind of interconnected strain before. Since 2009, we’ve conducted the Survey ten times; underfunding and a fragile nonprofit financial picture have been chronic. Nonprofits have described financial models that force them to stretch or shrink. Funding that doesn’t cover full costs or arrives late, dollars that come with strings, and pressure to do more with less have been persistent narratives.

There was a positive disruption in this trend in the early 2020s, when the pandemic and our country’s racial reckoning prompted more flexible funding and major public and private investments. Nonprofits responded with creativity and resilience to this trust and nimbleness from funders, and by the end of 2021, many of our 2022 survey respondents reported stronger financial footing.

But this year’s survey data shows those gains didn’t last. In 2025, government funding is shrinking dramatically and, in some cases, disappearing altogether. A potential recession looms. Nonprofits already under strain are facing rising costs, fewer resources, and growing demand.

Respondents shared how recent events impacted their organizations and clients. While high costs due to inflation had the greatest impact, we also saw many impacted by the 2024 federal elections (74%) and by pullback in commitments to diversity, equity, and inclusion (DEI) initiatives (61%). There were also differences in impact based on racial/ethnic identity of the organization’s leader. For example, 57% of white-led nonprofits reported impact from DEI pullback, compared with 71% of those led by people of color. 28% of white-led nonprofits reported impact from politically or racially motivated violence and threats, compared with 47% of those led by people of color.

IMPACT OF RECENT EVENTS ON ORGANIZATIONS AND THE CLIENTS THEY SERVE



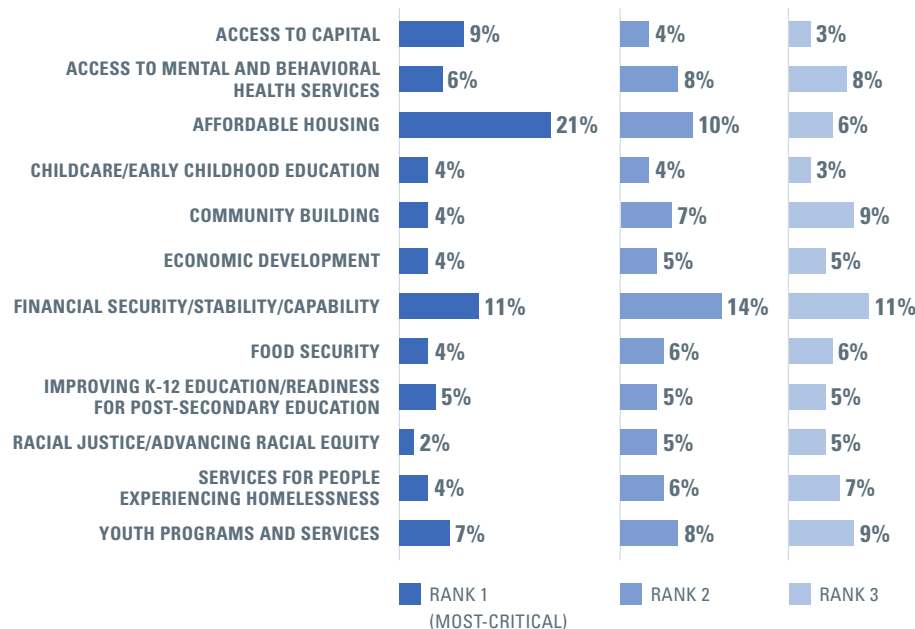
# Demand for Services in our Communities Continues to Climb

## FROM HOUSING TO MENTAL HEALTH, NONPROFITS ARE RESPONDING TO A WEB OF INTERCONNECTED COMMUNITY NEEDS

Across the country, safe and stable housing is out of reach for many. Nearly 4 in 10 respondents (37%), from Iowa to New York City, named affordable housing as a top community need. This tracks with [research from the National Low Income Housing Coalition](#), which shows a shortage of 7.1 million rental homes for people with very low incomes.

Right behind affordable housing, respondents identified financial security, youth programs and services, and access to mental and behavioral health services as top needs for their communities. None of these needs exist in isolation. Nonprofits provide the community infrastructure to address many of these interconnected needs.

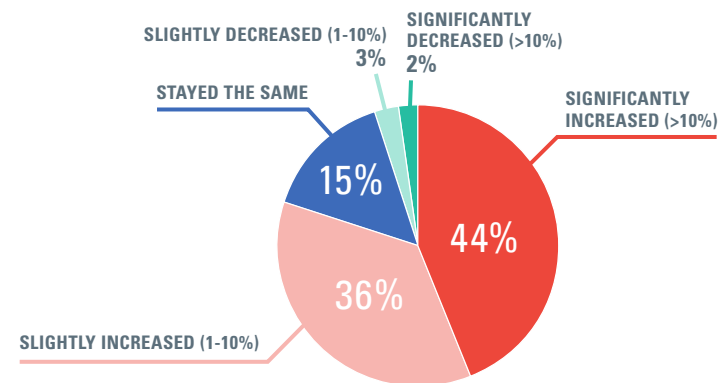
### TOP THREE CRITICAL COMMUNITY NEEDS



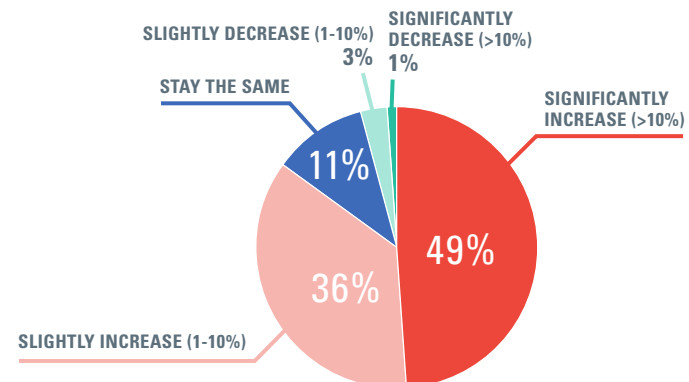
## WITH CURRENT RESOURCES, NONPROFITS ARE STRUGGLING TO MEET RISING COMMUNITY NEEDS

For millions of people and families, nonprofits are the first or only line of support. For 2024, 80% of nonprofit respondents said that service demand—an indicator of how people are faring—increased compared to 2023. 63% expanded their programs or services, yet almost half (48%) couldn't meet the increased demand. Even more organizations (85%) anticipate service demand will increase again in 2025, and more than half (54%) don't expect to meet the demand.

### SERVICE DEMAND BETWEEN FY 2023 AND FY 2024



### ANTICIPATED SERVICE DEMAND IN FY 2025



# Nonprofits Are Running on Empty

This section looks at nonprofit financial realities in 2025, focusing on **overall financial health** and **funder dynamics**. The takeaway: nonprofits are doing everything they can to stay afloat, but the financial systems meant to support them are adding pressure, not relief. The trend holds however you slice it, from arts to human services, from California to North Carolina, from respondents with budgets under \$250,000 to those over \$10 million.

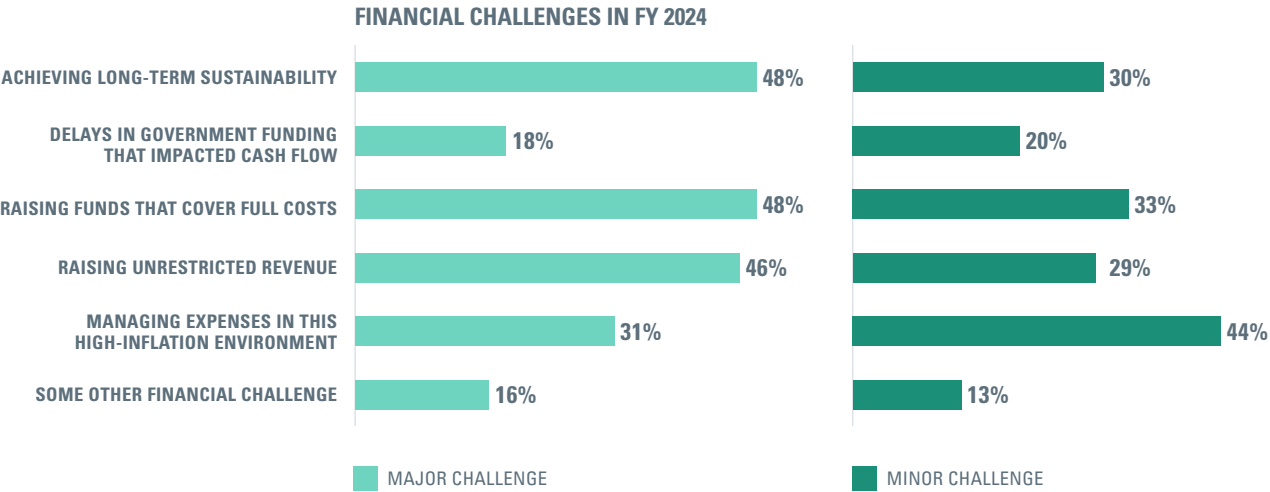
## OVERALL FINANCIAL HEALTH

To understand short- and long-term nonprofit financial health, we look at two main indicators in this survey: operating surplus/deficit and months of cash.

What we see in the 2025 data is that many nonprofits are living one unexpected cost away from catastrophe, and many lack the cash to manage delays or emergencies, or to make strategic investments.

Everything is getting more expensive. But nonprofit funding isn't keeping up. Managing expenses in this high-inflation environment was one of the most widely reported financial challenges, cited by 75% of respondents. 81% of organizations reported that raising funds that cover **full costs** is a challenge.

METRIC	WHAT IT MEASURES
Operating Surplus or Deficit	Whether your organization ended the year with more revenue than expenses (surplus) or less (deficit). A surplus supports stability and growth. A deficit limits flexibility, increases risk, and makes it harder to respond to urgent needs or invest in long-term change.
Months of Cash	How long your organization can operate with the cash it has today, assuming no new income. This is a key measure of liquidity. It indicates how well an organization can weather crises and invest in opportunities. For example, if a crisis hits, how long can the organization keep running?



WITH COSTS SKYROCKETING, SURPLUSES ARE BECOMING HARDER TO ATTAIN

With many struggling to keep up with their day-to-day costs, a startling percentage (36%) of respondents ended 2024 with an operating deficit. This is a higher percentage than we’ve seen over the past ten years of our survey data.

Surpluses are essential for nonprofits, just as they are for businesses. They help an enterprise to innovate and create, expand service hours, fix broken heating systems, and pay for technology programs to better secure their client data. Without surpluses, many organizations barely survive, let alone thrive.

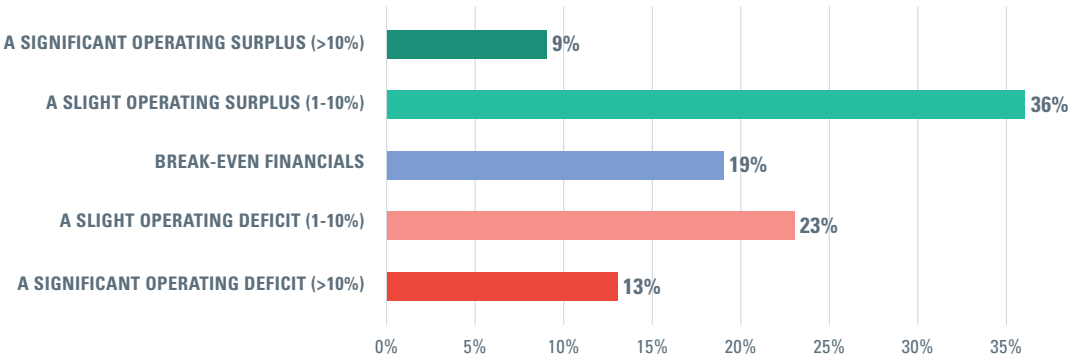
We expect ongoing cost increases, which will increase the need for our services, but also decreased funding, keeping staff [wages] from rising with the cost of living.

Animal-related organization survey respondent in Georgia

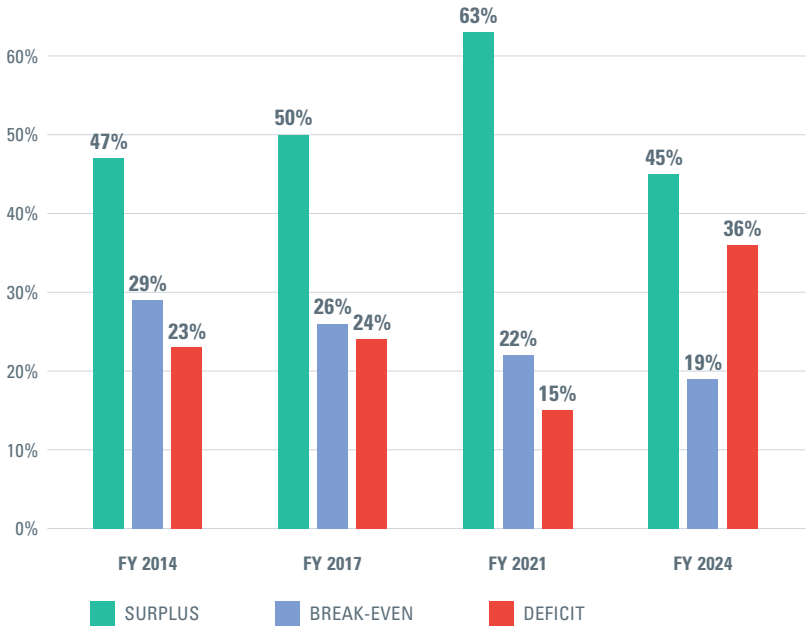
A key financial challenge we are facing is managing the rising costs of operations, particularly due to inflation and supply chain disruptions. These factors have led to increased expenses for materials, labor, and logistics, which are putting pressure on our budget. We are actively exploring cost-efficiency measures and diversifying revenue streams to mitigate these challenges.

Human services survey respondent in California

FY 2024 OPERATING RESULTS

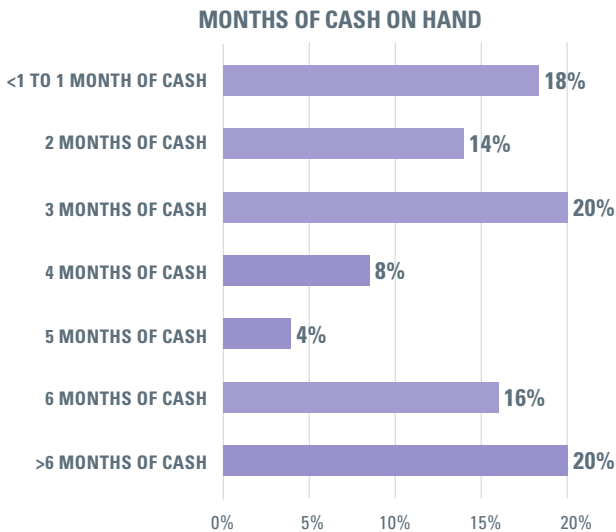


OPERATING RESULTS DATA OVER TIME (FY 2014 - FY 2024)

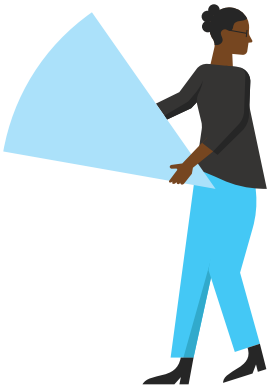


MANY ORGANIZATIONS HAVE LITTLE SAVINGS IN THE BANK

Over half of survey respondents (52%) reported having 3 months or less of cash on hand. 18% had one month or less of cash on hand.

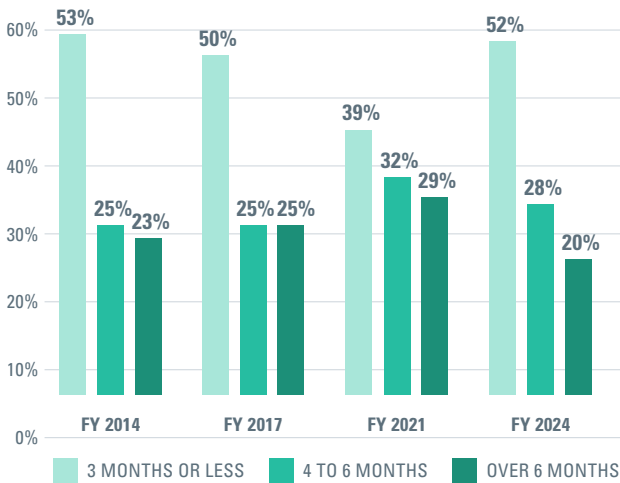


66% of respondents did have reserve funds – separate from operating cash – designated for emergencies or opportunities. These funds are a good sign, even though a nonprofit with reserves may still be operating with a deficit in the current year. Access to reserves, however, isn’t evenly distributed: just 50% of Black-led organizations and 47% of those with annual budgets under \$250,000 reported having reserves.



In this year’s survey, 1 in 5 respondents reported having more than 6 months of cash on hand – often considered an indicator of financial strength and adaptability. This is a lower percentage than we’ve seen over the past ten years of our survey data.

MONTHS OF CASH ON HAND DATA OVER TIME (FY 2014 - FY 2024)



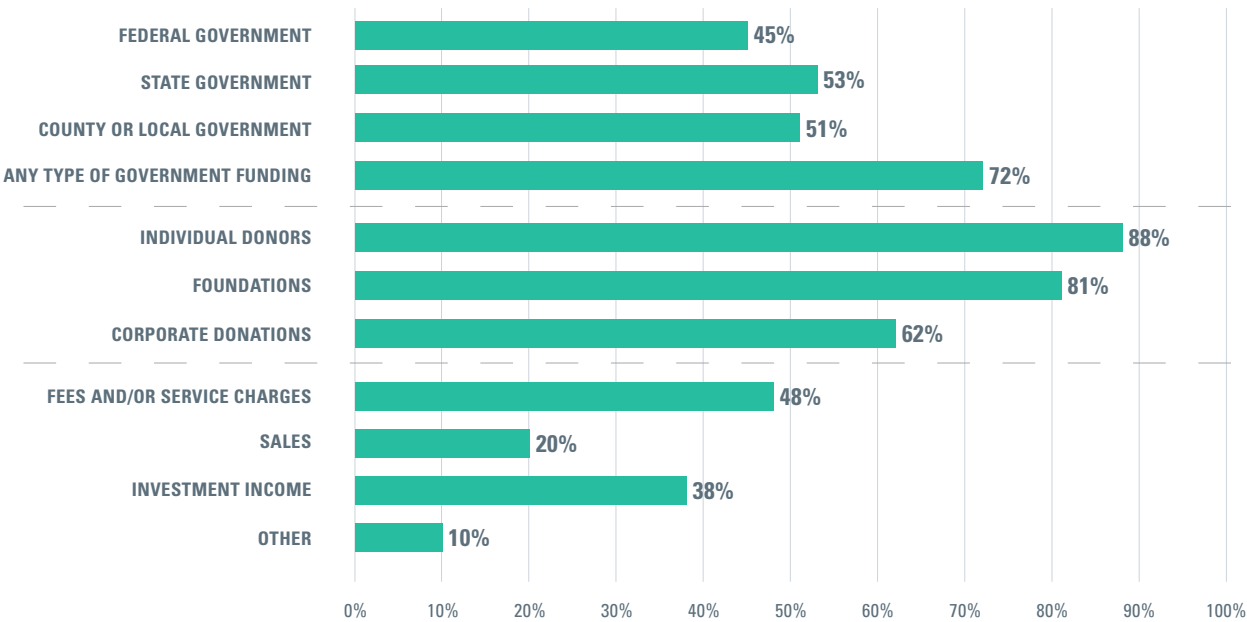
A LOOK AT REPEAT SURVEY RESPONDENTS

163 respondents to NFF’s 2025 State of the Nonprofit Sector Survey also took our 2022 State of the Nonprofit Sector Survey. Whereas only 13% of these repeat respondents operated at a deficit in 2021, 37% operated at a deficit in 2024. During this same period, the percentage of repeat respondents that had six or more months of cash on hand went down from 36% to 26%.

FUNDER DYNAMICS

Most nonprofits depend on government and foundation funding to serve their communities. In 2024, more than 70% of respondents received money from federal, state, or local government. 81% received funding from private foundations.

FY 2024 REVENUE SOURCES



## PROGRESS IS MIXED WHEN IT COMES TO SUPPORTIVE FUNDER PRACTICES

Unrestricted support—the most critical and flexible form of funding—is still not the norm in our sector. 64% of nonprofits said that less than half of their grants and donations in 2024 were unrestricted. 75% of respondents said raising unrestricted dollars was a challenge; nearly half (46%) said it was a major one. But there's [clear evidence of the benefits of unrestricted funding](#), from enabling new programs to energizing organizational culture.

Restructuring our financial model to increase unrestricted funds allowed us to move our Executive Director position from part-time to full-time.

Community development survey respondent in Oregon

Receiving a large, unrestricted grant gave us the freedom to invest in our people, our place, and our future!

Economic development survey respondent in Hawaii

During the pandemic and racial reckoning in 2020, many foundations changed how they worked, offering more unrestricted funds, streamlining paperwork, and disbursing grants more quickly. In 2022, 57% of survey respondents told us funders had become more flexible. [Research from the Center for Effective Philanthropy \(CEP\)](#) confirmed the trend continued in 2023: nonprofits reported fewer burdens, more trust, and faster grantmaking.

Our 2025 survey responses show mixed progress. 40% of respondents said foundation grants had become less restrictive since late 2022, a positive step in supporting community infrastructure. But almost half (48%) reported that grant sizes had shrunk.

## CHANGES IN FOUNDATION FUNDING PRACTICES SINCE LATE 2022

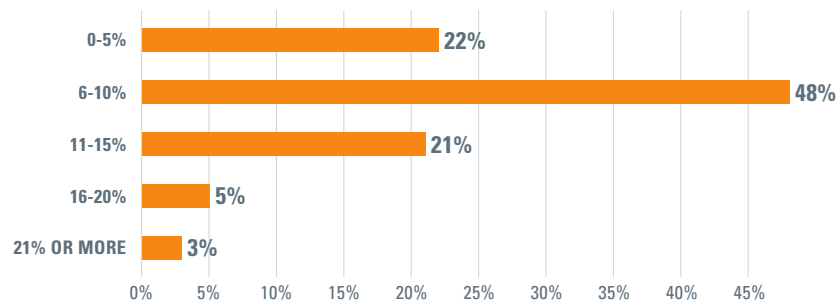




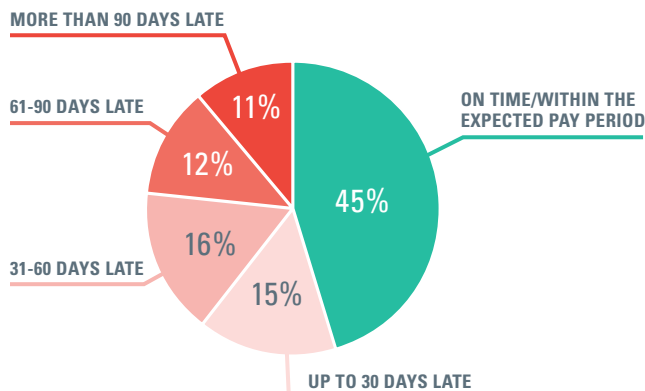
## GOVERNMENT FUNDING DOESN'T COME ON TIME AND DOESN'T COVER THE FULL COST OF SERVICES

Among survey respondents with government funding, 55% reported being paid late, with 11% noting average payment delays longer than 90 days. To cope with delays, organizations are dipping into their reserves, pausing programs, and delaying payments to vendors, which ripple to communities and the economy. When the funds do arrive, they rarely cover what it takes to deliver services. 70% of respondents said they could only charge an indirect cost rate – which covers things like human resources, information technology, and rent – of 10% or less, a rate acknowledged in recent OMB Guidance as insufficient to run a healthy organization.

TYPICAL INDIRECT RATE ALLOWED IN FY 2024



HOW LONG IT TOOK TO RECEIVE PAYMENT FROM GOVT IN FY 2024



## A NOTE ON INDIRECT COST RATES

Recent OMB Guidance that went into effect on October 1, 2024 aims to help nonprofits recover more of their costs by increasing the minimum indirect cost rate from 10% to 15% (excluding certain direct expenses) for nonprofits that don't already have a negotiated rate. It also tries to prevent federal agencies from pressuring nonprofits to accept rates below 15%.

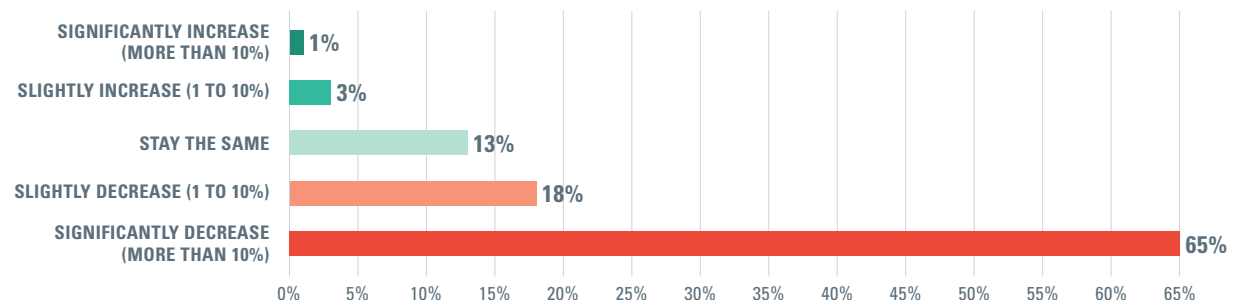
## FEDERAL FUNDING CUTS AND DELAYS IN 2025 ARE DESTABILIZING ESSENTIAL SERVICES

In 2025, significant federal cuts are pulling back support for critical services, including housing assistance, food aid, healthcare access, and education. 45% of respondents had federal grants or contracts in FY24; that means that nearly half of all nonprofits we surveyed could be directly exposed to the risks of federal retrenchment. Even more are exposed as these cuts ripple through state and local funding sources.

As federal funding recedes, competition for philanthropic dollars will increase significantly. Government funding freezes are especially harmful in the area of reimbursements for funds already spent. Freezes in federal funding will lead to very significant changes in funding for food banks and the availability of low cost food for local distribution.

Human services survey respondent in Texas

ANTICIPATED CHANGE IN GOVT FUNDING AS A RESULT OF 2024 ELECTION



# Nonprofit Staff are Running on Empty, Too

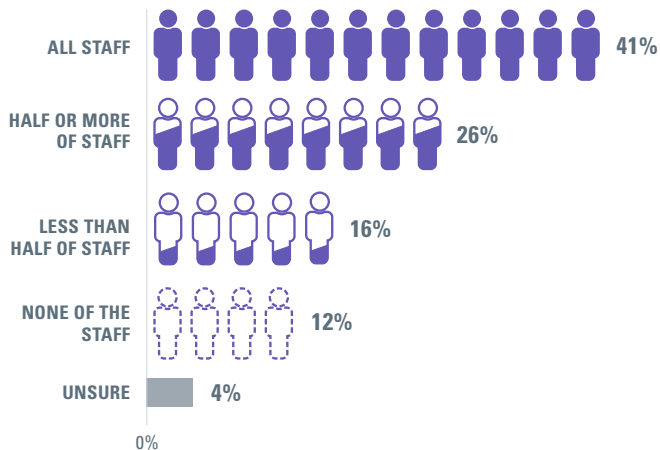
Nonprofits are powered by people who carry out the work that keeps our community infrastructure up and running, often doing so quietly and with limited resources. But right now, many of those people are overworked, underpaid, and burning out under the relentless pressure.

## MANY NONPROFIT WORKERS AREN'T EARNING A LIVING WAGE

Commitment alone does not pay rent and groceries for staff: living wages do. But only 41% of organizations said they're able to pay all full-time staff a living wage, which supports basic needs, such as food, housing, transportation, medical care, childcare, and taxes. And just 28% of nonprofits with budgets under \$250,000 can pay all full-time staff a living wage. Organizations cited inflation and funding as the primary barriers to paying a living wage. 69% of survey respondents said the local cost of living is a management challenge.

This contributes to wider financial health challenges for staff. For example, [research shows](#) that nearly a quarter of nonprofit workers across the country—2.4 million people—are Asset Limited, Income Constrained, Employed (ALICE). That means they're earning, but they still can't afford basic expenses like housing, childcare, or transportation. Inflation has made things even harder.

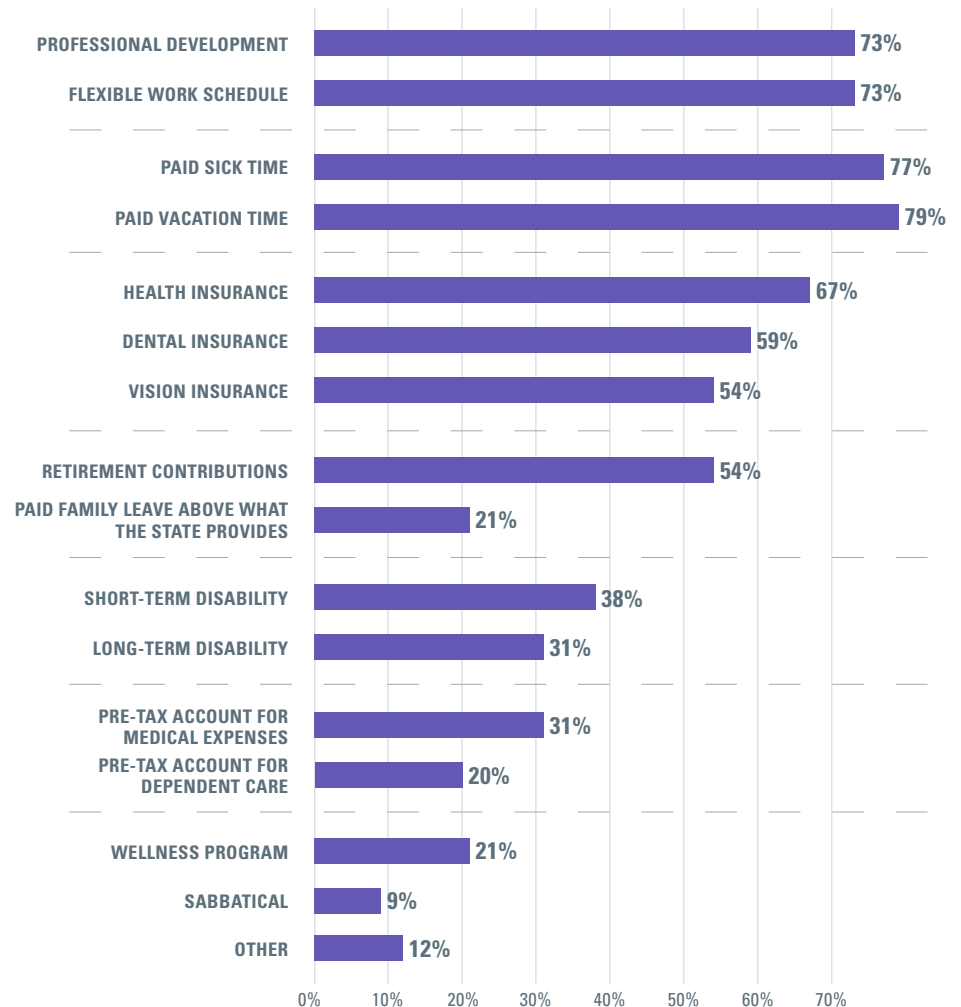
### HOW MUCH OF YOUR FULL-TIME STAFF IS YOUR ORGANIZATION ABLE TO PAY A LIVING WAGE?



## BENEFITS ARE LIMITED – ESPECIALLY FOR SMALLER ORGANIZATIONS

Most nonprofits offer some staff benefits, but there are large gaps in coverage, especially for respondents with smaller budgets. Only two-thirds of organizations (67%) offered health insurance in 2024, and this number was dramatically lower (12%) among organizations with budgets less than \$250,000. 54% of nonprofits surveyed offered retirement fund contributions to employees. That number drops to 10% for organizations with budgets less than \$250,000.

### BENEFITS MADE AVAILABLE IN FY 2024



NONPROFITS ARE NAVIGATING  
WIDESPREAD STAFF BURNOUT AND  
SHORTAGES

More than two-thirds of respondents reported difficulty employing enough staff for both program and administrative needs and finding workers with the right skill sets. Most cited staff and leadership burnout as challenges in 2024. With costs rising faster than funding, and the pullback of government funding, many struggle to raise salaries or fill critical vacancies.

At the same time, organizations are calling out how important it is to center organizational culture and care. They are working to curb burnout by trying to keep workloads manageable, implementing mental health supports, and spreading the work across their teams.

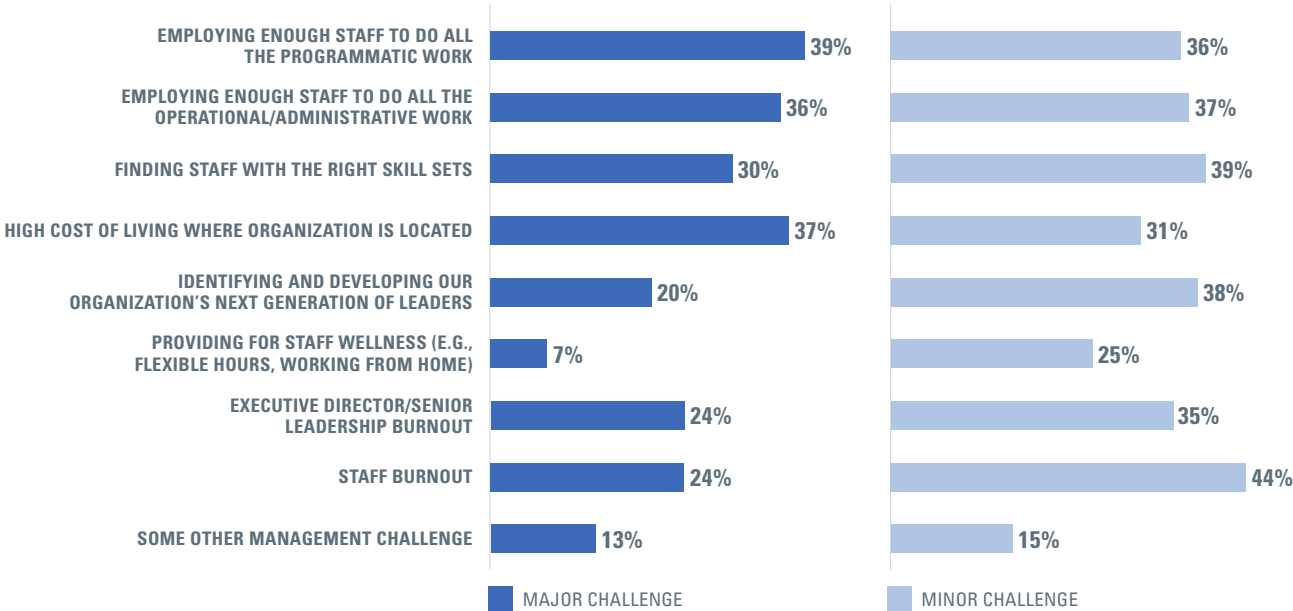
[A challenge is] finding adequate, sustainable, unrestricted funding sources to support staff. We have a great team and they need more compensation [in order for] us to keep them (they all want to stay).

Arts/culture survey respondent in California

Our organization prioritizes the well-being of our team by centering self-care and recognizing when to cancel, pause, or scale back programming to prevent burnout. We actively assess workload demands and adjust project scopes to ensure sustainability. By fostering a culture that values rest and balance, we create space for our staff and collaborators to recharge, ultimately strengthening our long-term impact and commitment to our mission.

Social justice/civil rights/community organizing survey respondent in New York

MANAGEMENT CHALLENGES IN FY 2024



In care work, staff burnout is often a symptom of underlying poor compensation and underfunding of the sector. We are working to diversify revenue to compensate folks better and to fill critical roles.

Youth services survey respondent in Georgia

**GETTING THROUGH,  
AND BUILDING  
WHAT'S NEXT**

# **WHAT WE CAN DO TO EMERGE STRONGER AS A SECTOR**



Today, we see incredible signs of hope in organizations that are adapting in real time. These groups aren't just reacting to short-term challenges – they're driving lasting change by shaping a future where lives flourish and communities thrive. And they are not starting from scratch.

With much uncertainty and rapidly changing information, it is important for us to take a measured, objective approach and not operate from a place of fear. Our role at the intersection of government, nonprofits, businesses, and community allows us to serve as a trusted resource. We will continue to listen to local needs, share information, and stay focused on our mission.

Community development survey respondent in Vermont

For too long, chronic underfunding has been treated as a problem for nonprofits to solve with a “smarter” business model or “more strategic” plan. At NFF, we believe in strong financial planning, but we know that the challenges facing the sector require bigger solutions. The best community work takes time, trust, and care.

Individual business strategies will not solve systemic funding challenges. We have to address the structural problems together. And as our nonprofits and communities navigate today's crises, there is no room for “hope, wait, and see.” Below are our recommendations to move forward now and over the long-term.

# Be Creative, Adaptive, and Brave to Meet the Moment

## FUNDERS

- **Go beyond “business-as-usual” (these times are not “usual”).** Make the case internally, as so many successfully did during the COVID pandemic, to get creative and make short-term changes, even if temporary, to help nonprofits navigate this moment.
  - **Increase your payout percentage.** We know philanthropy can’t cover the full gap created by federal funding cuts, but additional dollars go a long way in paying for urgent needs now and helping to define how nonprofits adapt in the future.
  - **Adjust your standard processes.** Pay some of your grants early; release restrictions on existing grants; lessen reporting requirements.
- **Listen to your grantees.** Open a dialogue about what nonprofits need right now and be willing to pivot based on what you hear. Consider grants – even if they’re relatively small – that create room for leaders to plan and navigate (e.g., to pay for short-term administrative support or for a crisis communications consultant). Be transparent about your funding priorities, decision-making processes, and constraints.

## NONPROFITS

- **Flex your planning muscles.** Nonprofits are often experts in real-time planning on the frontlines. You do it all the time, whether responding to climate emergencies or deep community trauma. Identify how you can meet current community needs, considering your strengths, the risks, and challenges. Balance planning – both short and longer-term – with quickness, knowing there is no perfect information and iteration should be expected.
- **Vocalize your needs, early and honestly.** Now is not the time to be shy. Be really clear and upfront with your Board and funders – and yourselves – about the monetary and non-monetary support (network introductions, advocacy, etc.) you need.

We are anticipating a significant decrease in government support (and have already experienced this decline). We intend to respond by increasing outreach to corporate philanthropy, and really need the private sector to step up.

Community development survey respondent in New York

We are working to ensure that our cash flow and budget are stable for the year and that we can honor the commitments we’ve made for work to do and to staff and our community. We are scenario planning and supporting our community, especially those most impacted, digging into our values, and focusing on our important work. We are also advocating like crazy with our elected officials and for local legislation that strengthens our community.

Food/agriculture/nutrition survey respondent in Vermont

## PRACTICAL PLANNING STEPS AND TOOLS

- **Assess your current cash situation.** Cash flow projections can help you determine if a cash crunch may be on the horizon and inform a financial roadmap.
- **Develop different budget scenarios.** This will prepare you if you need to make big decisions quickly, including if you must make tough decisions about prioritizing programs. Base your scenarios on a few of the most likely potential outcomes (e.g., if inflation continues, your government grants end, or more people show up for your programs).
- **Prepare and share your financial story.** It can be bullet points, talking points, or narrative. Use it to keep staff, Board, funders, and community informed. Be prepared to advocate for your people. And use the data from this survey, if it helps to contextualize your situation within the larger nonprofit sector.

# Acknowledge – and Invest in – What It Truly Takes to Do the Important Mission Work

People hear the word “nonprofit” and often think “that’s a charity, money doesn’t matter.” That’s a false narrative. Just like for-profit businesses, nonprofits have rent, salaries, and vendors to pay. And when their computers break down, or they suddenly lose a major contract, they need resources on hand to cover these expenses. Or else vital community programs go away.

## FUNDERS

- **Fund full costs.** When you’ve invited a nonprofit to apply for a grant, encourage them to include their full cost budget. In addition to paying at a rate that lets nonprofits provide a living wage to the staff doing the work, funding full cost also lets organizations build reserves, upgrade outdated technology, and keep their buildings safe.
- **Give multi-year, flexible funding.** A majority of survey respondents say their top needs include more flexible funding and multi-year funding. Flexible funding (unrestricted funds, general operating support, etc.) and multi-year funding allow organizations to spend less time fundraising and more time delivering services to communities.

## NONPROFITS

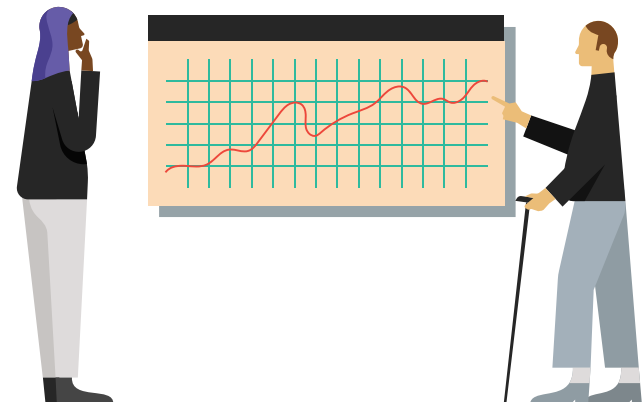
- **Calculate – and advocate for – your full costs**, what it really takes to do your work. Consider “unfunded expenses,” those that are not currently accounted for but are part of the work that you do, often with sweat equity. Rather than presenting a budget that you think a funder will find palatable, embrace the idea that nonprofits need to be financially healthy to meet the changing needs of our communities.
- **Make clear the full community impact of dollars invested in your organization.** Be explicit about how what you do – and the costs required to do it – directly and indirectly deliver programmatic and economic benefits to your community. Articulate what will be lost in the community if the funding you receive doesn’t cover full costs.

## A NOTE ON FULL COST

**Full cost** names and claims all the financial resources it takes to run an effective organization for the long haul. For all organizations, this includes total expenses, working capital, and reserves. For some organizations, this also includes debt principal repayment, fixed asset additions, and change capital.

[We have the] need for sustainable, unrestricted funding to support long-term capacity building and program expansion. While we actively pursue grants, government contracts, and philanthropic support, many funding sources are project-specific, limiting our ability to invest in: maintaining essential infrastructure and administrative capacity, staffing to effectively manage and scale our initiatives, developing new programs and responding to emerging community needs (such as crisis relief and policy advocacy), and expanding revenue-generating initiatives to create a self-sustaining financial model that reduces reliance on grants. Securing multi-year, unrestricted funding will be critical to ensuring [our] long-term impact and resilience in serving marginalized communities.

Community development survey respondent in California



# Collaborate as a System

Nonprofits, staff, and communities – and those that support them – operate as an interconnected ecosystem. Lean into opportunities to work together, reaching out to support and care for one another.

## FUNDERS

- **Invest in systems and coalitions, too.** Fund systems-change work – policy, advocacy, movement-building – and the grassroots organizations often leading it. This may mean letting go of expectations about immediately countable outputs; these are investments in a better future.
- **Build bridges.** Leverage your networks to introduce nonprofits to funders and others that might be able to support their work. Nearly a quarter of respondents (22%) named connections to other funders as a top need.

## NONPROFITS

- **Build power with your network.** Reach out to others that do similar work or work in your neighborhood to share information, understand shared needs, and tell your story together to influence funders and policymakers.
- **Share and leverage resources.** Understand what others provide that can also serve your community. Consider ways to share operational resources with trusted partners to leverage expertise such as accounting, marketing, or legal skills.
- **Support each other as leaders.** This is a challenging time to navigate, but the sector and community need your leadership. Connect with each other – not only on operational challenges, but on the personal toll of this moment. Strong social connections, time to rest, and mutual support help keep leaders resilient in challenging times.

# Extend Grace –to Yourself and Others

**Funders and nonprofits:** It's important to recognize that you may not be able to accomplish everything you aspire to right now. Perfection is never the goal; thoughtfulness and integrity are. If you are acting with good intentions and have done the best planning possible given your current capacity, then trust that you are making the most informed decisions you can.

**Be compassionate with yourself during this time of heightened stress and fatigue and focus your incredible energy on supporting your community, your team, and your peers.**

We have a lot of knowledge about various programs, and we use that to connect with and inform other organizations as well as our clients, residents, and people who reach out to us. We don't hoard knowledge or resources and make a point of reaching out to other organizations to share.

Human services survey respondent in Massachusetts

Leadership is scenario planning (so hard given the extreme uncertainty!!) We are also focused on supporting staff morale and on linking arms with partners even more actively, and perhaps finding new ways to engage in mutual support.

-Education survey respondent in Michigan