



2025 State of the Nonprofit Sector Report

March 6, 2025

Meet the Presenter



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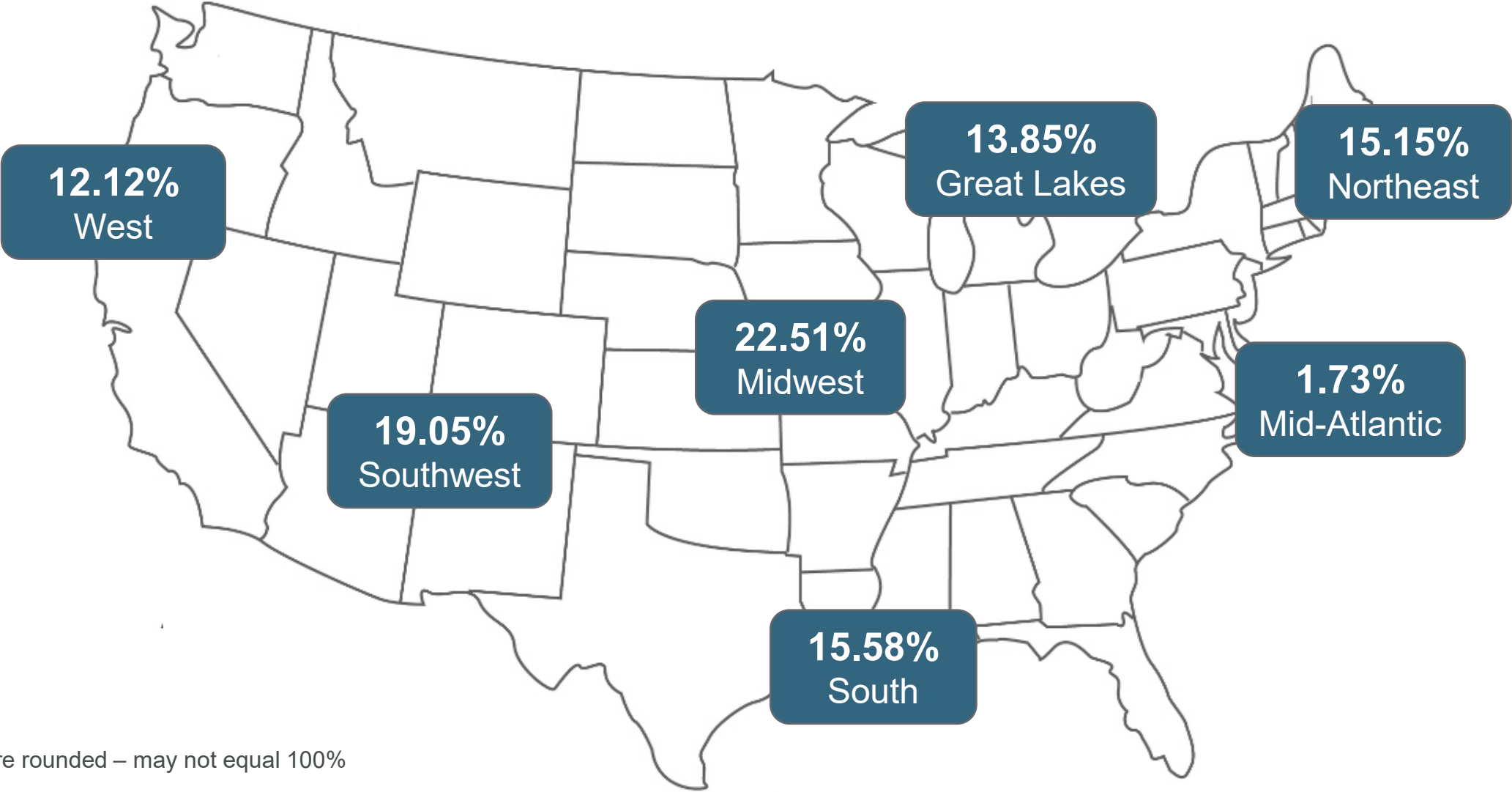
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WHAT?

- Organizations continue to play a crucial role in transforming & improving life for individuals & neighborhoods.
- In the past year, nonprofits have provided international humanitarian aid to victims of war & strengthened the very fabric of communities where they exist.
- The sector is coping with workforce shortages & skyrocketing operational expenses while keeping pace with rising demands for assistance.



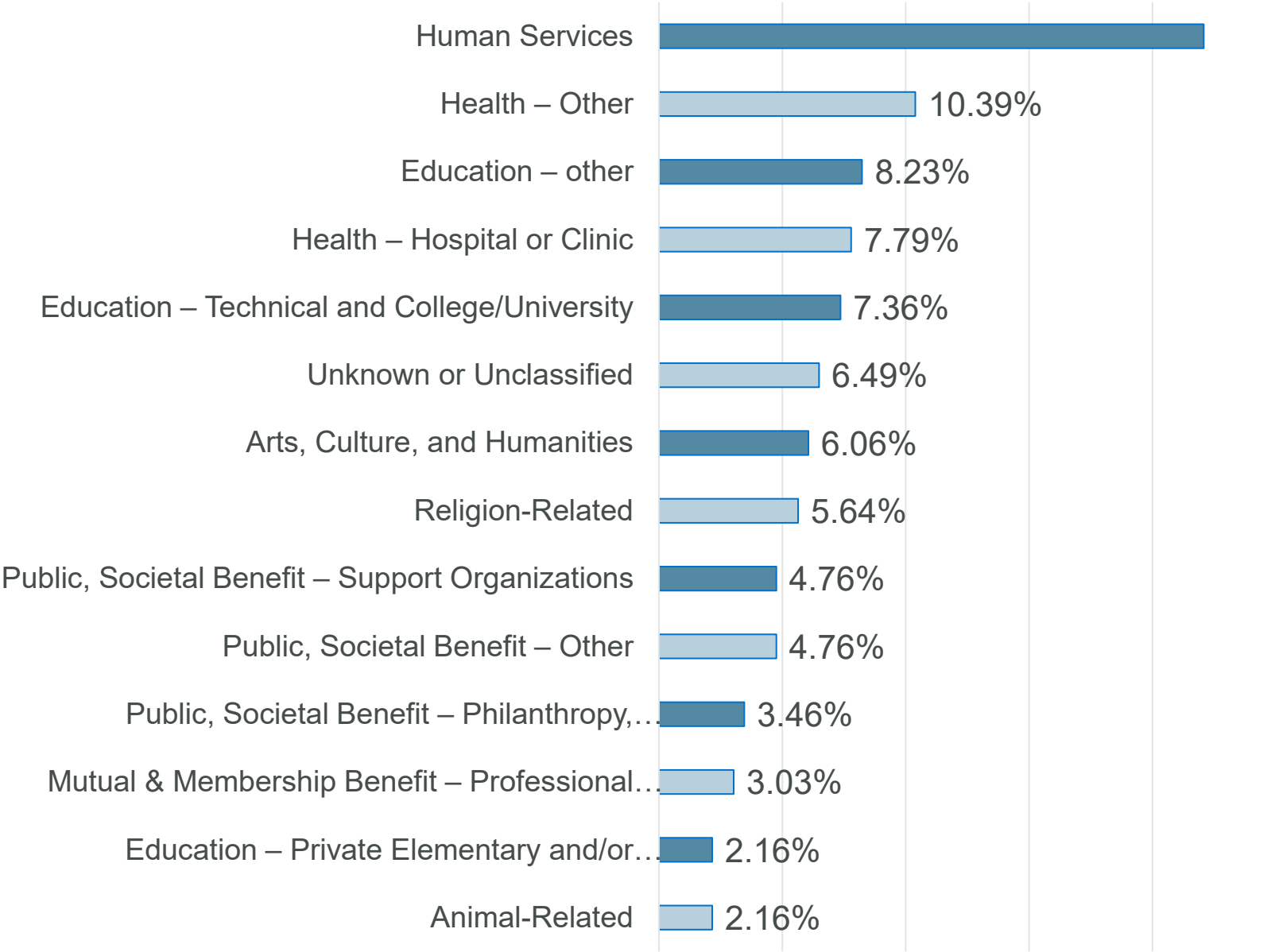
Response Locations



Totals are rounded – may not equal 100%

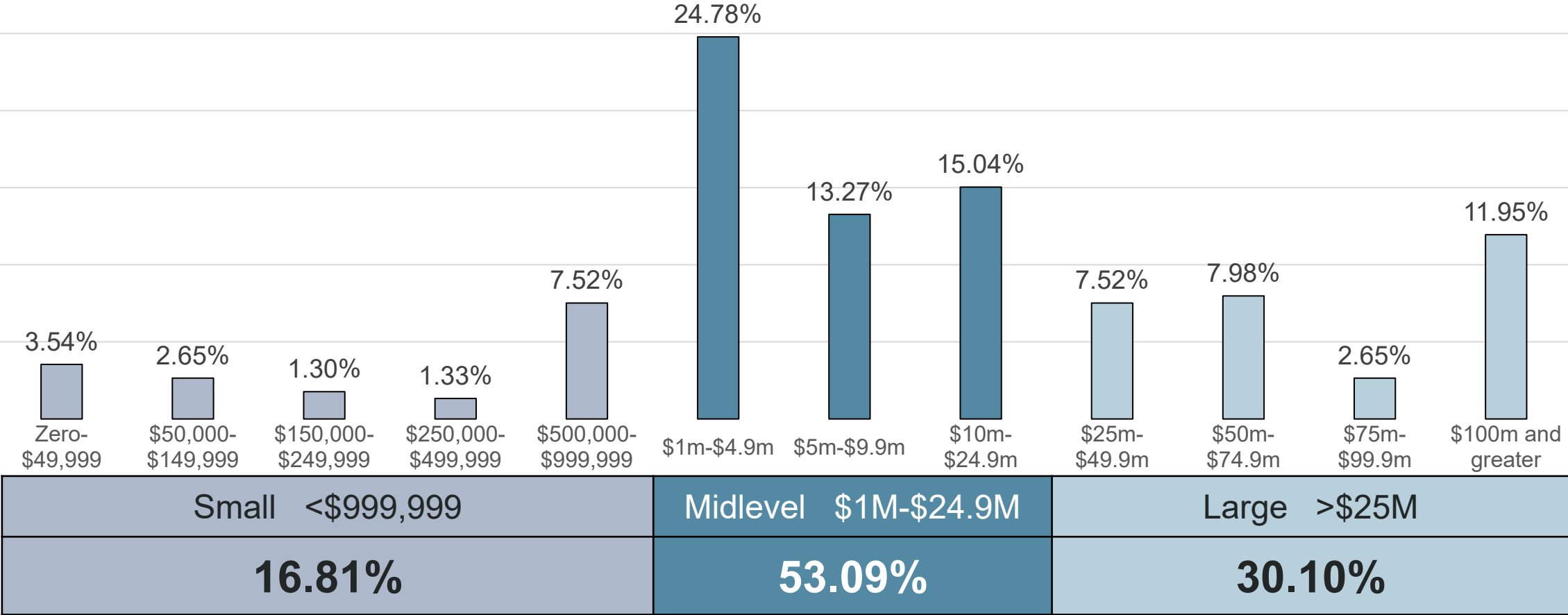
Subcategories

501(c)1	0.87%
501(c)3	93.04%
501(c)4	0.43%
501(c)6	4.35%
501(c)7	0.44%
501(c)9	0.44%
501(c)19	0.43%



Totals are rounded – may not equal 100%

Annual Revenue Range



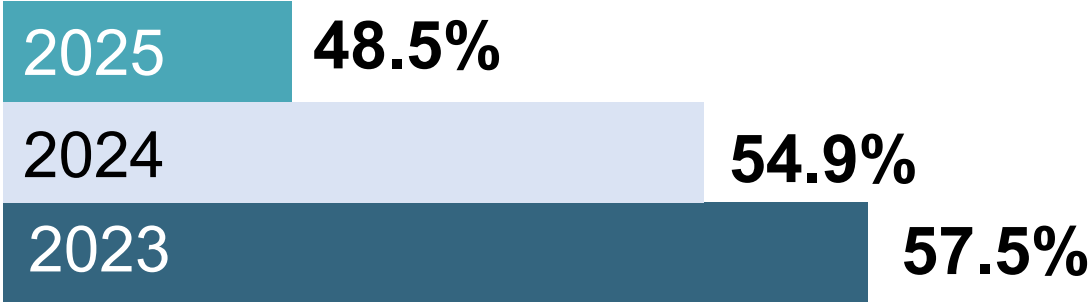
Totals are rounded – may not equal 100%

How do you feel about your organization's current financial position?

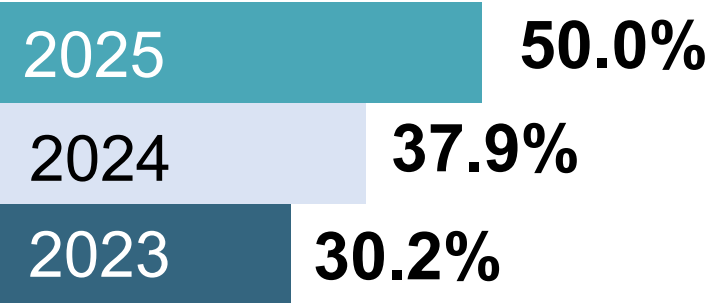
More than half are pleased, but many remain uneasy about the economy & what lies ahead



Somewhat or Very
PLEASED with current
financial position



Somewhat or Very
CONCERNED with current
financial position

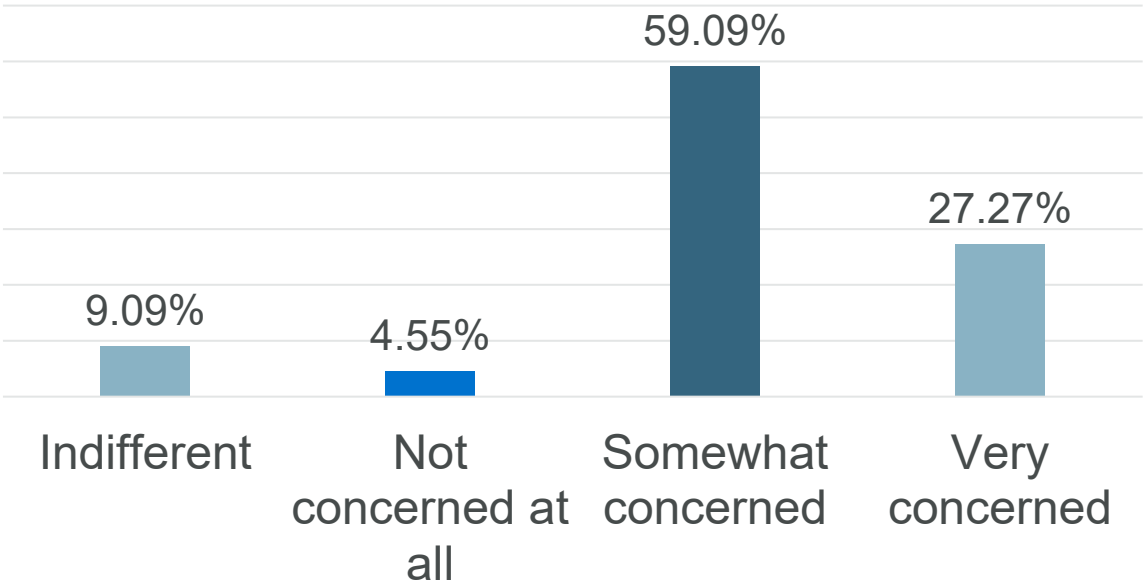


Totals are rounded – may not equal 100%

How concerned are you about your financial position due to uncertainty surrounding federal funding (grants, reimbursement, etc.)?

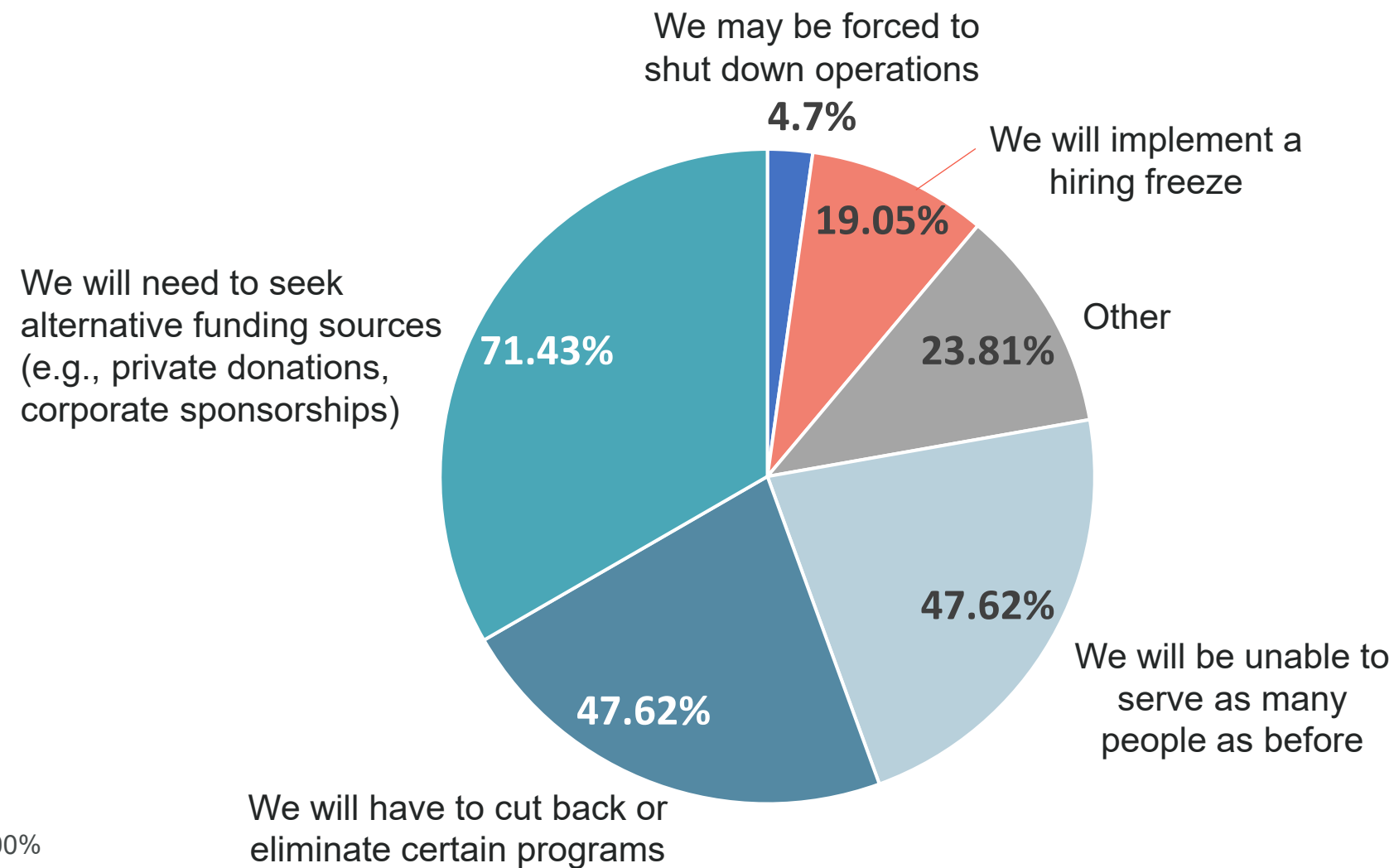
86% are concerned about the current situation surrounding federal funding.

Indifferent	9.09%
Not concerned at all	4.55%
Somewhat concerned	59.09%
Very concerned	27.27%



Totals are rounded – may not equal 100%

If federal & state funding were lost, how would it impact your organization's long-term viability?



Totals are rounded – may not equal 100%

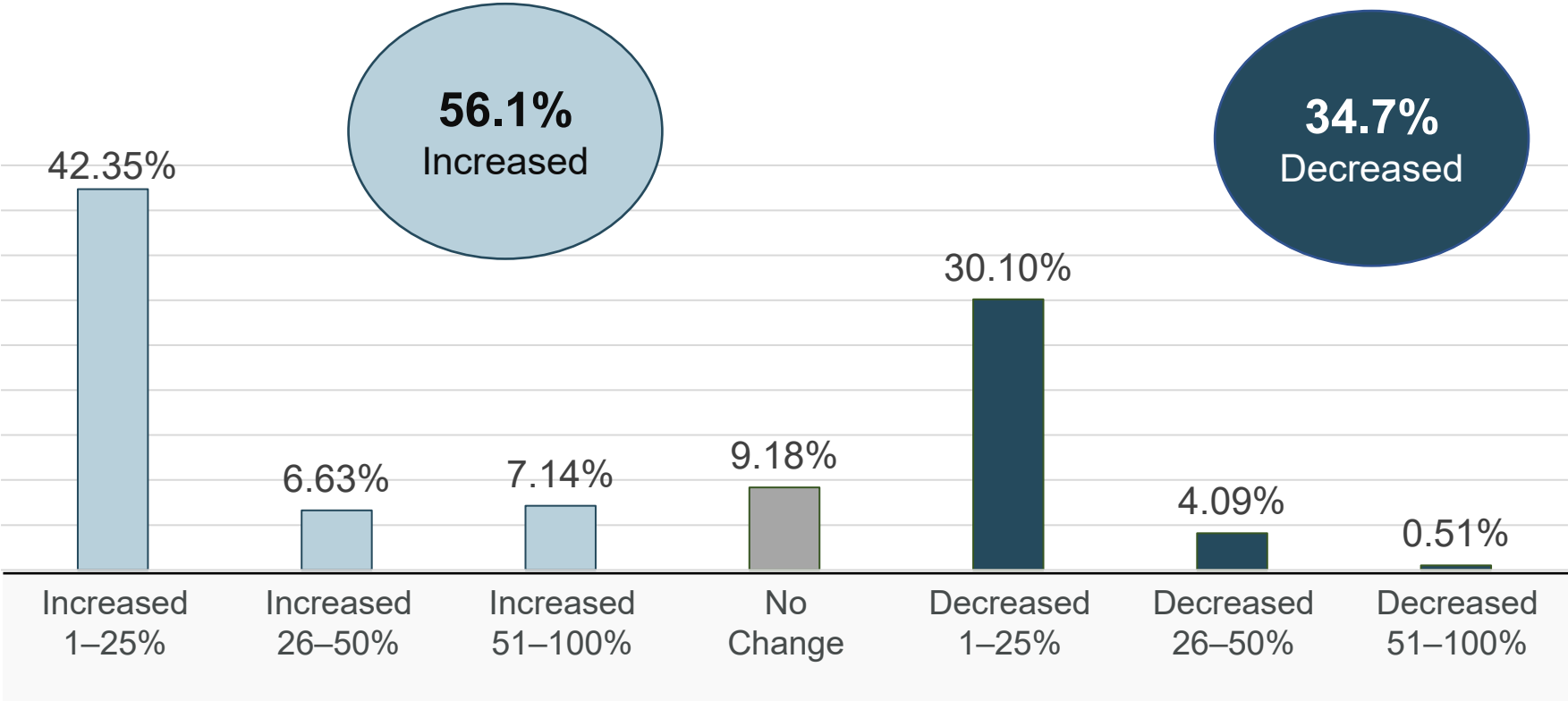
How does your financial position compare to one year ago?

	2025	2024	Change %
Increased significantly	10.20%	5.98%	+70.56%
Increased somewhat	42.34%	44.62%	-5.10%
No change	14.28%	19.12%	-25.31%
Decreased somewhat	26.03%	26.30%	-1.02%
Decreased significantly	7.15%	3.98%	+79.64%

Totals are rounded – may not equal 100%

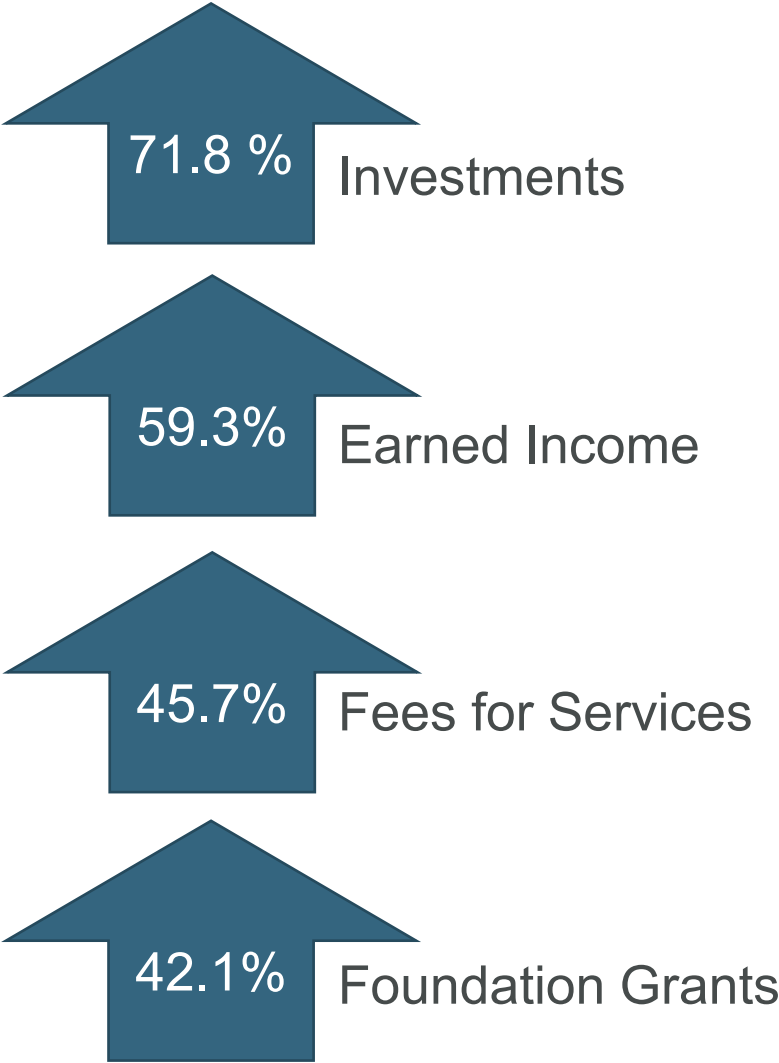
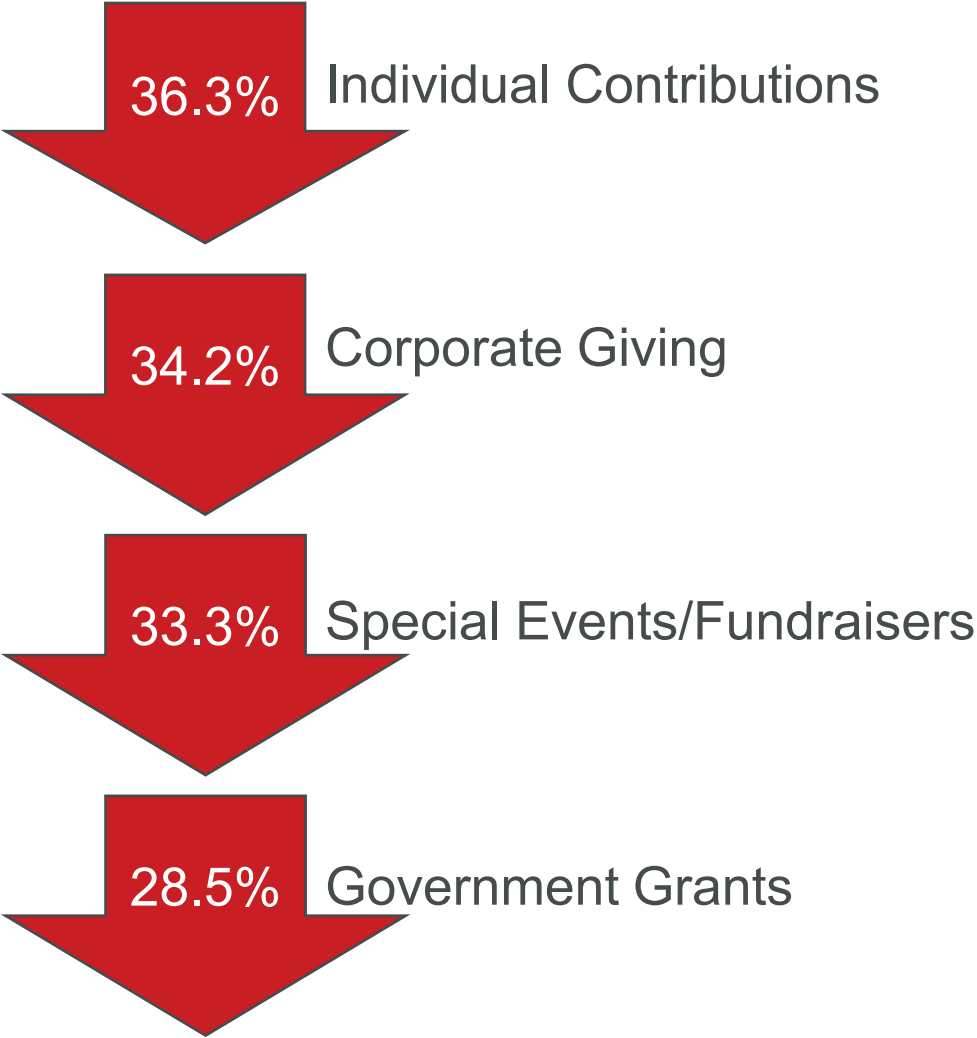
Net Income Change in Past Year

More than half of the organizations experienced an increase, more than one-third had a decrease in net income.



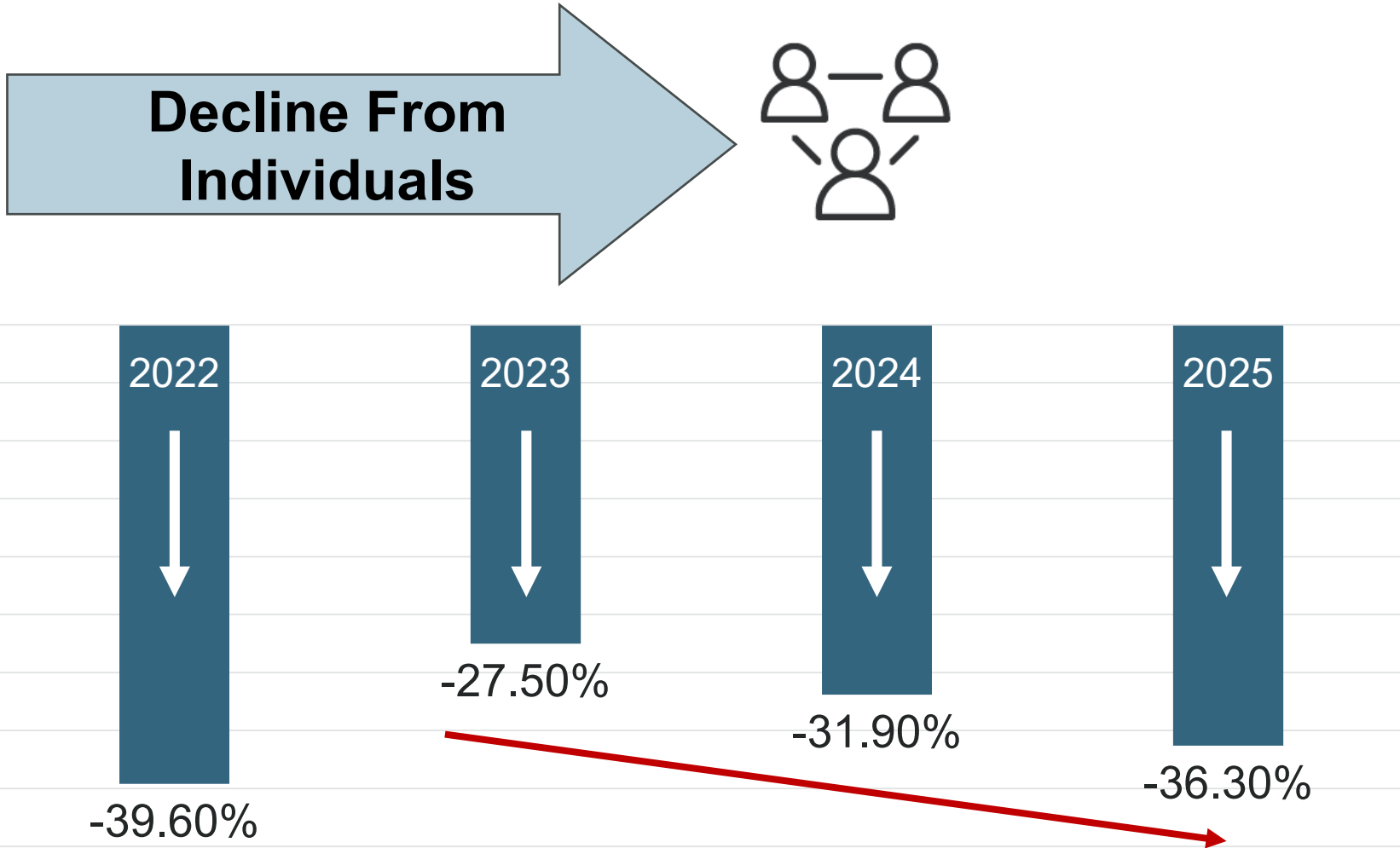
Totals are rounded – may not equal 100%

Change in Revenue Sources

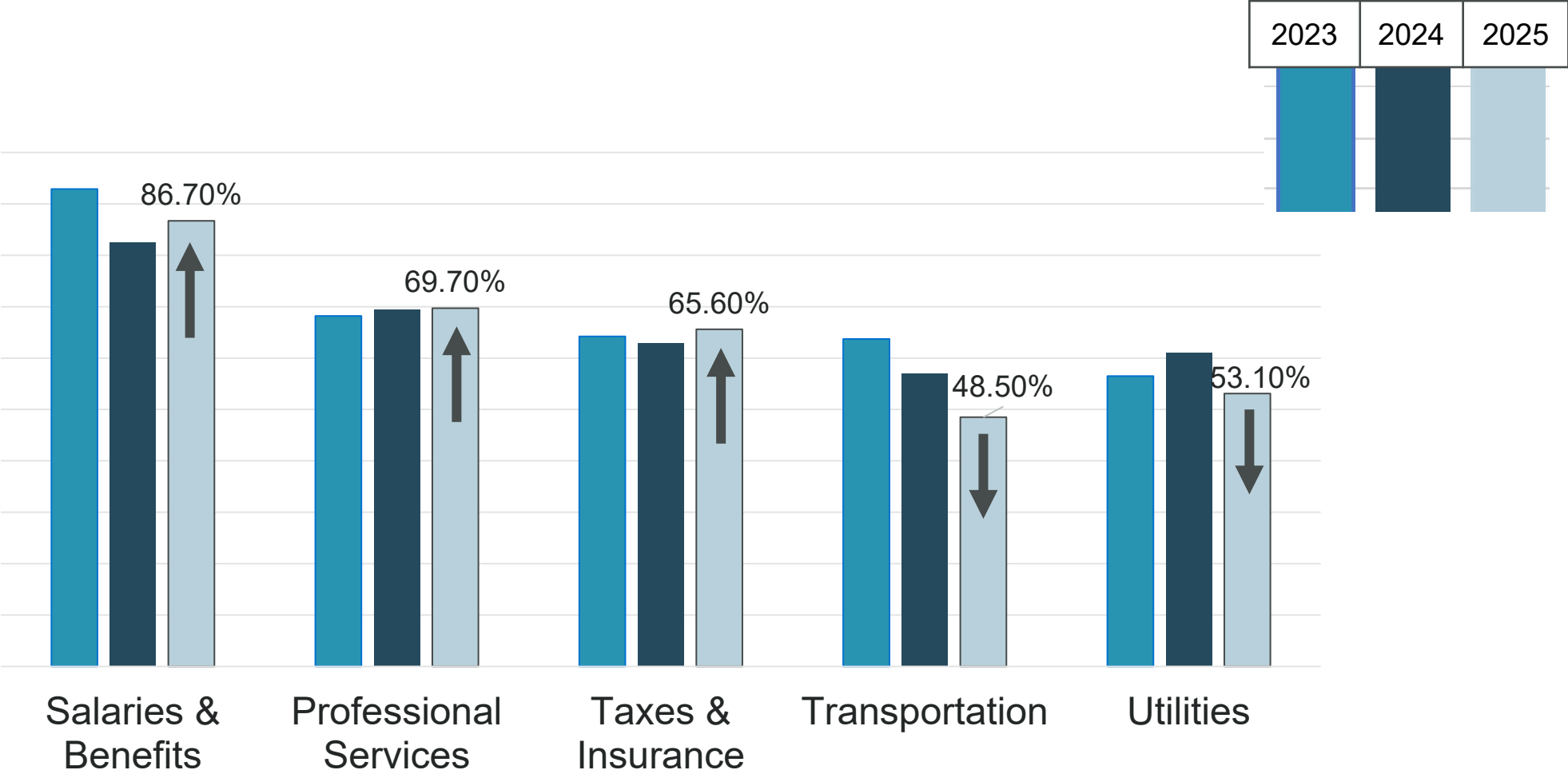


Totals are rounded – may not equal 100%

Revenue Change by Focus Area

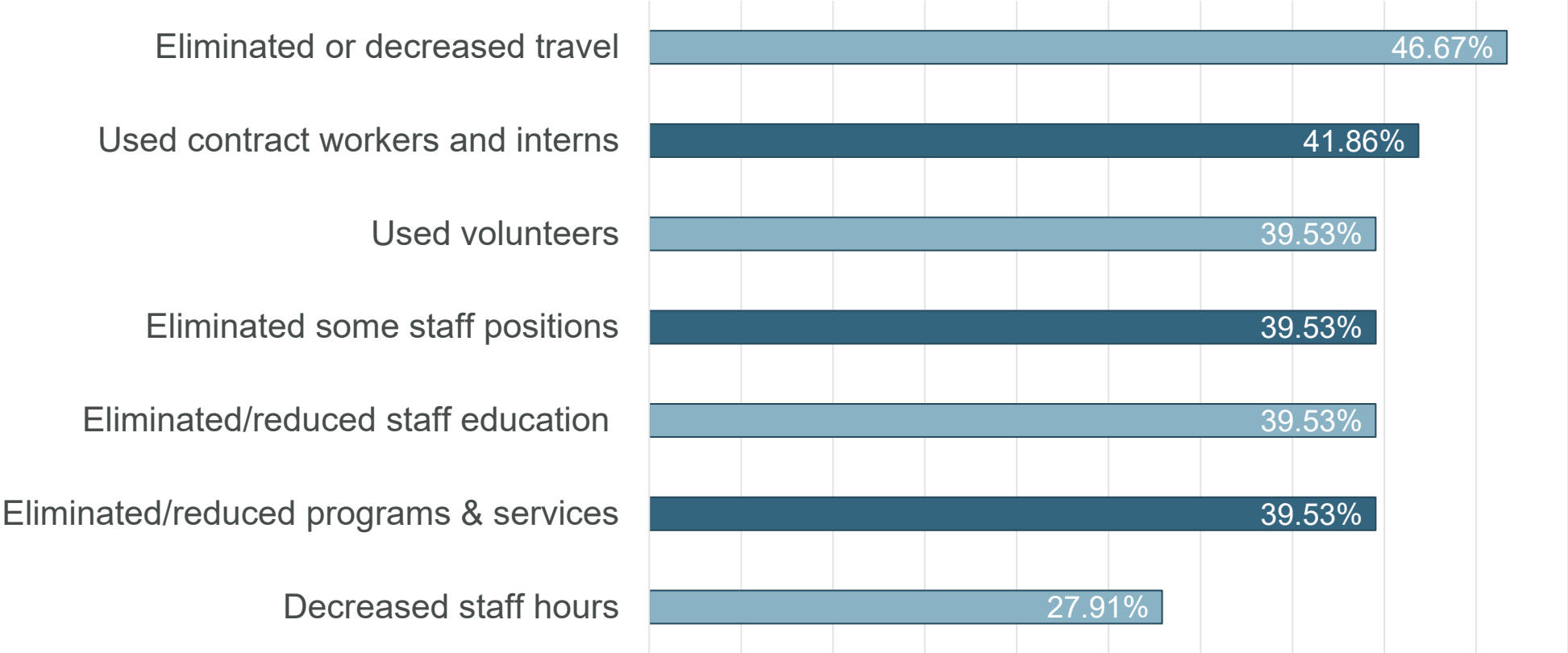


Biggest Cost Increases



Totals are rounded – may not equal 100%

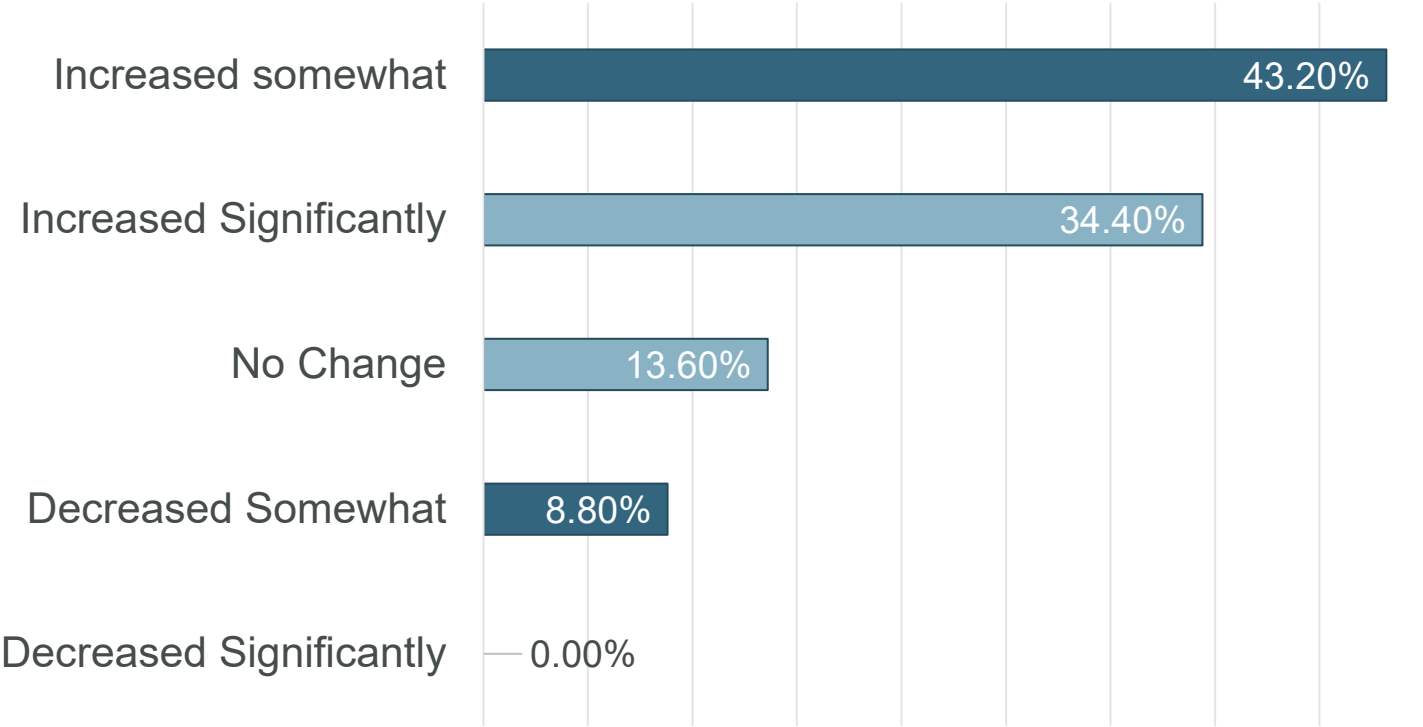
Steps to Reduce Operating Expenses



- Other Actions Taken:**
 - Downsized office
 - Eliminated or decreased marketing/advertising

Totals are rounded – may not equal 100%

Demand or need for your organization’s services & programs throughout the past year



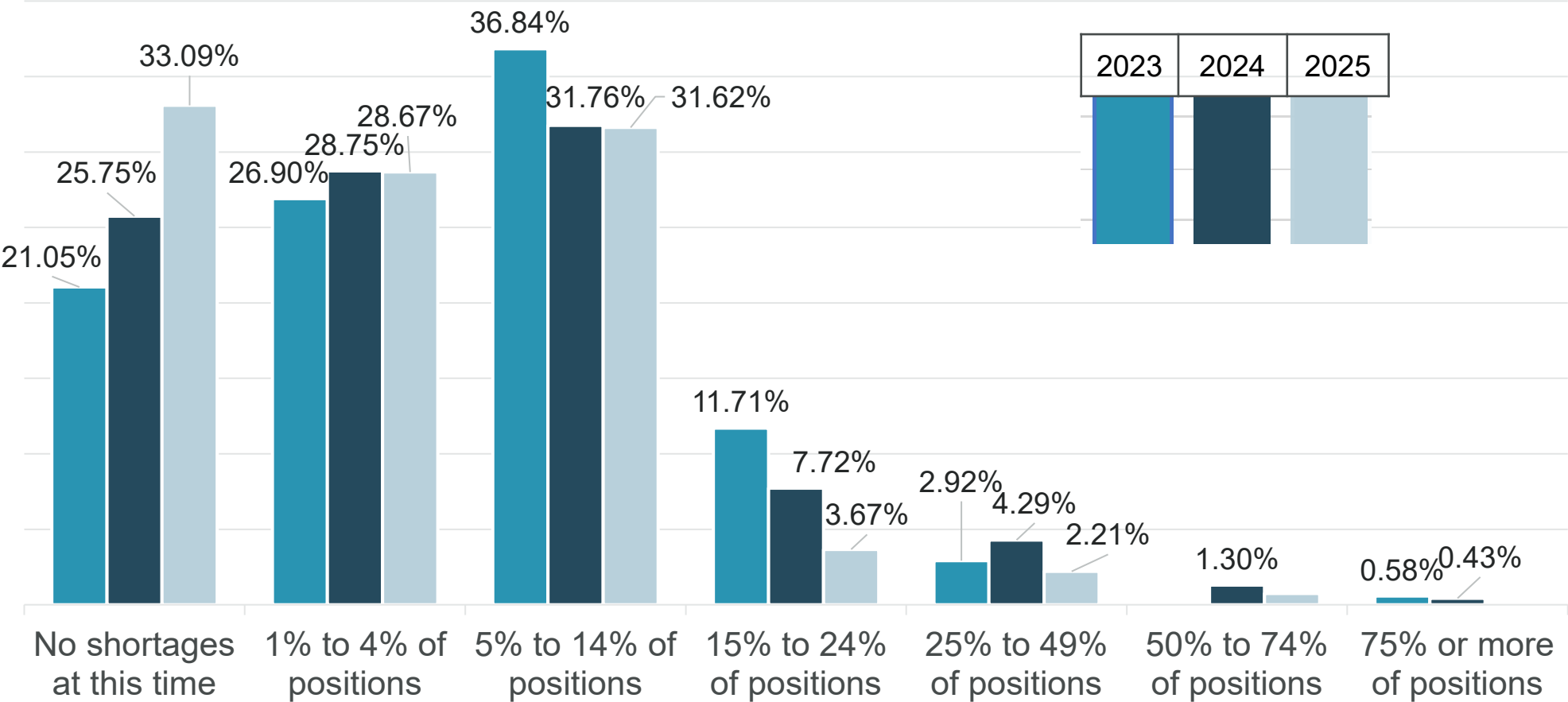
77.6%
Organizations experienced an increase in demand for programs & services

↑ 87% Mental Health

Totals are rounded – may not equal 100%

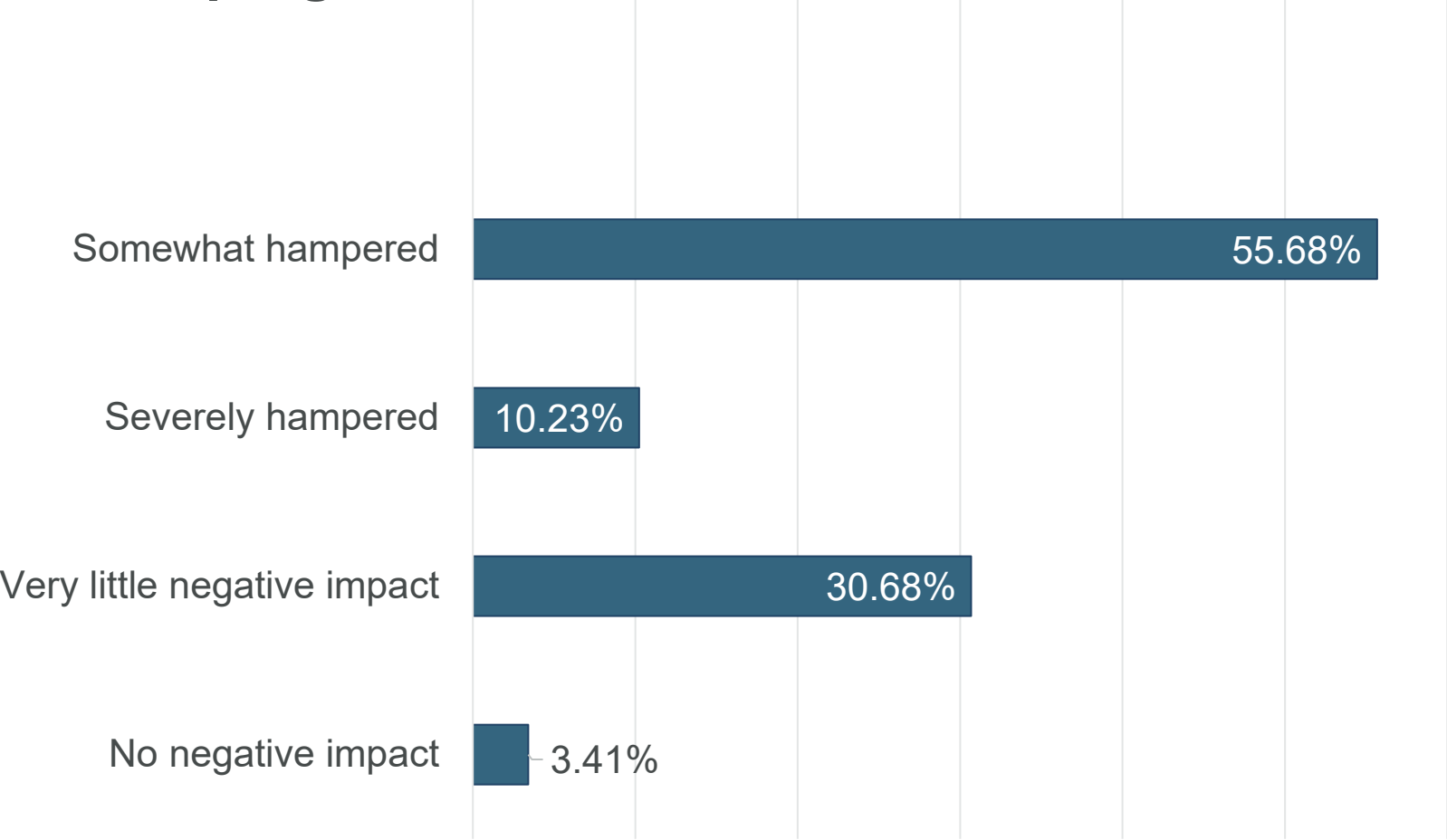
Staffing Shortages

Health, Education, & Human Services
have the highest levels of vacancies



Totals are rounded – may not equal 100%

Has the staffing shortage affected your organization's ability to deliver programs & services?



65.9%
Staffing shortages are hampering the delivery of programs & services

This poses a risk to the people & communities where nonprofits serve.

Totals are rounded – may not equal 100%

What steps has your organization taken (or is planning to take) to recruit employees?

	Increase pay & benefits	Improve workplace DEI	Increase workplace flexibility	Improve internal advancement opportunities	Change dress code to less formal
2025	64.4%	38.4%	44.0%	32.2%	46.6%
2024	34.9%	12.3%	17.3%	8.9%	4.8%
2023	52.5%	7.5%	13.9%	3.1%	5.0%

Totals are rounded – may not equal 100%

Addressing Staffing Shortages

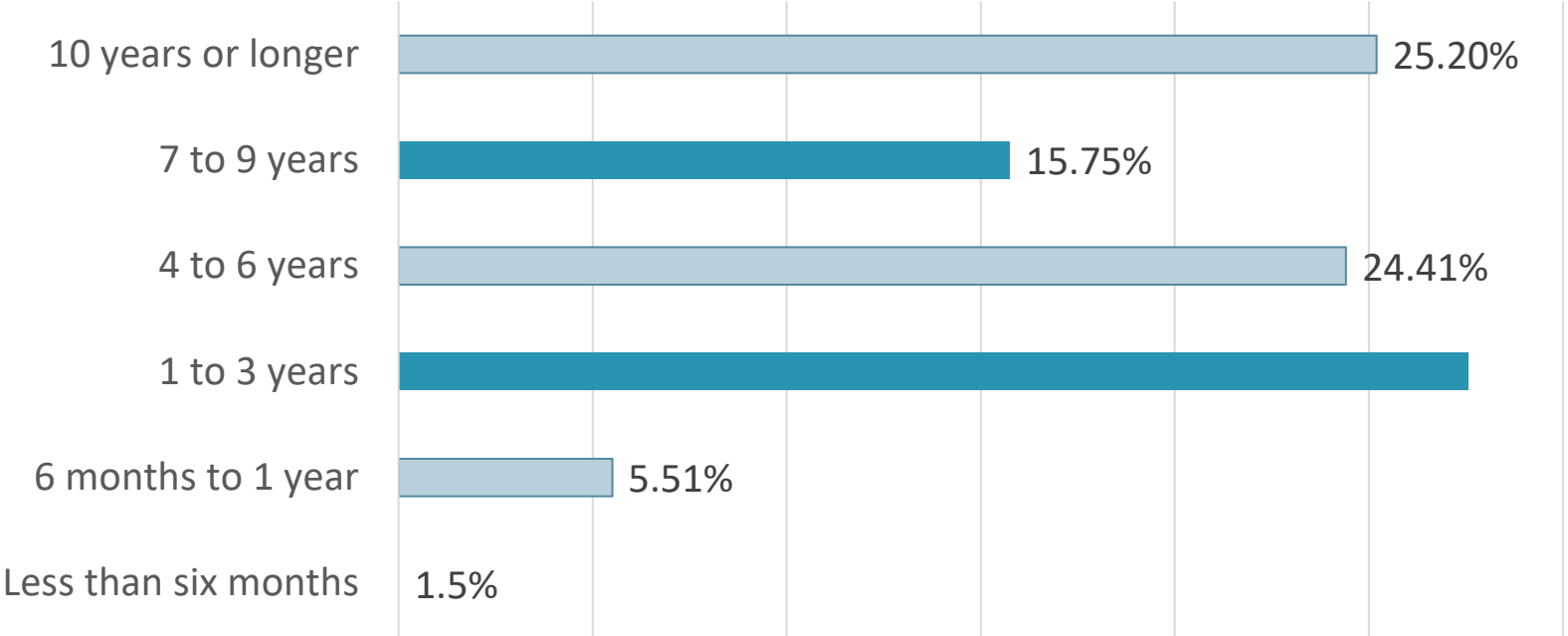
Most Difficult to Fill

CEO/Executive Director	77.3%
Development/Fundraising	74.4%
Finance/Accounting	69.7%

Least Difficult to Fill

Support Staff	44.7%
Communications	40.2%
HR and IT	33.9%

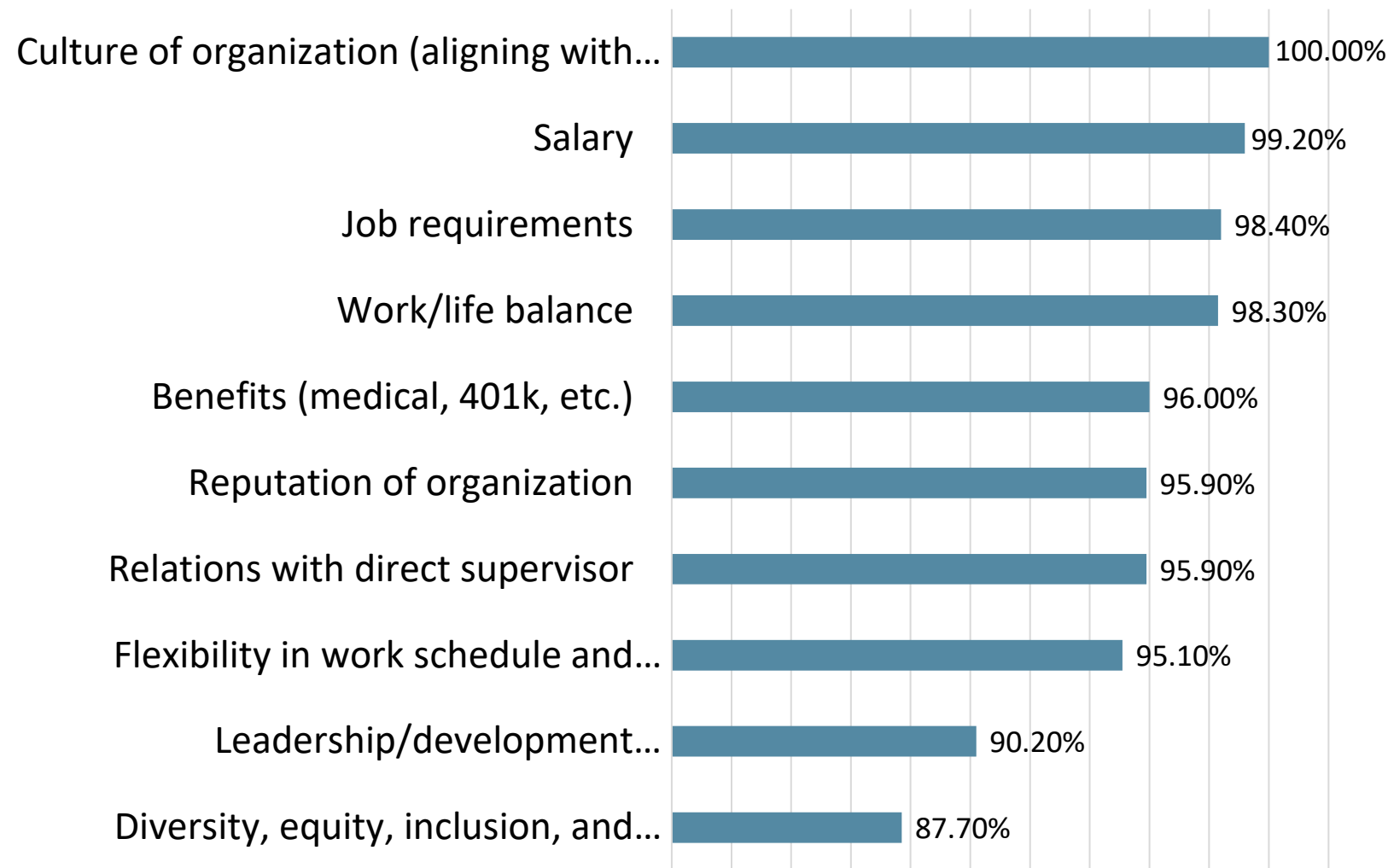
Senior leaders
are staying with
organizations
longer



Totals are rounded – may not equal 100%

Most Important for Recruiting & Retaining Employees

Salary increases last year:
1/3 in \$150K–\$250K range
gave raises of 15% or greater.
1/3 in \$25M–\$99.9M range
gave raises of 10%–14%.
11% did not give raises last year.



Planning for the Future

Have a leadership mentoring program?	
Yes	30.23%
No	65.89%
I'm not sure	3.88%

69% do not have a leadership mentoring program (or are not sure if one exists) to create a pipeline of future leaders.

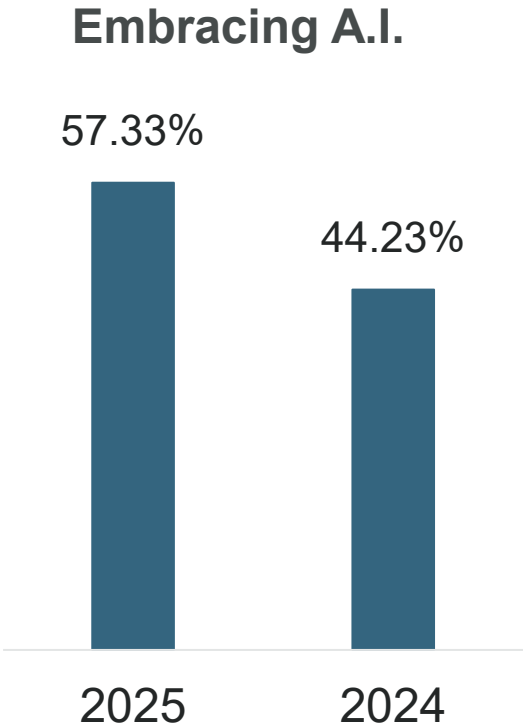
Have a leadership succession plan?	
Yes	48.44%
No	39.06%
I'm not sure	12.05%

51% do not have a succession plan (or are not sure if one exists), leaving themselves vulnerable in the case of an unexpected departure.

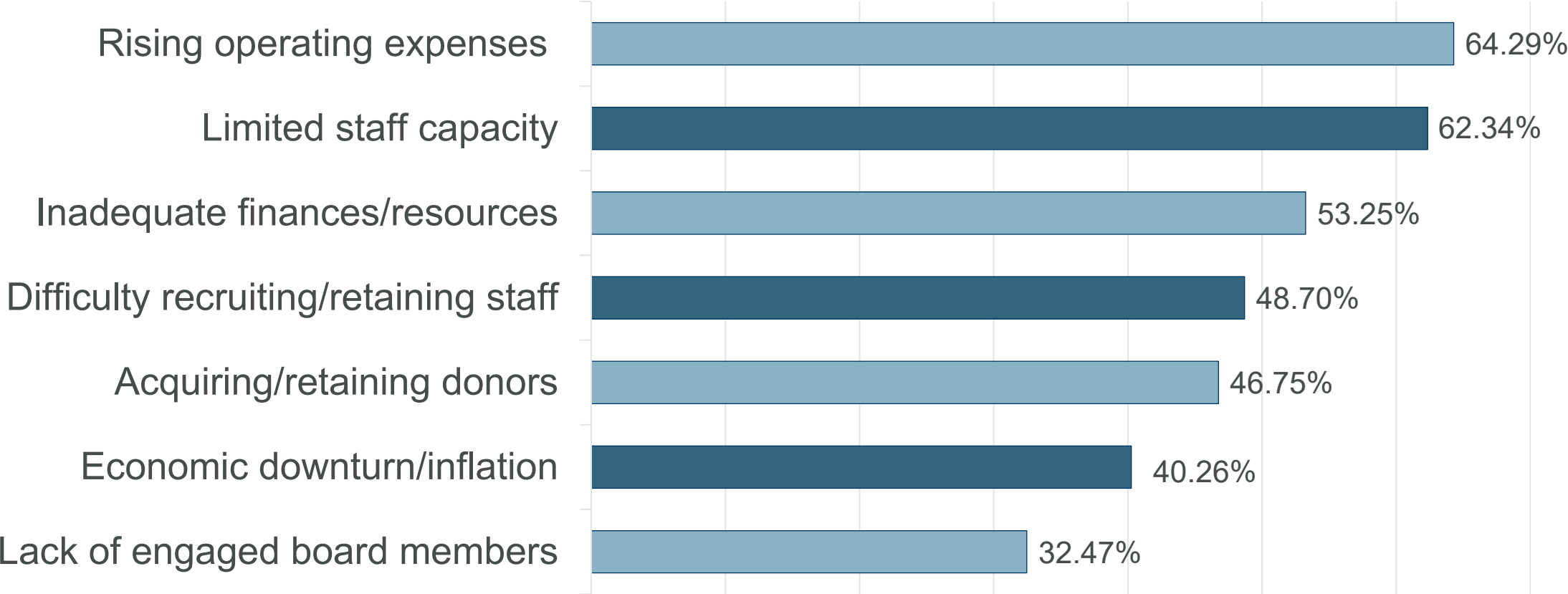
Technology

How does your organization’s current technology impact your ability to:

	Significantly enhances	Somewhat enhances	Has little or no impact
Implement programs & services	28.44%	29.36%	24.75%
Work remotely	37.04%	31.48%	26.85%
Communicate with & manage donors	27.10%	32.72%	29.93%
Gather & report performance metrics	27.10%	37.38%	12.15%
Protect privacy & network/systems from cyberattacks	40.74%	25.0%	23.15%
Manage financial & accounting processes	30.56%	37.04%	15.74%



Significant challenges your organization is facing now?



Totals are rounded – may not equal 100%

Looking Ahead: **Four Action Steps**



Demonstrate to donors the value of their programs & services & how they are clearly improving a situation or condition.



Re-engage with small & mid-level donors.



Bring back volunteers by developing new opportunities that align with shifting preferences & needs.



Funders – be receptive to (encourage) innovative approaches.

Totals are rounded – may not equal 100%

Thank you!

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