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2023 State of the Nonprofit Sector Report

March 15, 2023

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Meet the Presenter



Dan Prater

Senior Managing Consultant

dan.prater@forvis.com

National Nonprofit Report

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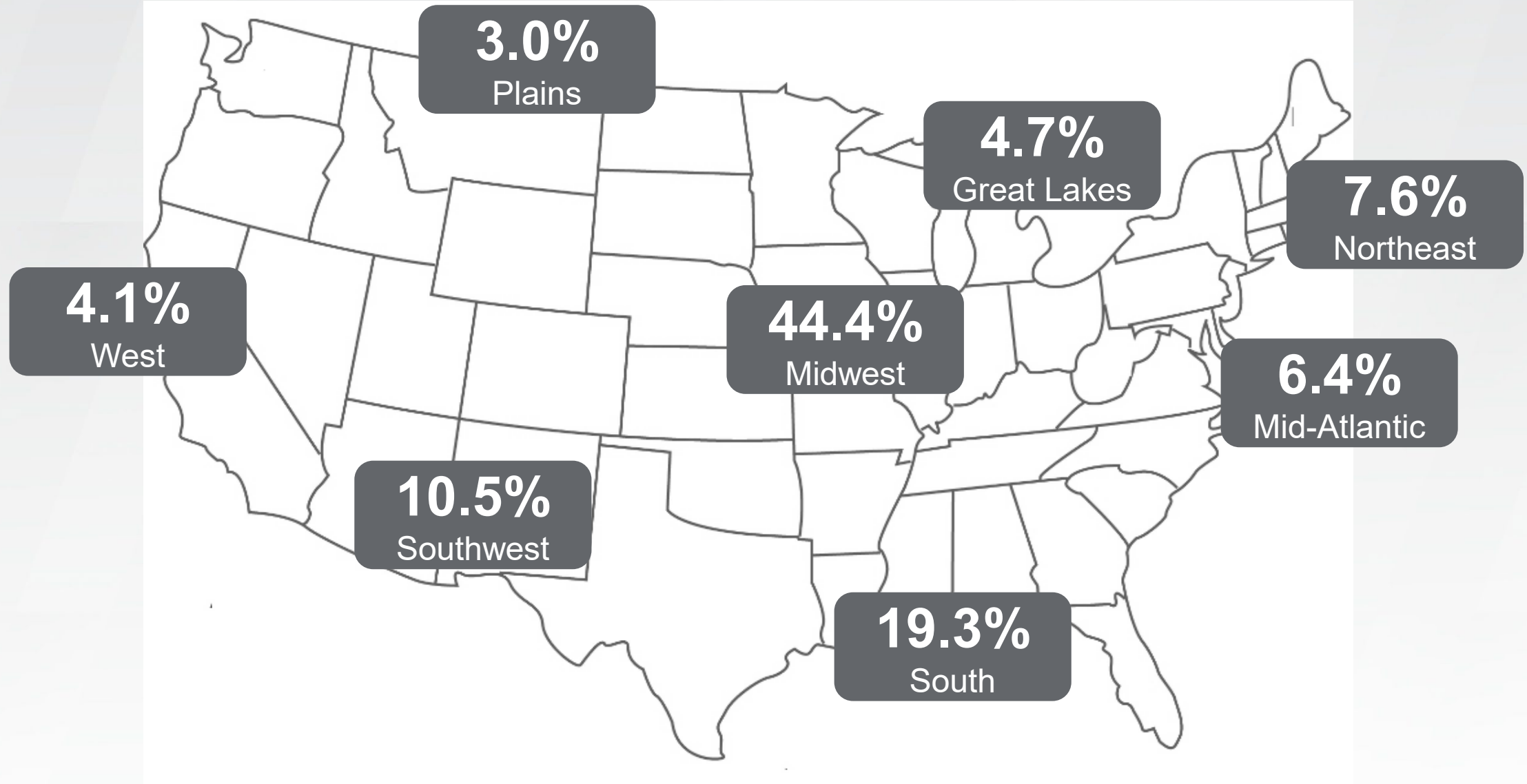
WHAT?

- Nonprofit organizations have modified programs & approaches to meet current needs
- Global crises & unrest have presented new challenges & opportunities

WHY?

- Federal funding, foundations, & individuals have sustained many organizations
- This report provides an in-depth look into their current status & factors that may impact their work

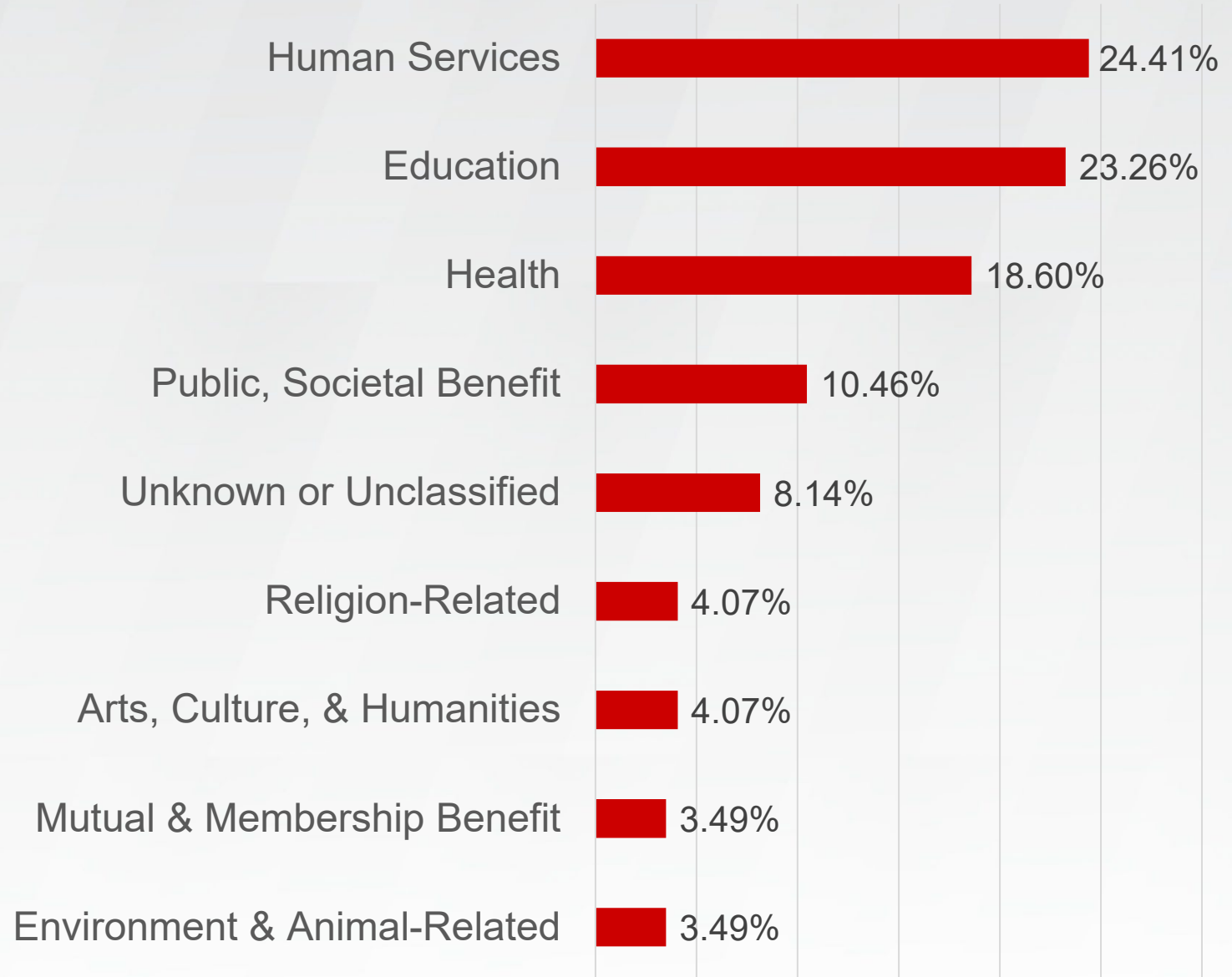
Response Locations



Subcategories

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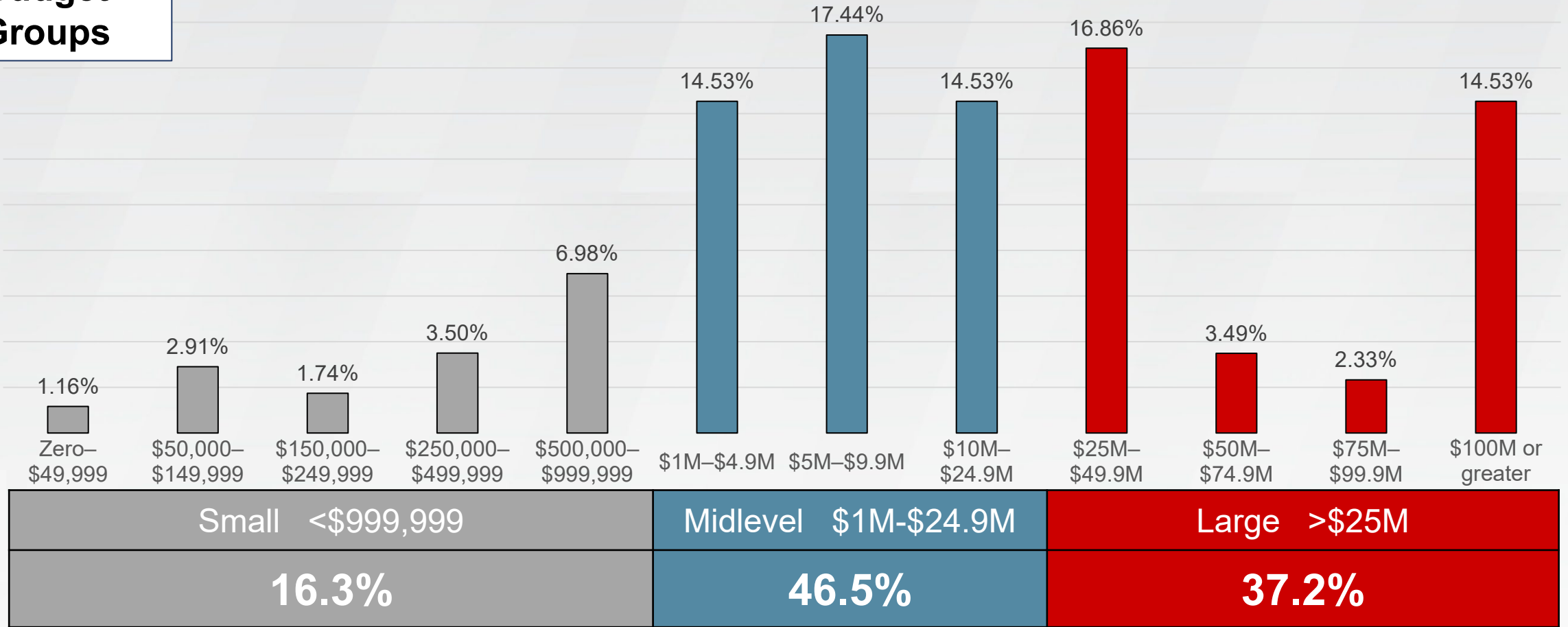
501(c)3	91.7%
501(c)4	1.2%
501(c)6	3.5%
501(c)7	3.0%
501(c)10	0.6%



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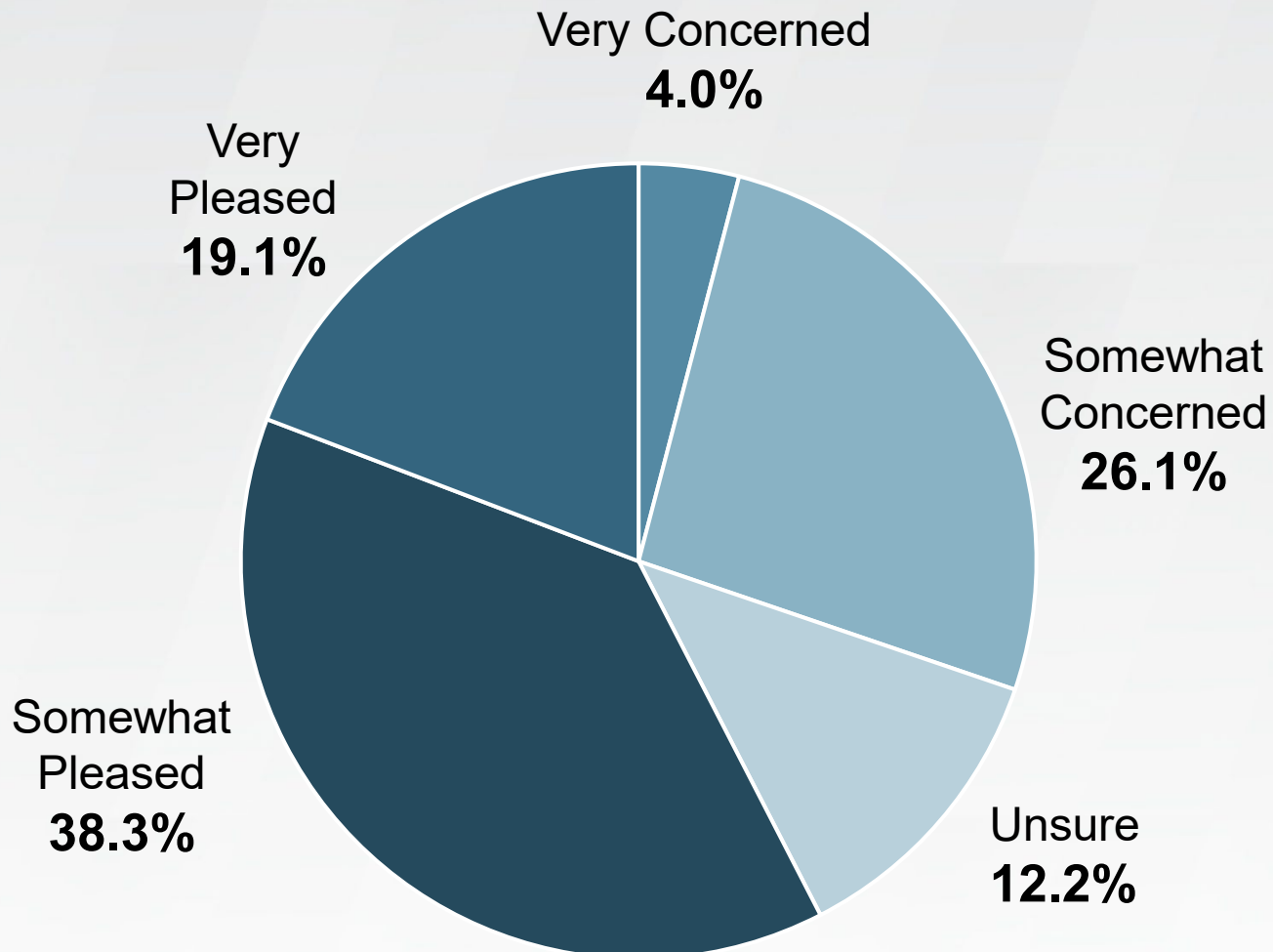
Annual Budget Groups

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

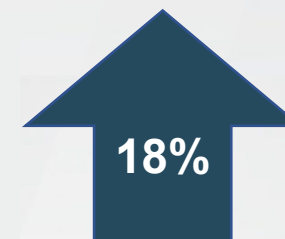
“Very Pleased”
more than
doubled from
previous year



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

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Somewhat or Very **PLEASED** with current financial condition



Somewhat or Very **CONCERNED** with current financial condition

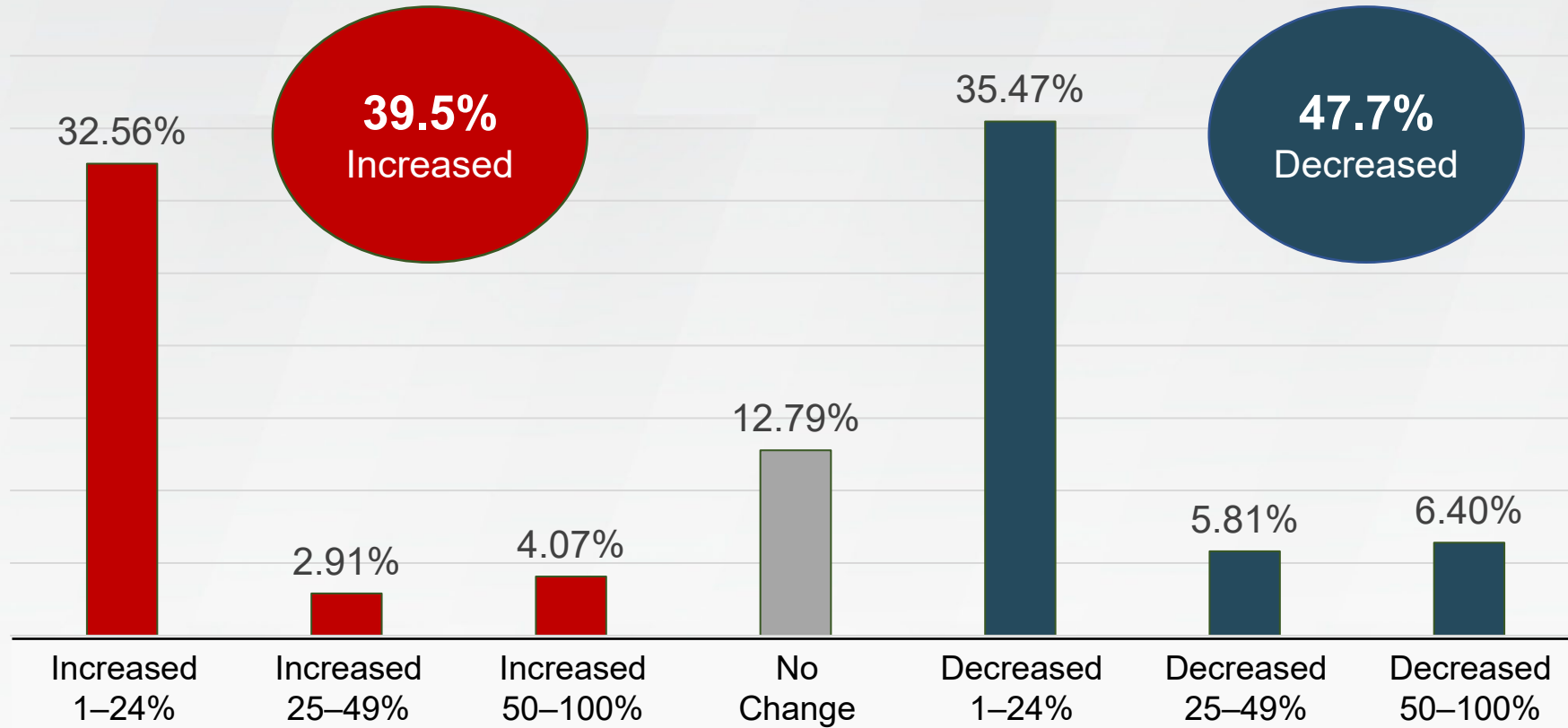
How does your financial position compare to one year ago?

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	2023	2022	Change	
Increased significantly				}
Increased somewhat				
No change				
Decreased somewhat				}
Decreased significantly				

Net Income Change in Past Year

About half of the organizations experienced a decrease in net income, while more than one-third (39.5%) had an increase

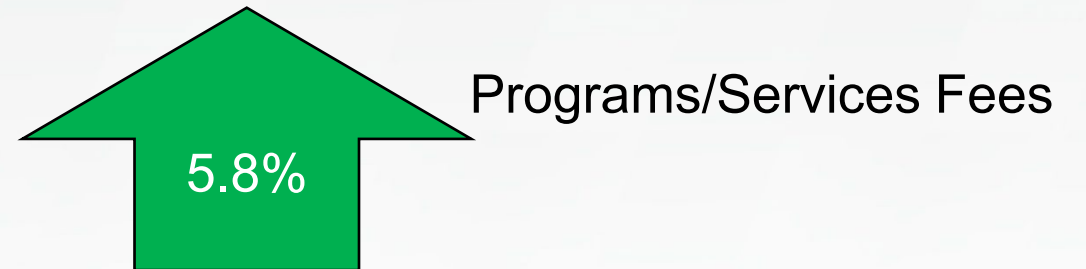
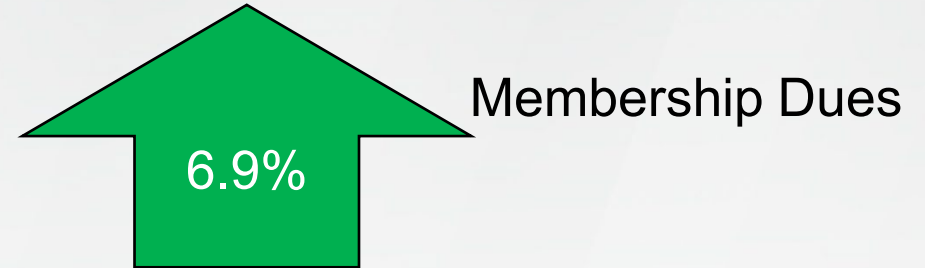
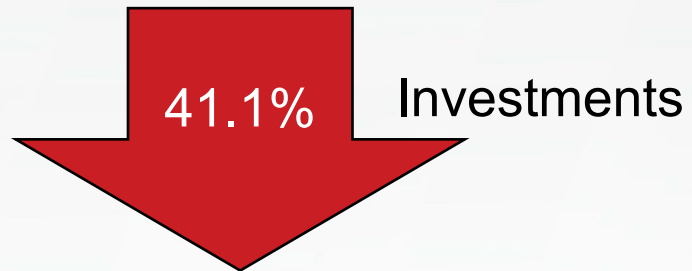
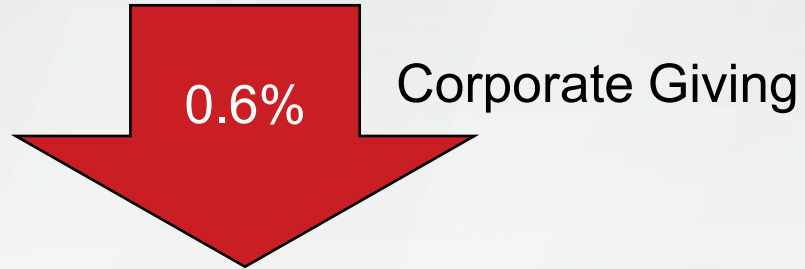


Change in Revenue Sources

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No Change

Special Events



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Revenue Change by Focus Area

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Least likely to experience
revenue increase last year

Health



Arts/Culture/Humanities



Most likely to experience
revenue decline last year

Human Services

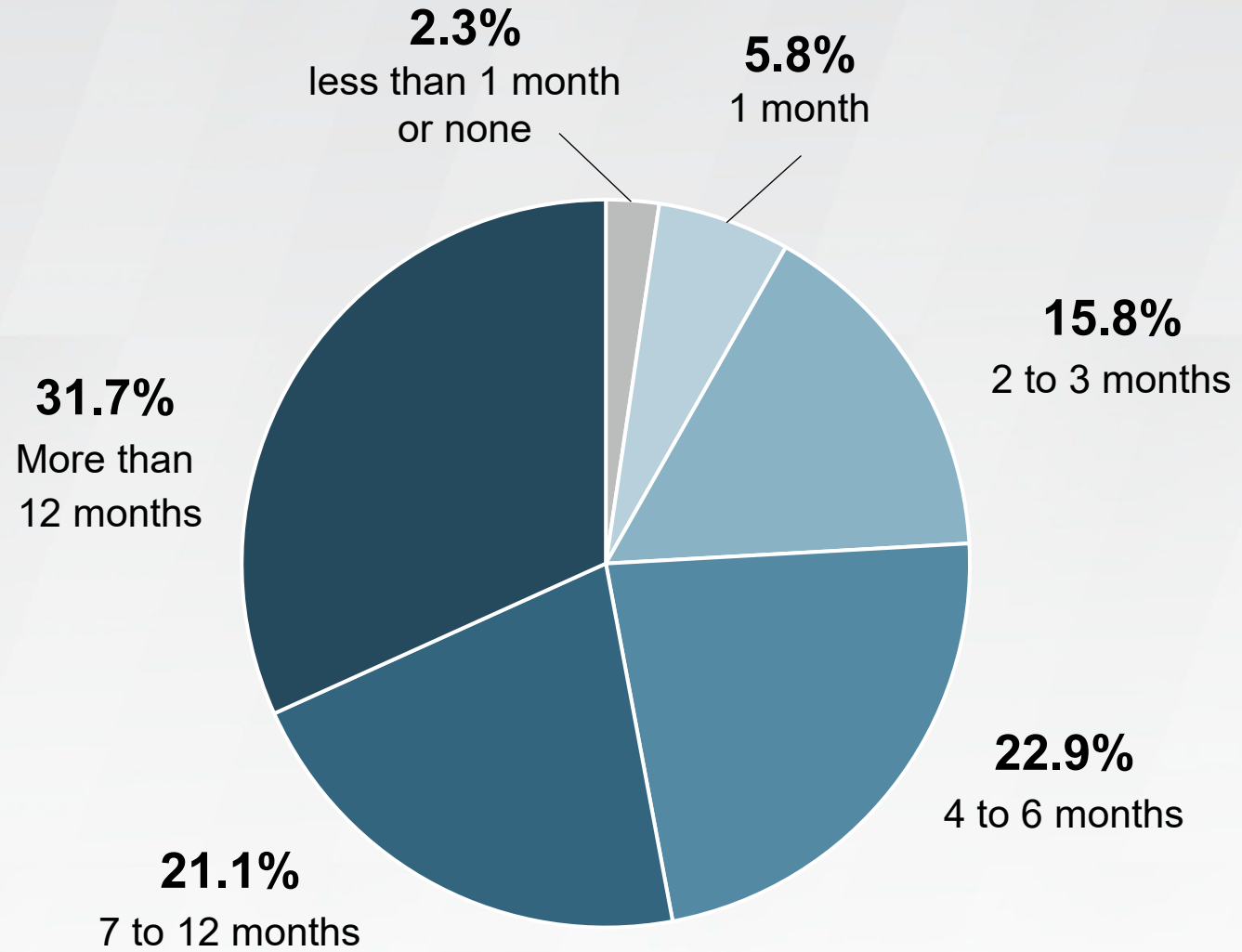


Religion-Related

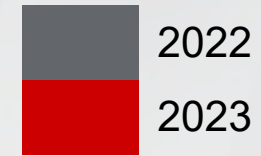


Current Operating Reserves

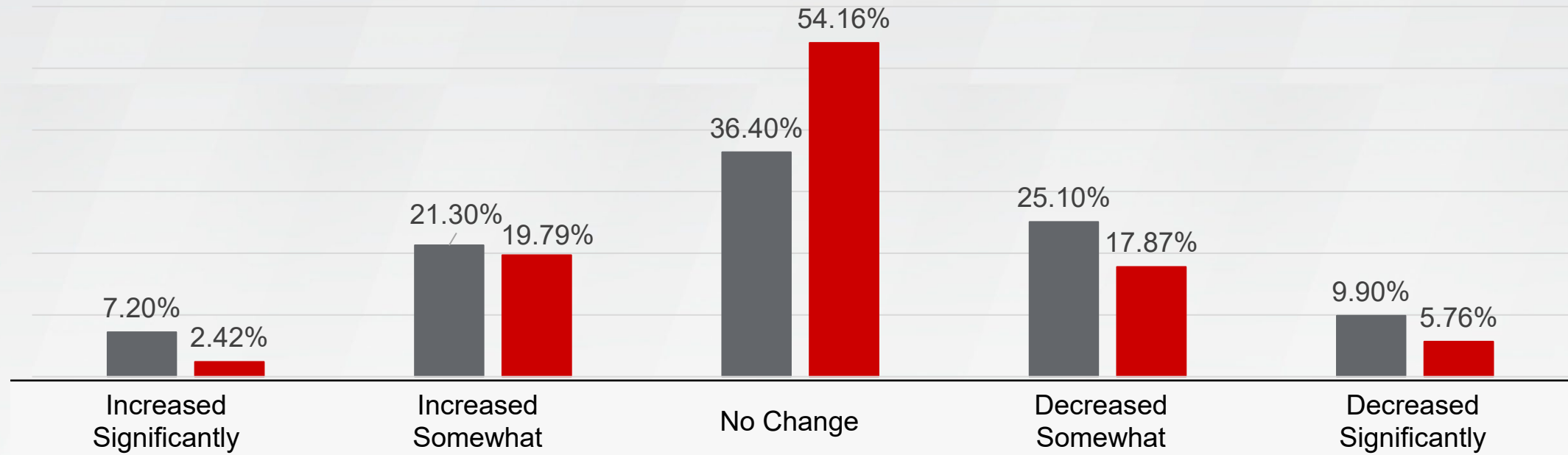
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Revenue Change Year-to-Year Comparison



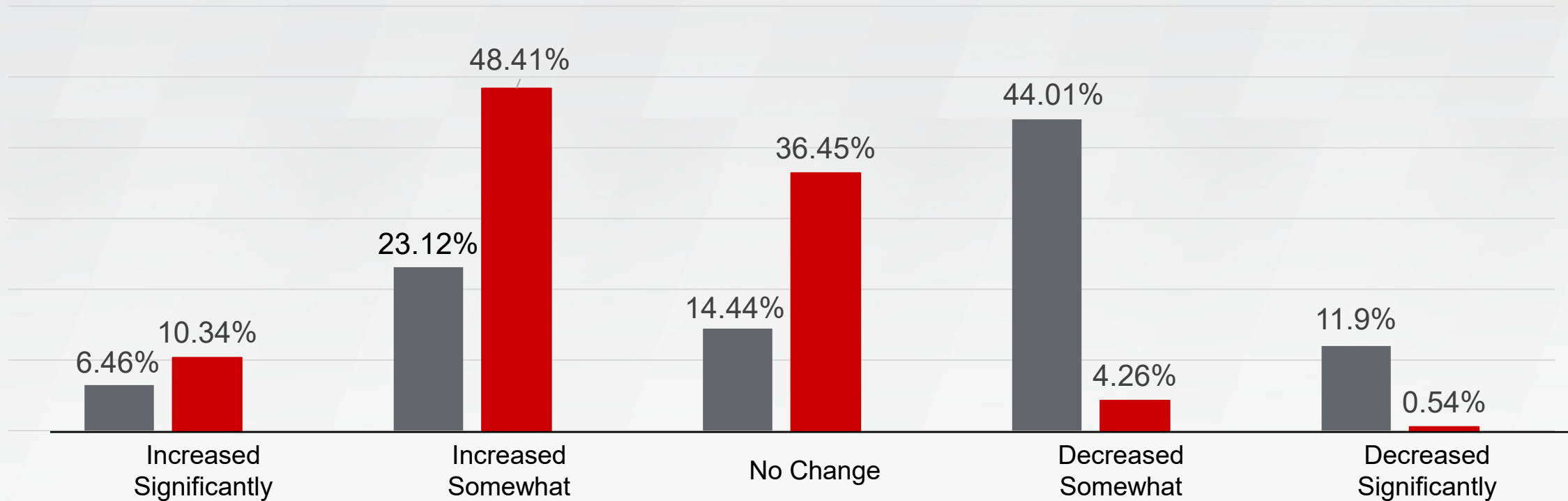
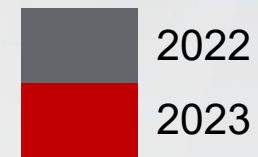
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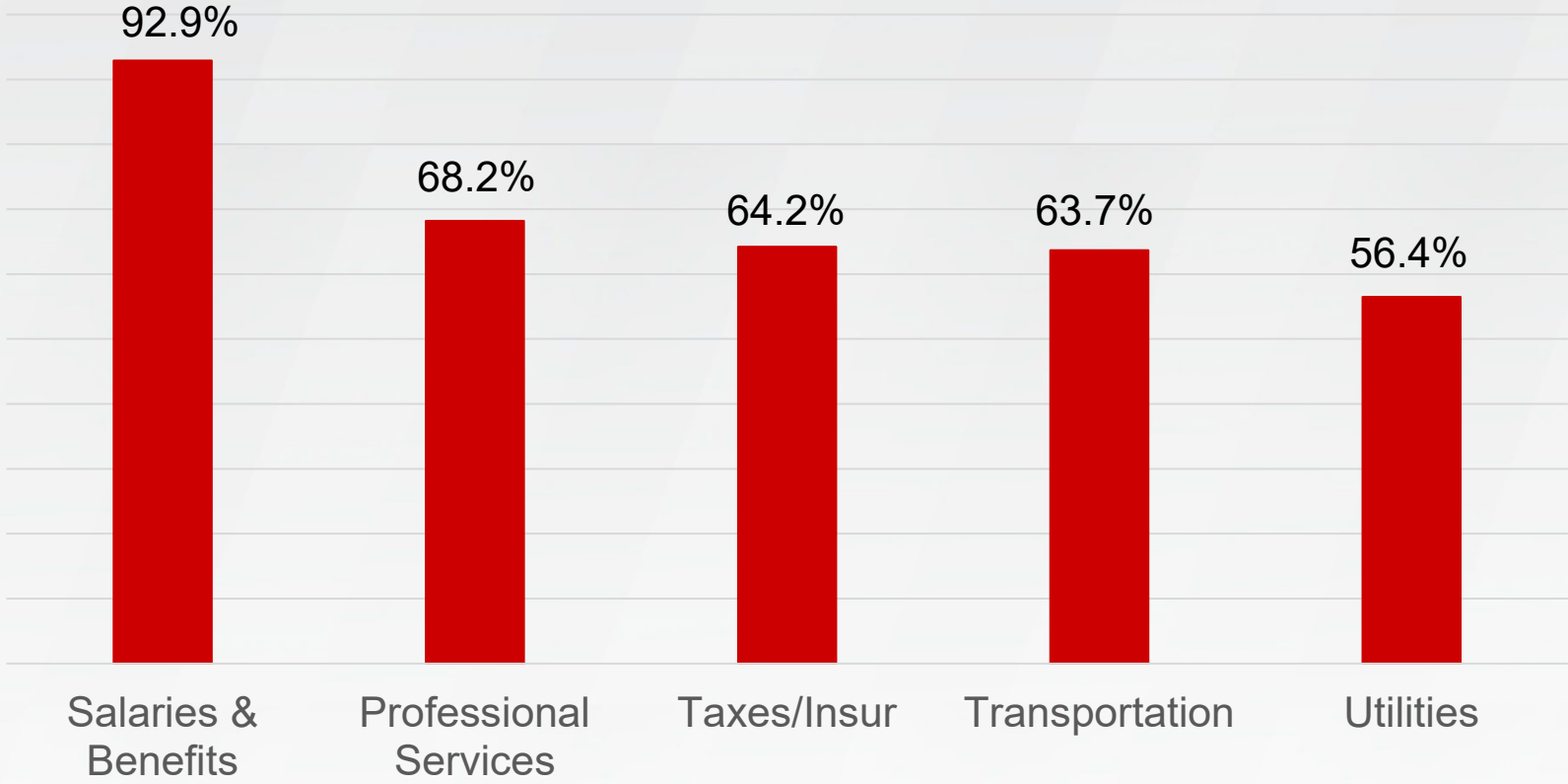
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Operating Expenses

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Biggest Cost Increases



Managing Operating Expenses

Actions taken to manage costs

- Scaling back programs & services
- Eliminating staff positions or hours
- Reducing pay & benefits
- Reducing or eliminating travel
- Scaling back education

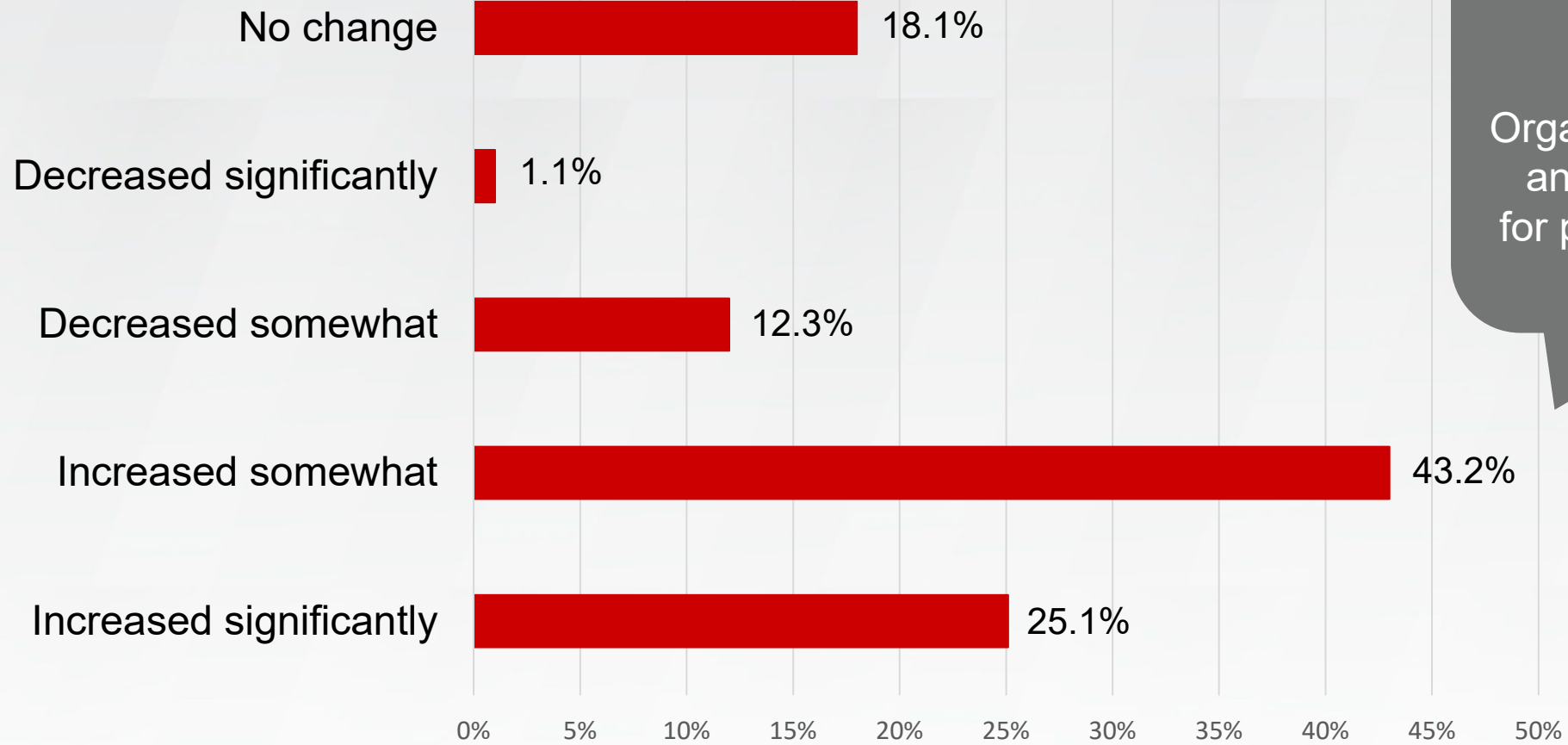
Eliminated or decreased

70.2% Staff positions

69.1% Programs & services

66.3% Staff hours

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



68%
Organizations experienced an increase in demand for programs & services

Responding to change

Possible actions in next 12–24 months

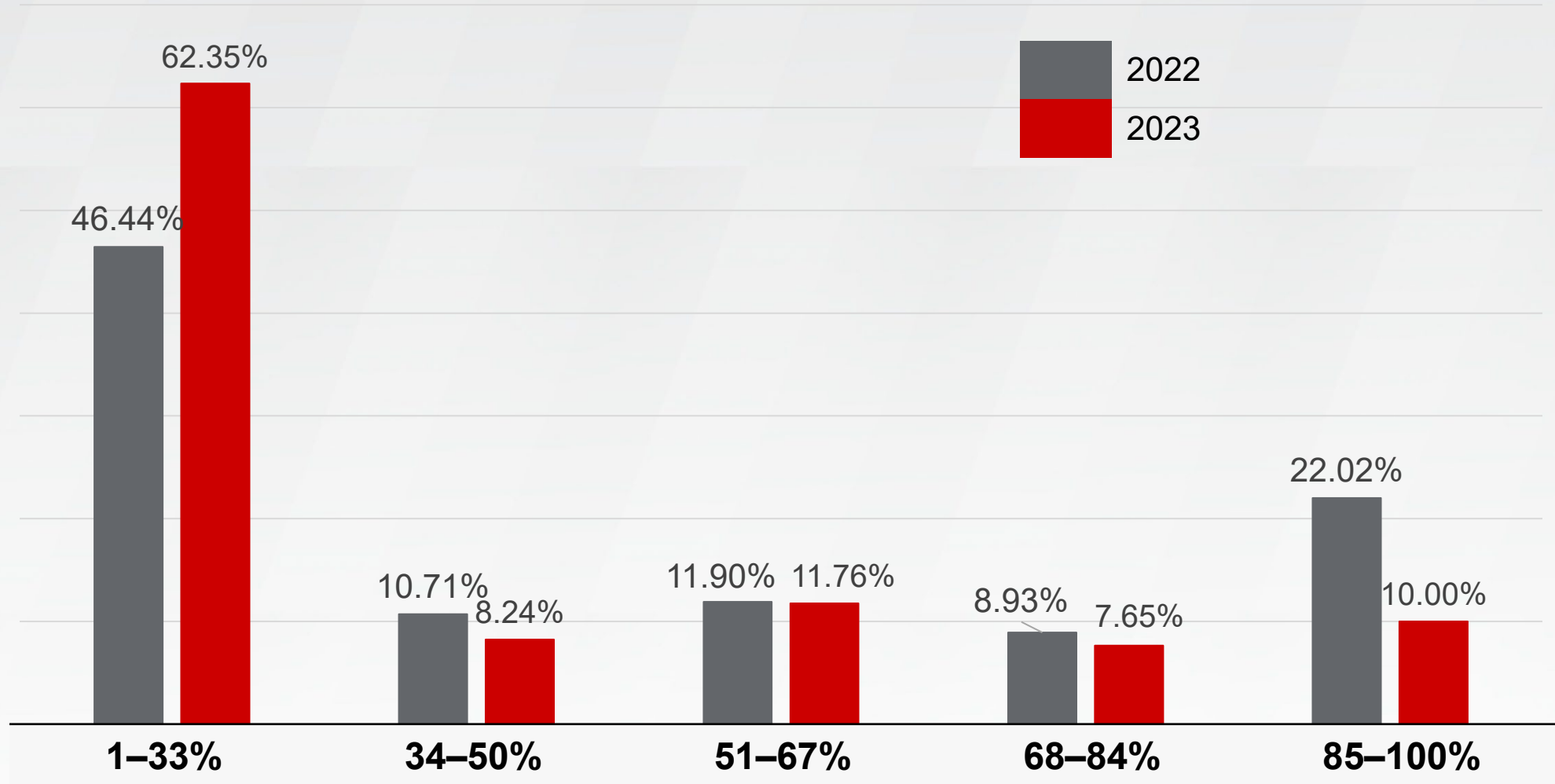
Likely

Maintain your current programs & services & add some new ones	68%
Add new programs/services	64%
Add new programs/services	64%
Expand your current programs & services, but not add any new ones	60%

Unlikely

Eliminate current programs & services, but not add new ones	87%
Scale back current programs & services	68%
Maintain current programs & services, but not add any new ones	53%

Percentage of staff working remotely



How has the remote environment impacted your organization?

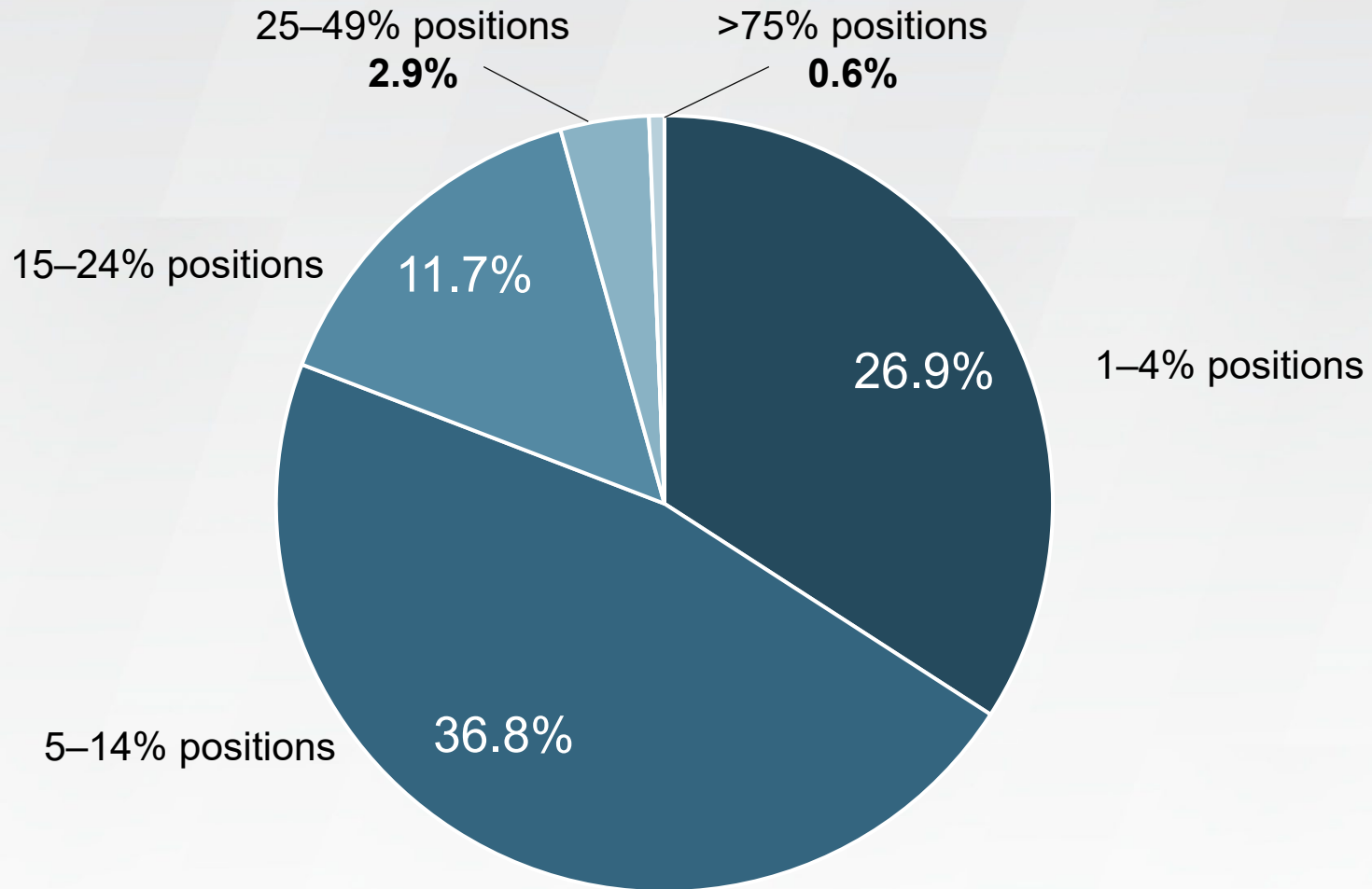
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	More effective & efficient	No Change	Less effective & efficient
Delivery of Programs/Services	20.7%	57.99%	21.3%
Advocacy & Outreach	11.4%	66.2%	22.2%
Fundraising	7.2%	73.6%	19.1%
External Communication	15.3%	67.4%	17.4%
Internal Communication	22.3%	40.5%	37.1%

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Staffing Shortages

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Left job – changed industries

54%

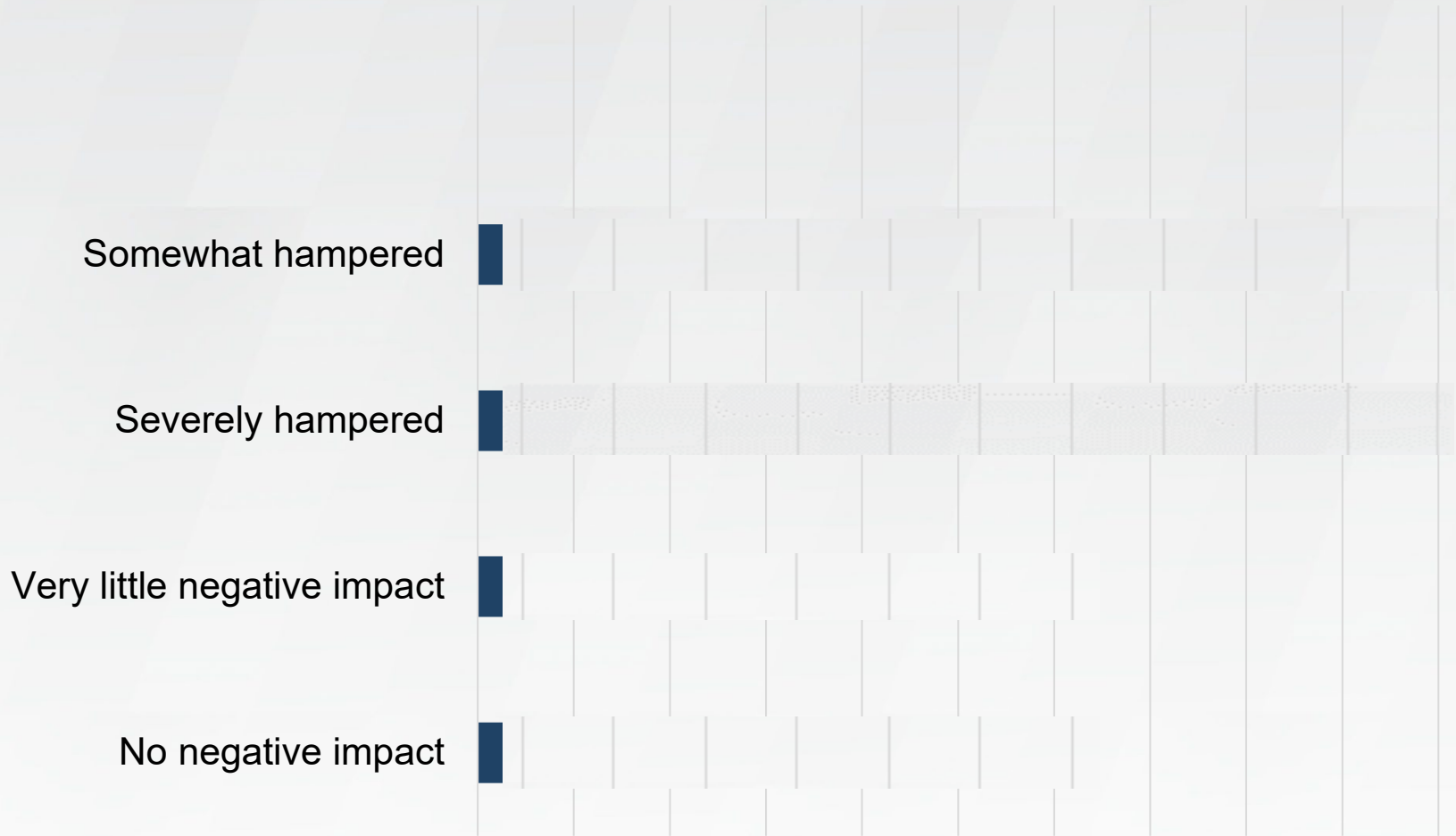
Education

72%

Public & Social Sectors

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

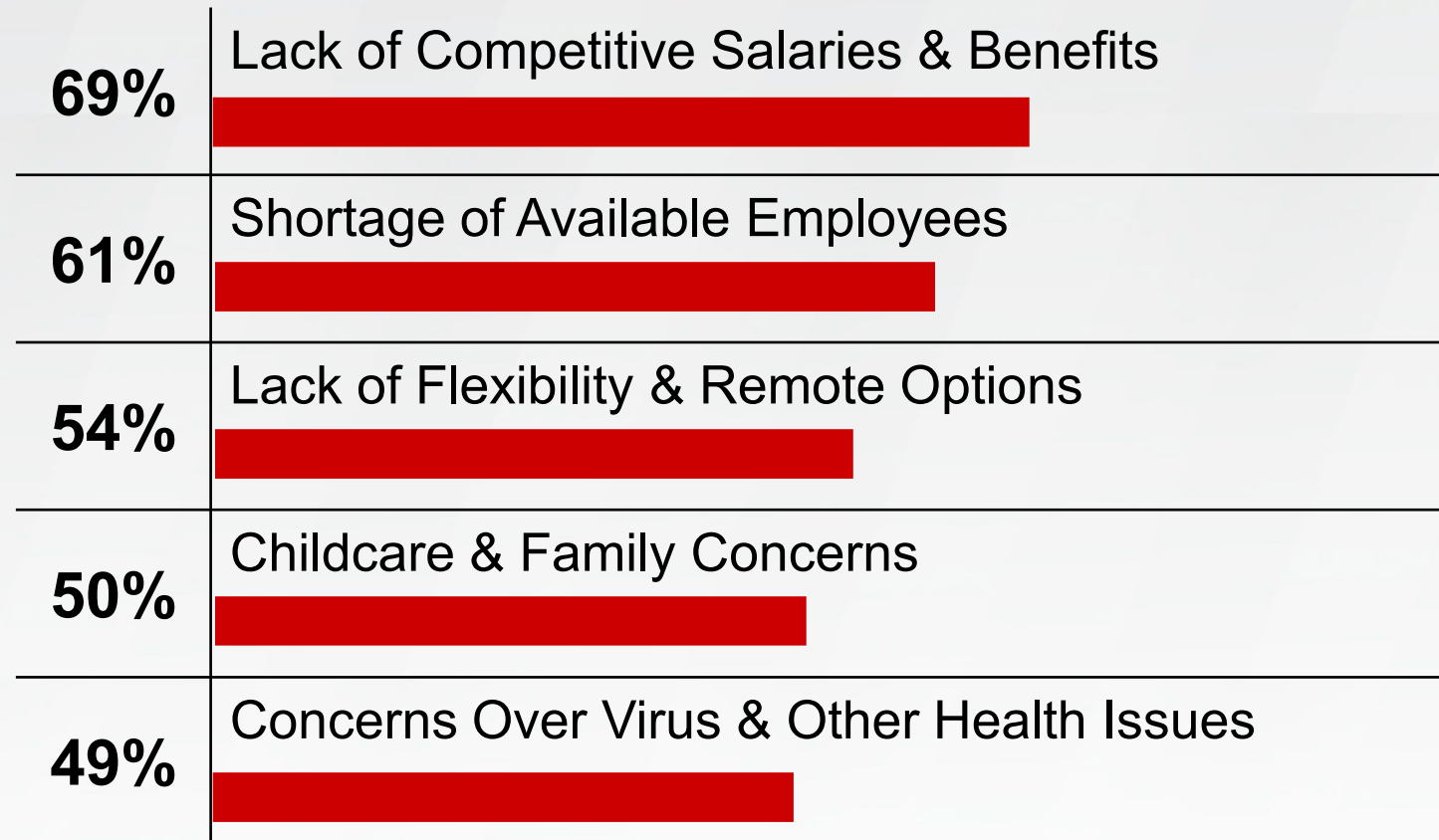


55.6%
Staffing shortages have hampered their ability to deliver programs & services

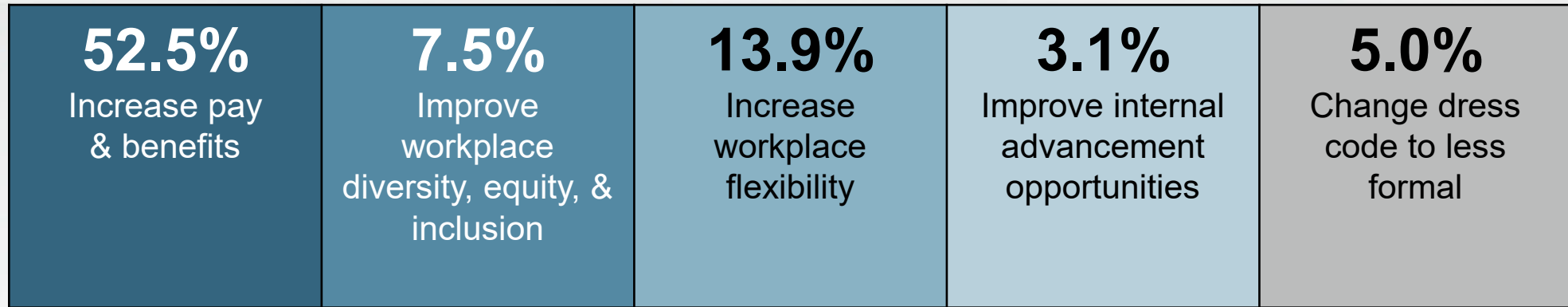
This poses a risk to the people & communities where nonprofits serve

Reasons behind struggles to recruit & retain employees

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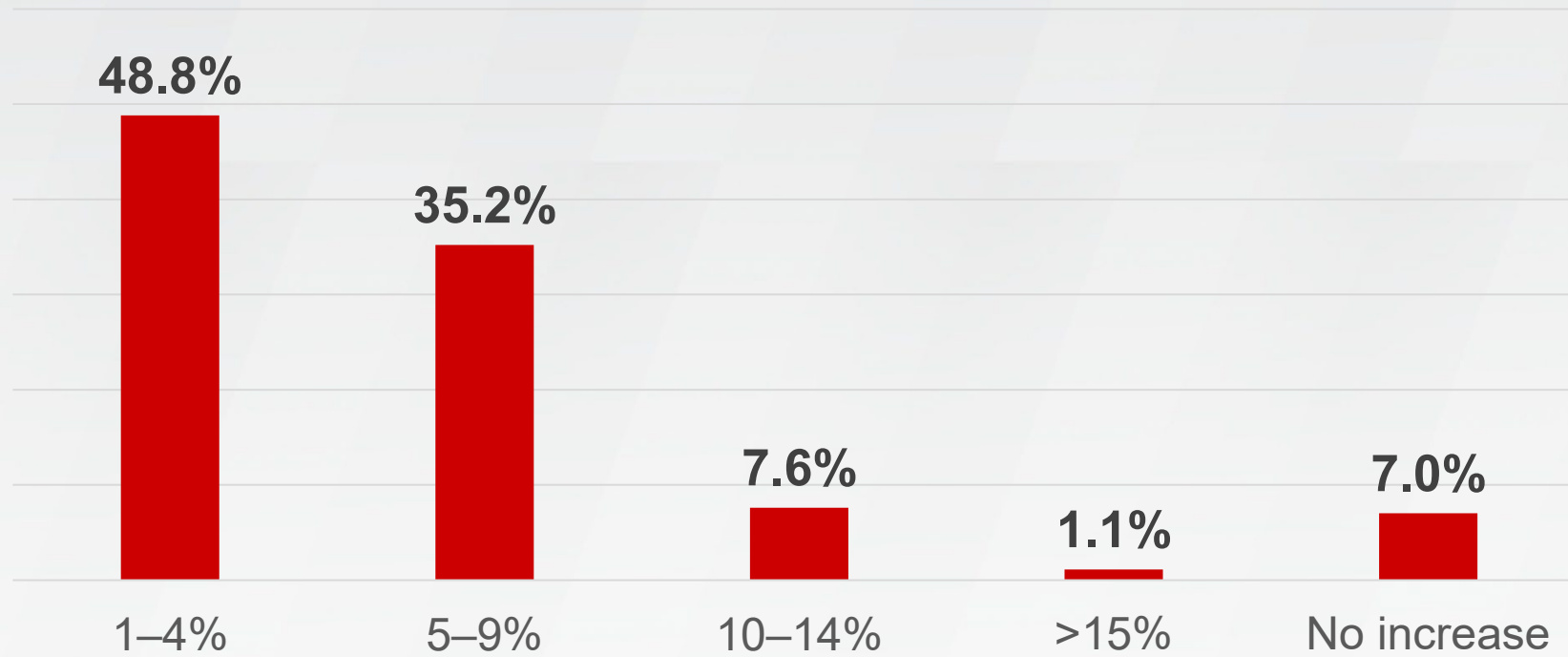


What steps has your organization taken (or is planning to take) to recruit employees?



How much of a salary increase has your organization provided?

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Governance

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Changes or actions likely

21.9%

Form strategic alliance with like-minded organization

8.3%

Asset acquisition – one organization dissolves, transfers assets to another organization

Board engagement

40.3%

More engaged in community advocacy

37.1%

More engaged in fundraising & public awareness

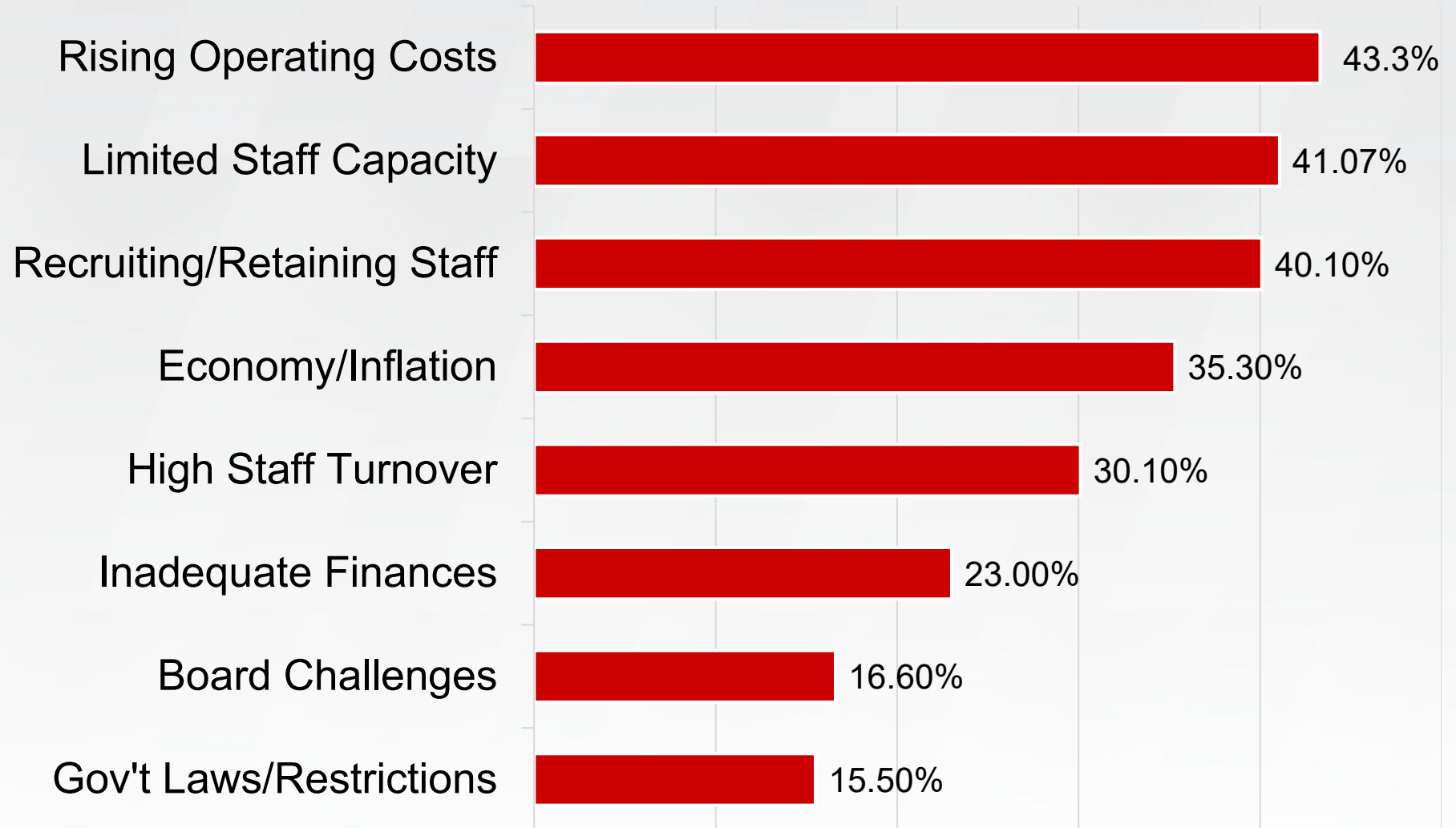
59.9%

More supportive of leadership team

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Significant challenges your organization is facing now?

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1. Listen intently



2. Be vocal



3. Be laser-focused



4. Build for the future



5. Prove your value

Questions?

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