



2025 State of the Nonprofit Sector Report and Trends

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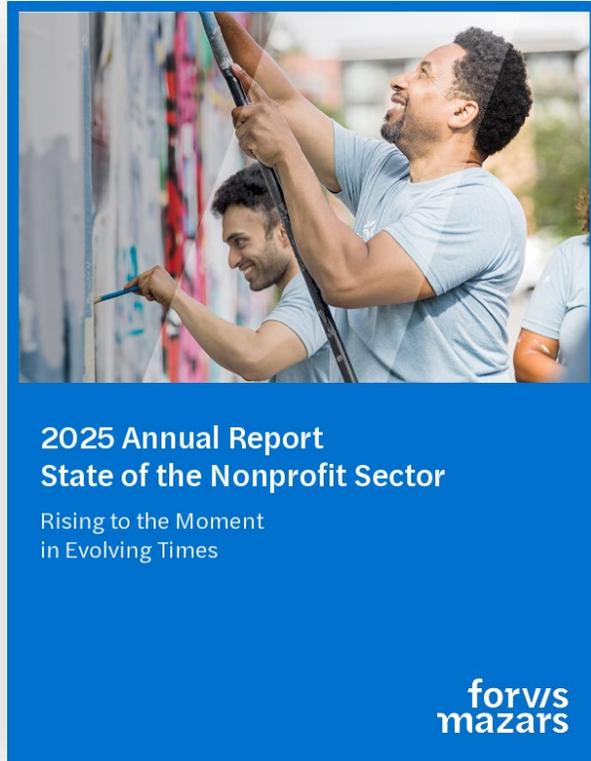
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2025 State of the Nonprofit Sector



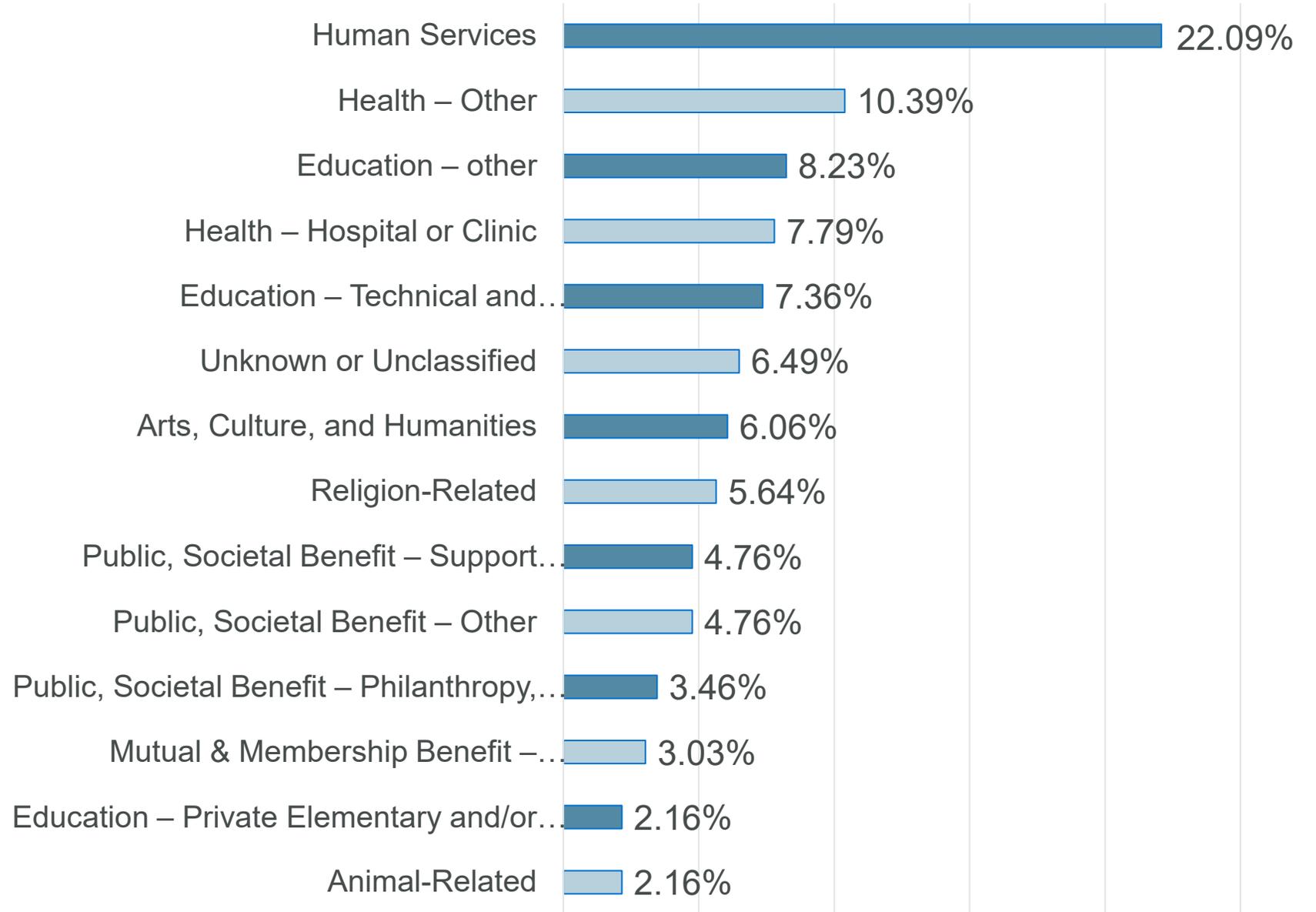
Biggest representation from

1. Texas
2. Missouri
3. New York
4. Indiana
5. Ohio

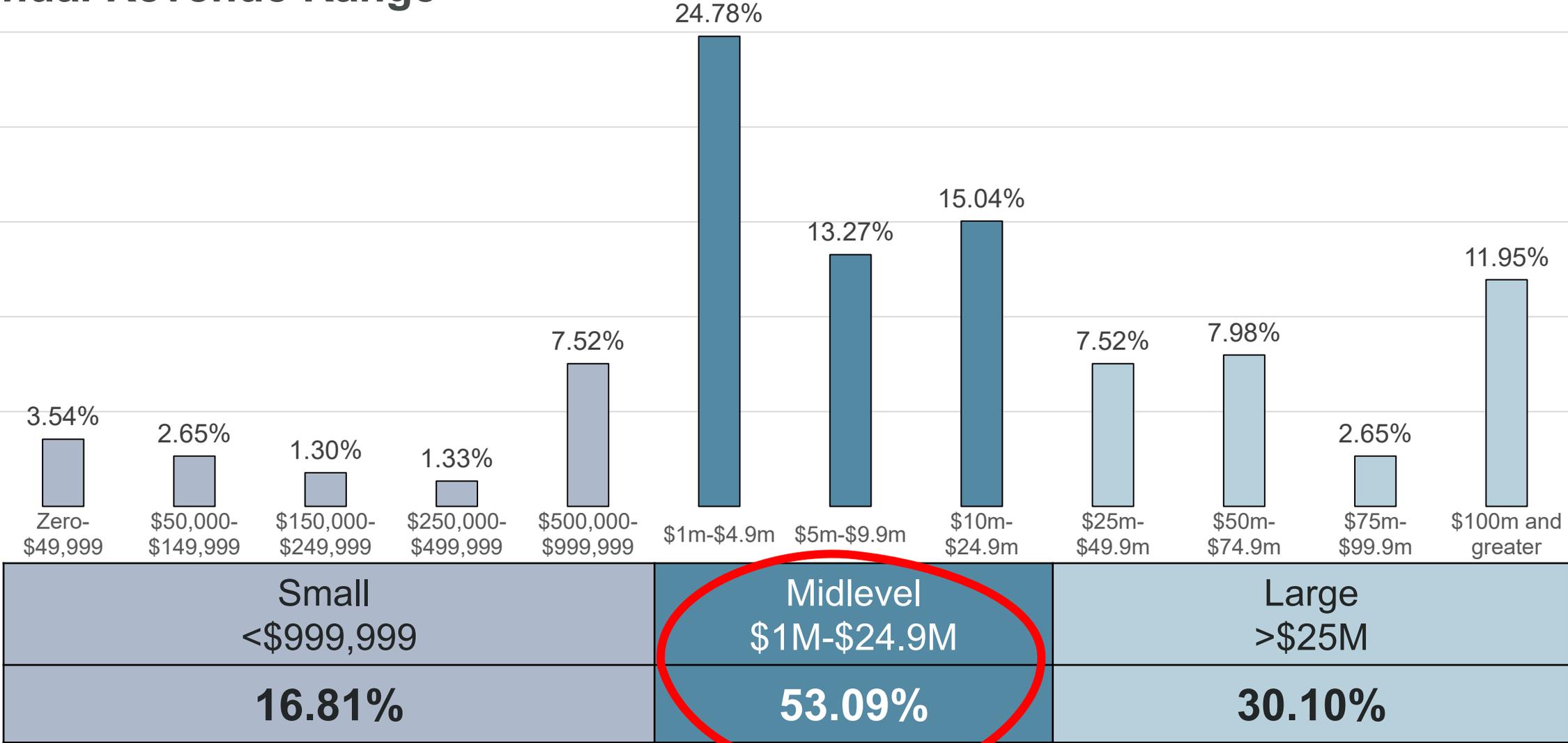


Subcategories

501(c)1	0.87%
501(c)3	93.04%
501(c)4	0.43%
501(c)6	4.35%



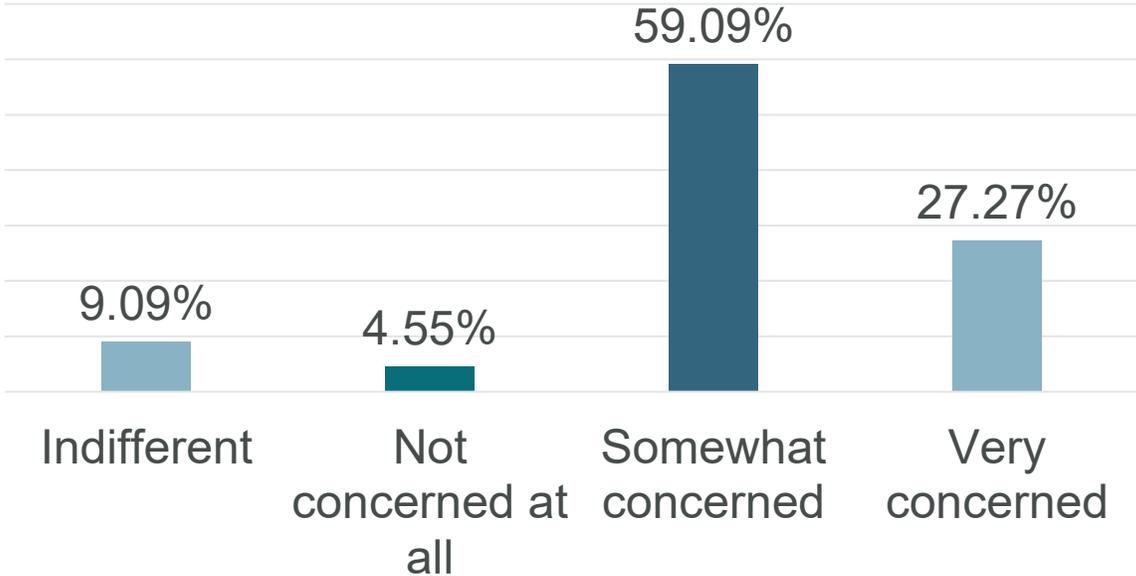
Annual Revenue Range



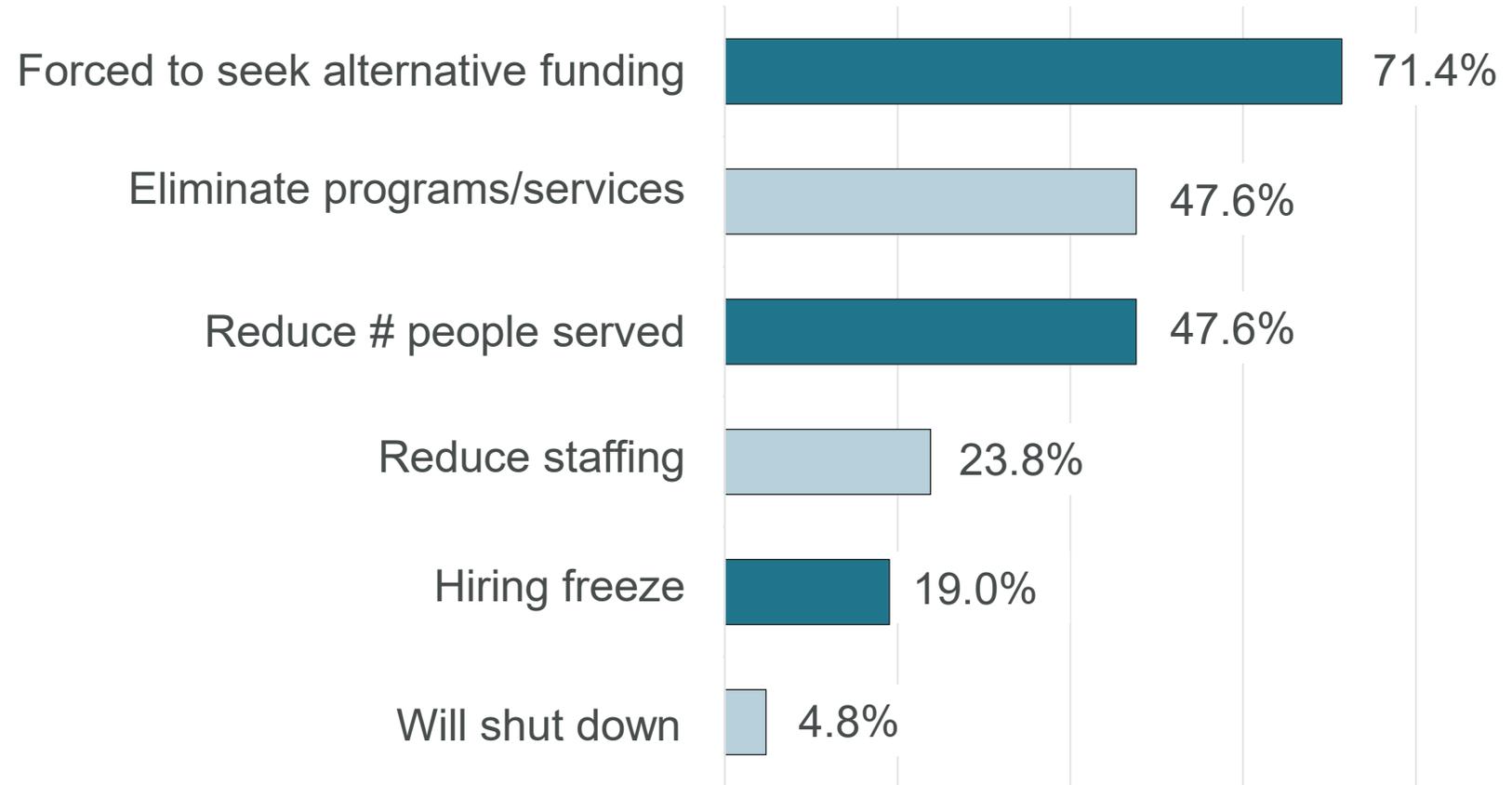
How concerned are you about your financial position due to uncertainty surrounding federal funding (grants, reimbursement, etc.)?

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

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



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



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

1. Scenario Planning, don't wait
2. Communicate calmness, not panic
3. Be clear with your elected officials and supporters
4. Work together, share resources

How does your financial position compare to one year ago?

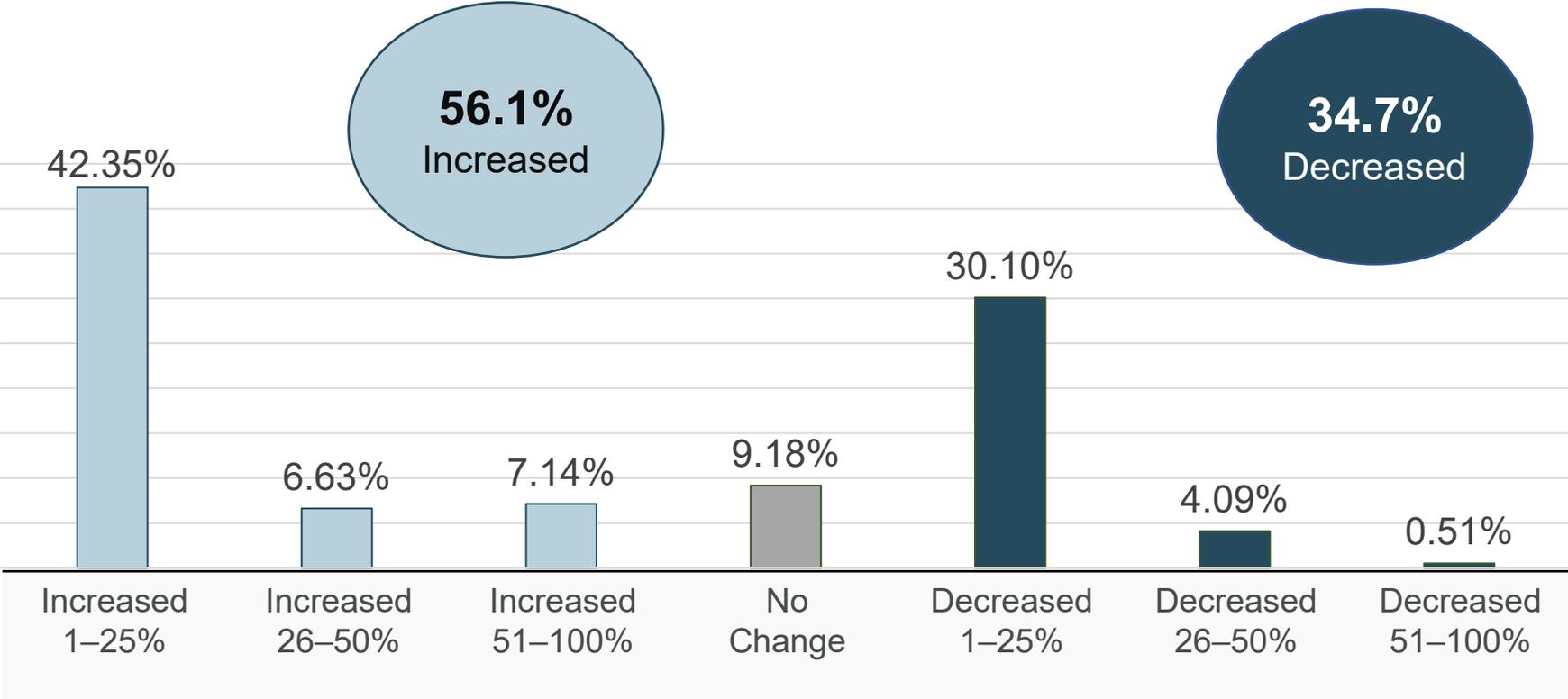
 **52.5%**

	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%

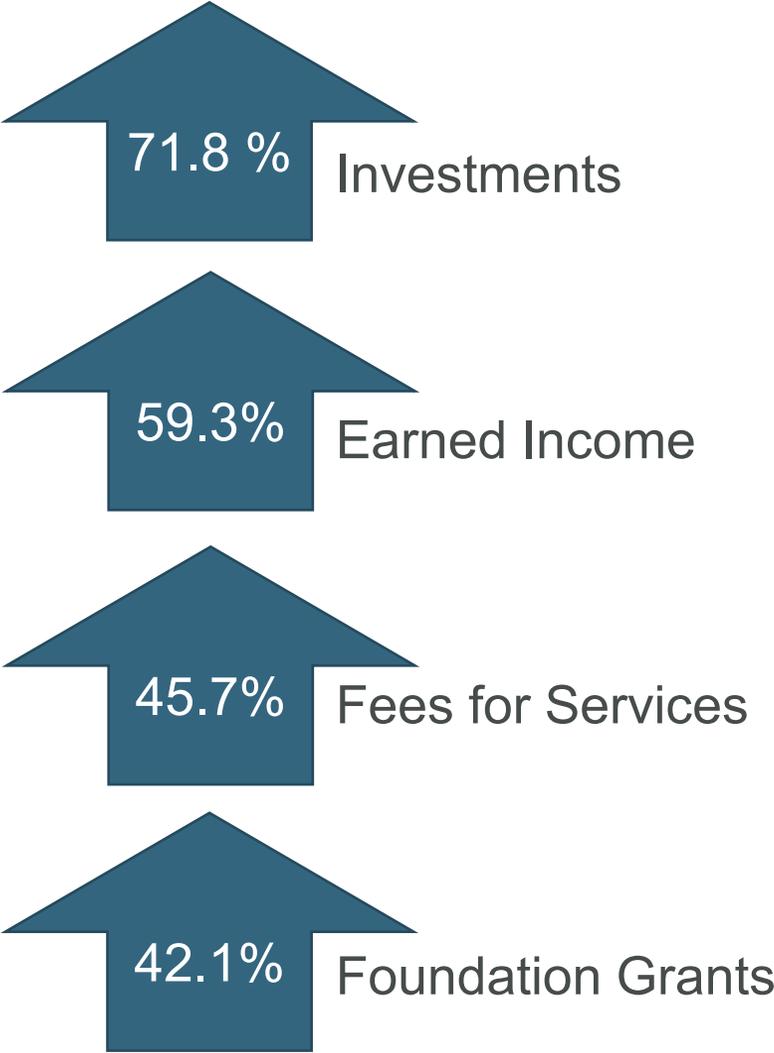
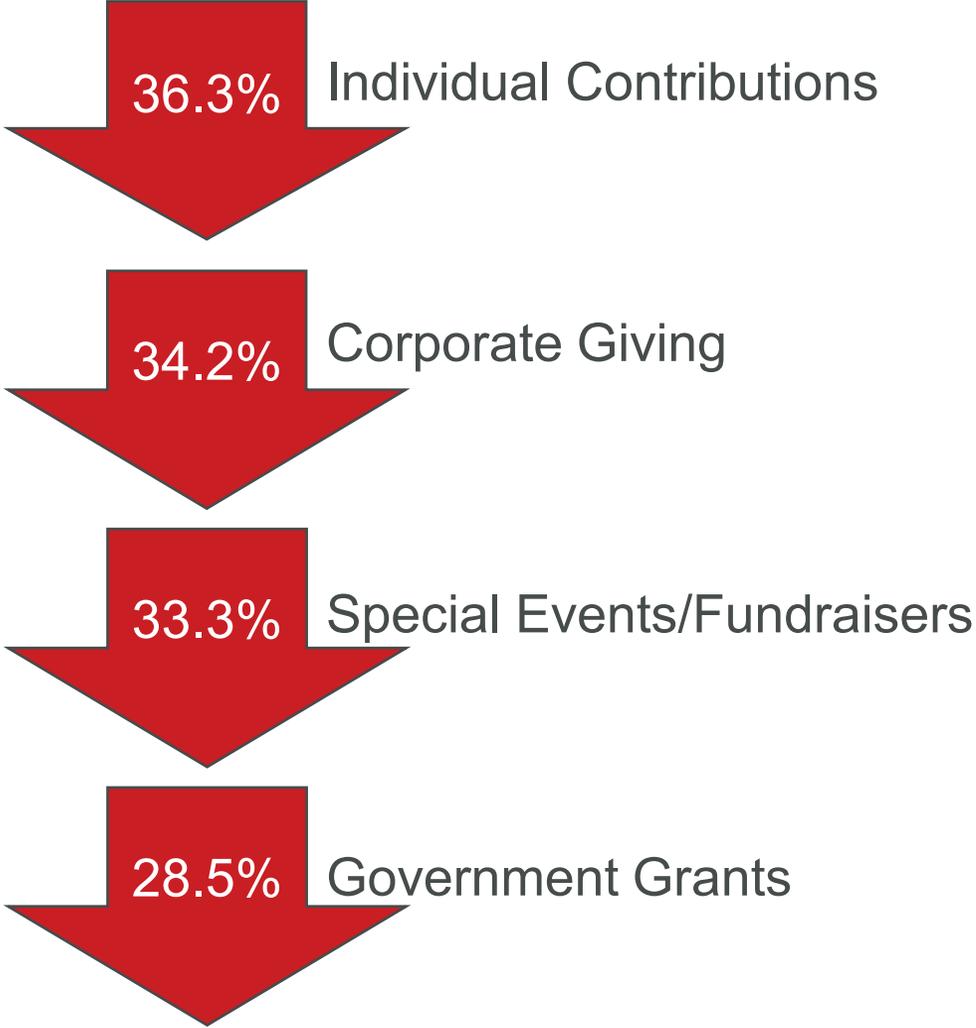
Totals are rounded – may not equal 100%

Net Income Change in Past Year

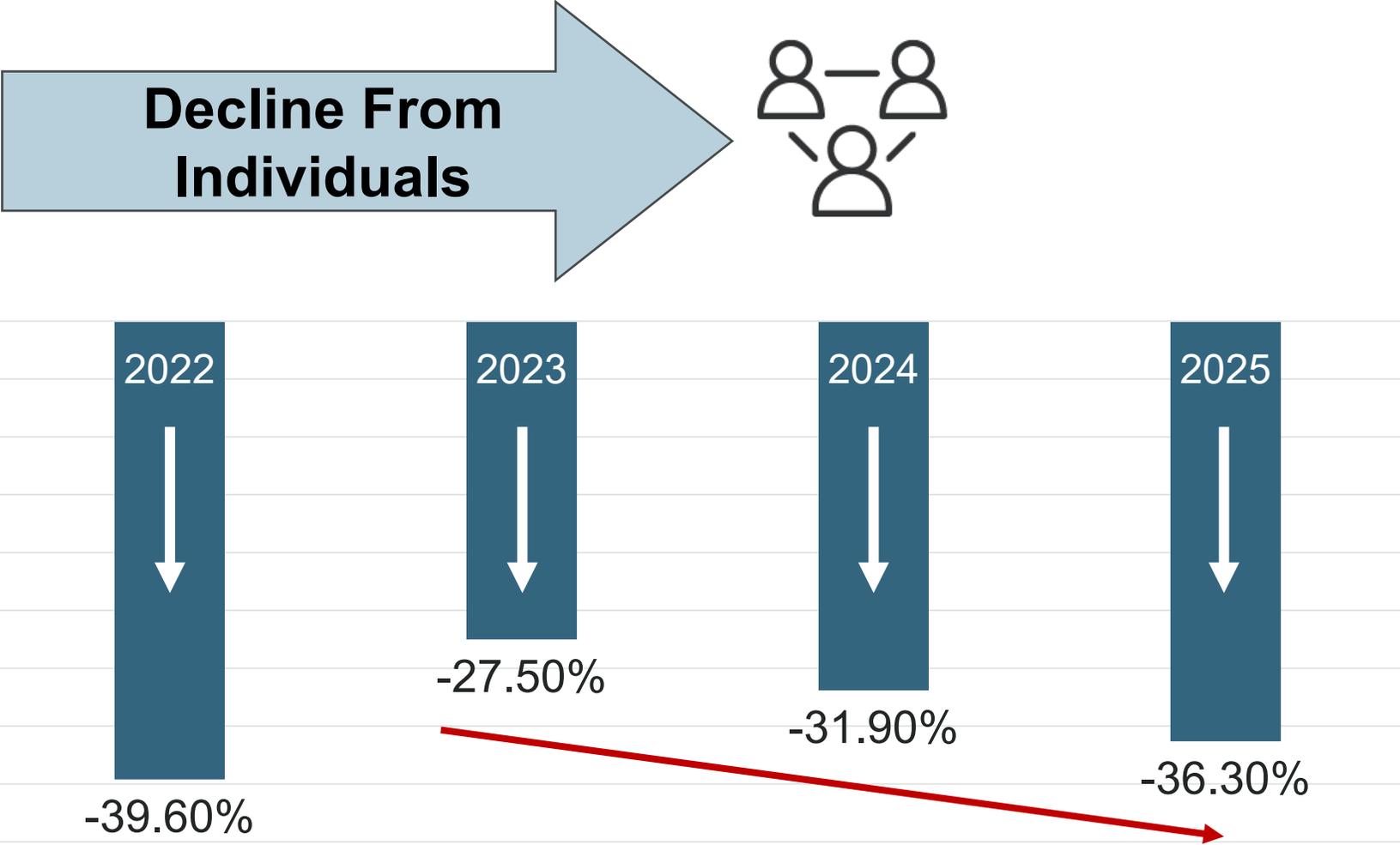
More than half of the organizations experienced an increase, more than one-third had a decrease in net income.



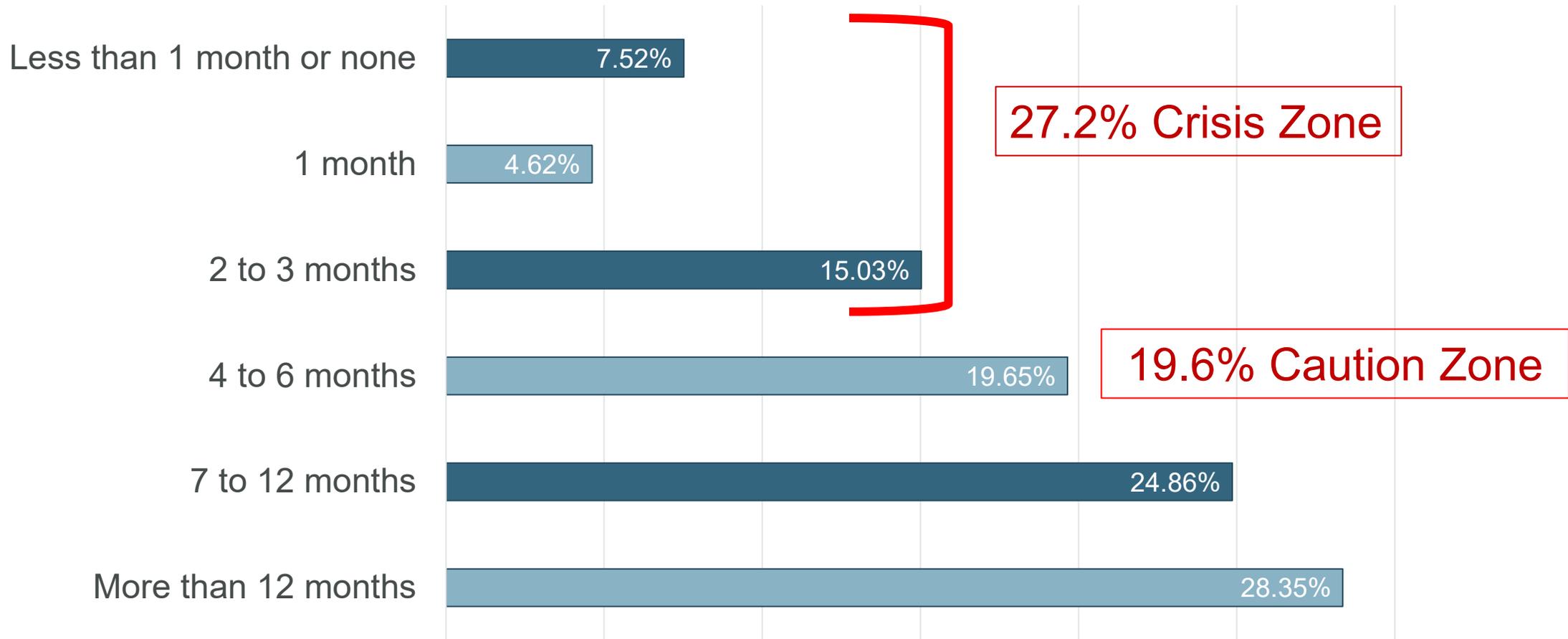
Change in Revenue Sources



Revenue Change by Focus Area



Operational Reserves



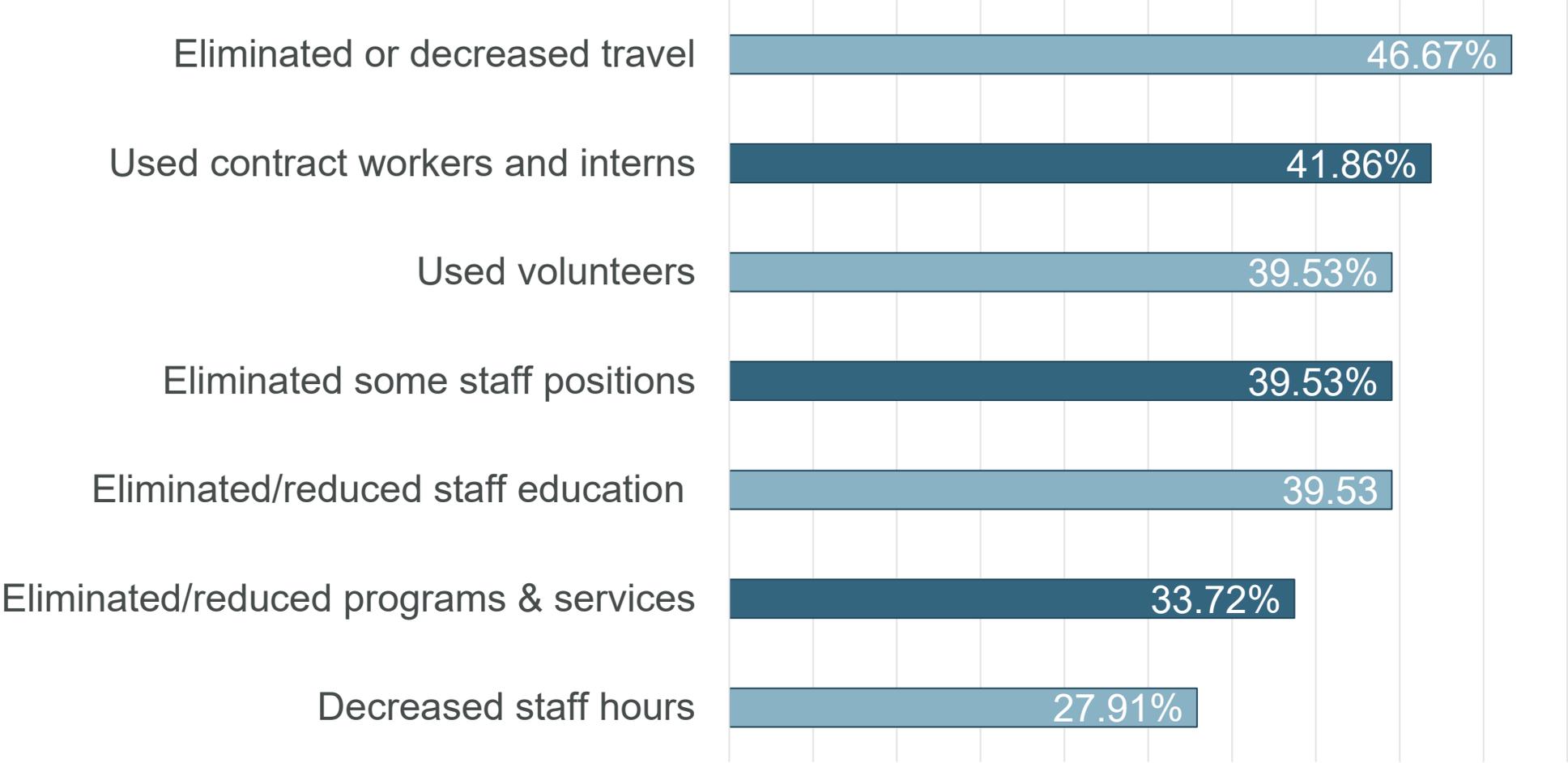
There has been a steady decline in the number of organizations with seven or more months in cash reserves since 2022.

Biggest Cost Increases



Percent for which costs increased/decreased, not amount of increase/decrease.

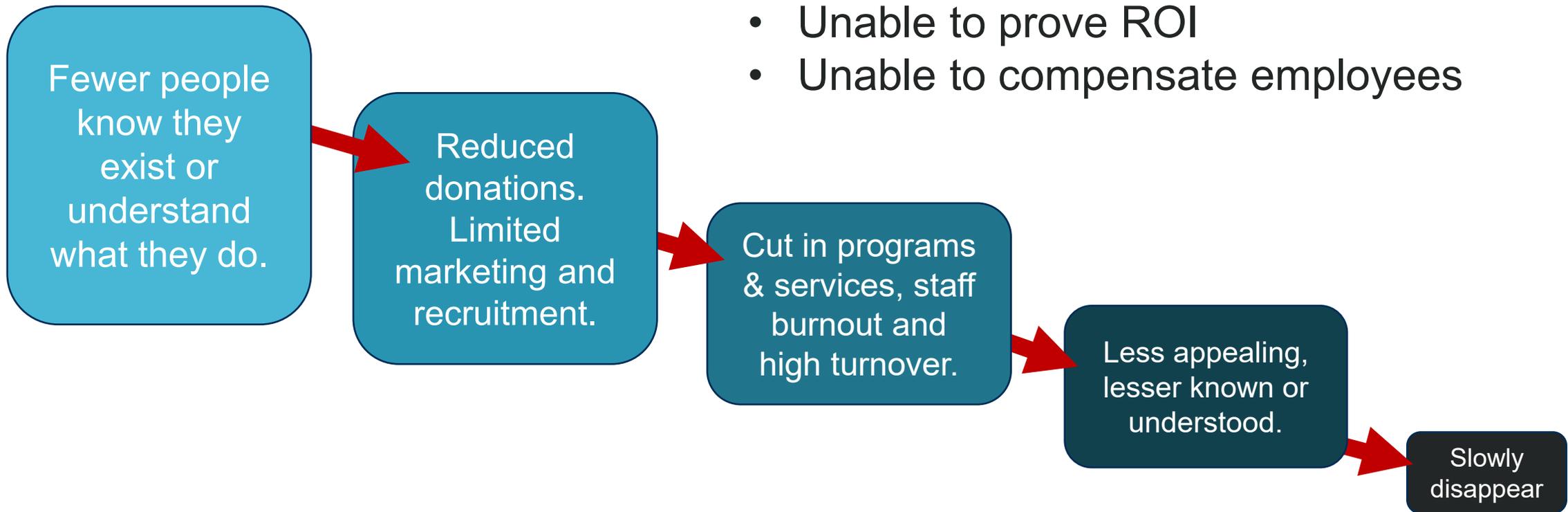
Steps to Reduce Operating Expenses



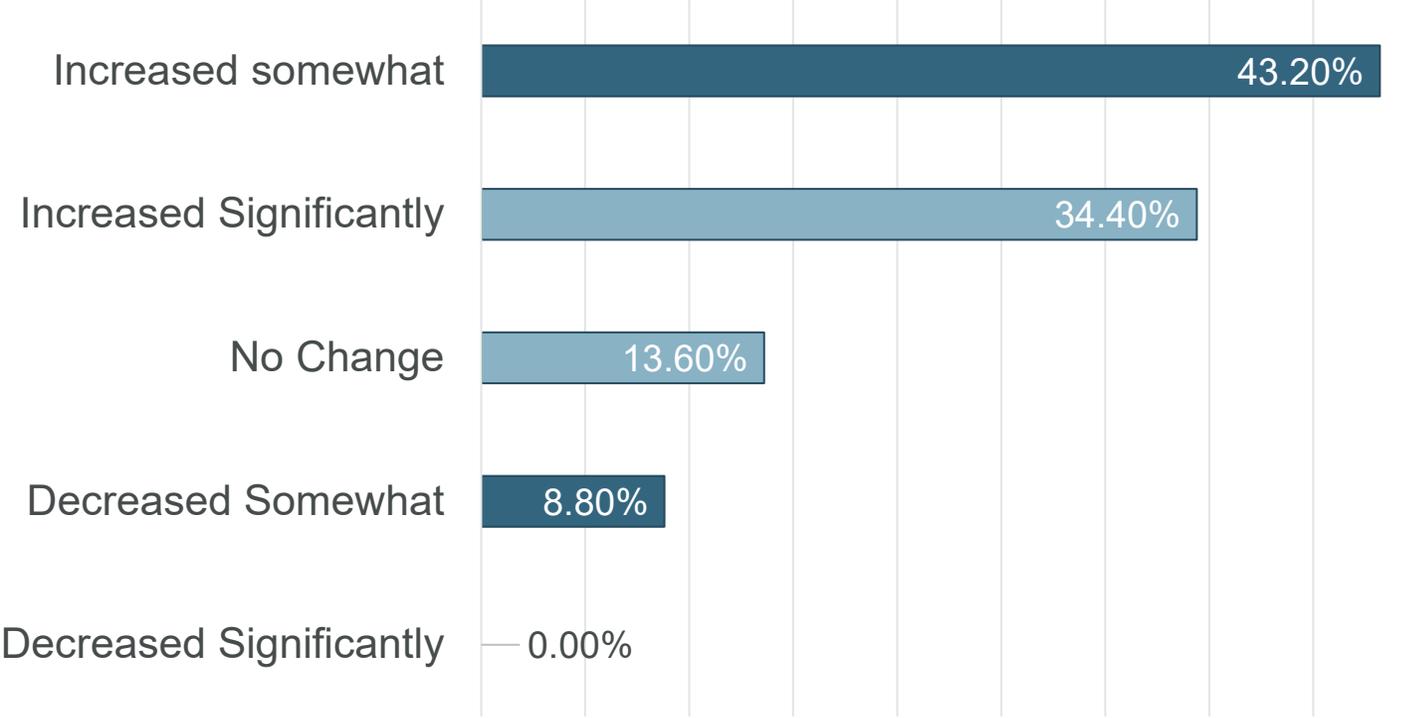
- Other Actions Taken:**
- Downsized office
 - Eliminated or decreased marketing/advertising

What happens when organizations cut staff, marketing & education programs, attendance at public events?

- Unable to deliver quality programs
- Unable to prove ROI
- Unable to compensate employees



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

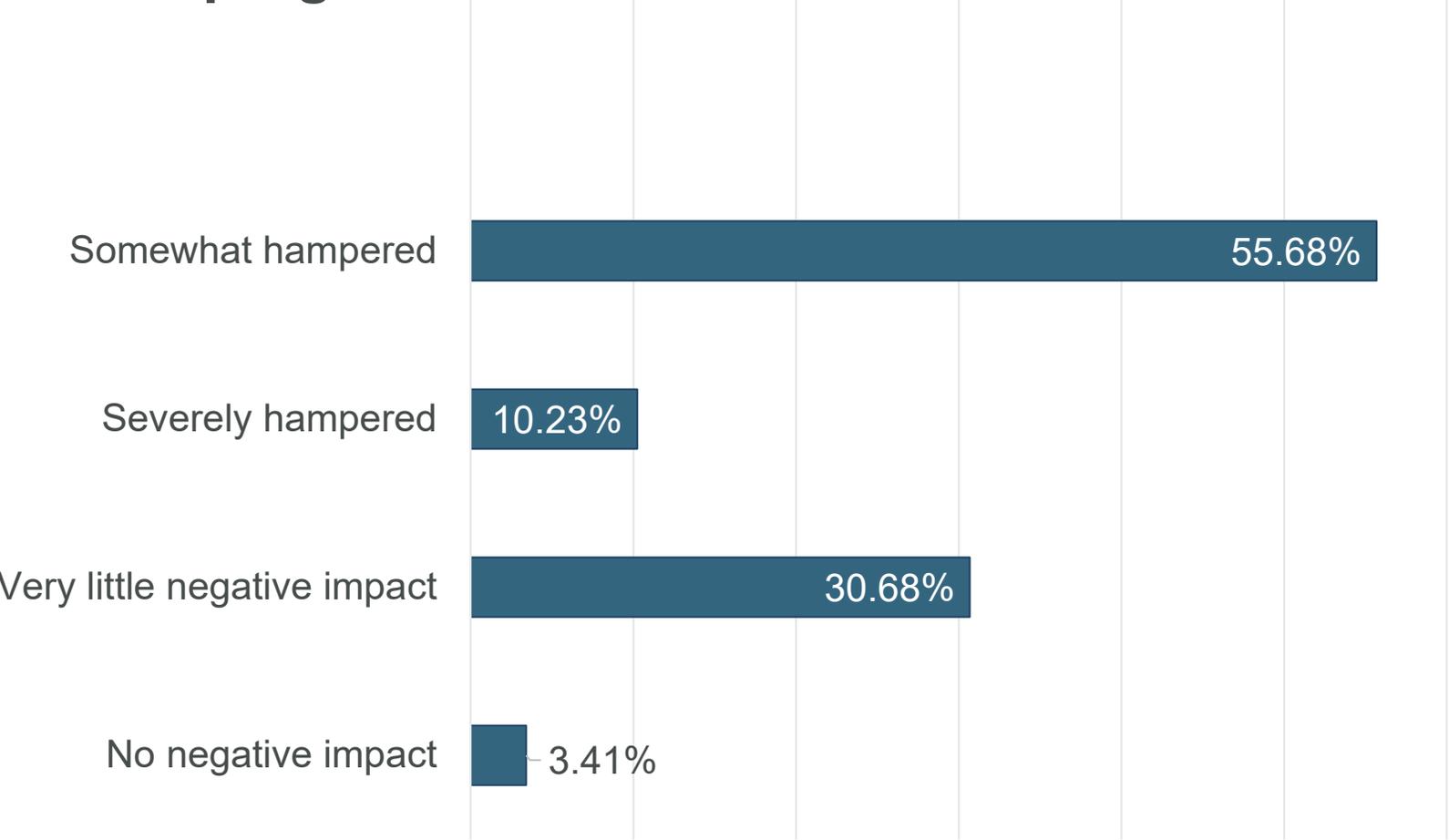


77.6%
Organizations experienced an increase in demand for programs & services

87%
Mental Health

Totals are rounded – may not equal 100%

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



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

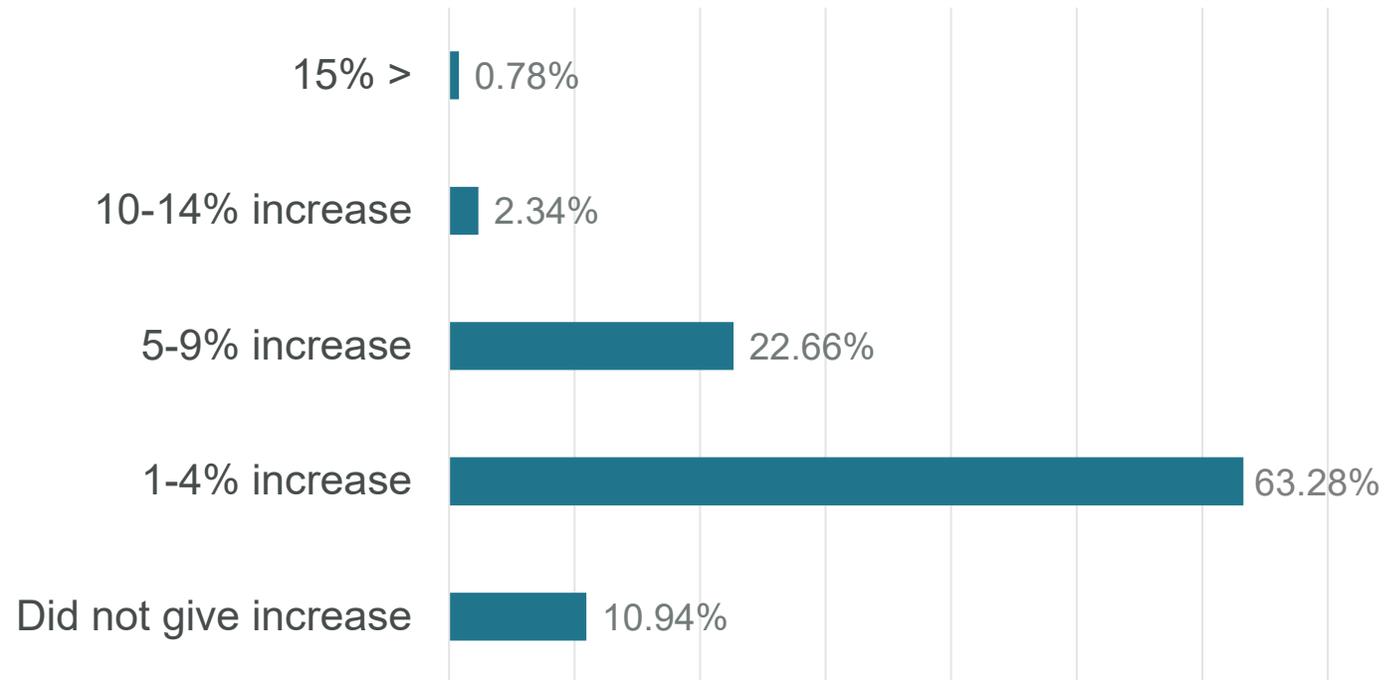
This poses a risk to the people & communities where nonprofits serve.

Totals are rounded – may not equal 100%

Steps organizations are taking (or plan to take) to recruit employees

64.4%	46.6%	44.0%	38.4%	32.2%
Increase pay & benefits	Change dress code to less formal	Increase workplace flexibility	Improve workplace DEI	Improve internal advancement opportunities

How much of a salary increase did you provide in 2024?



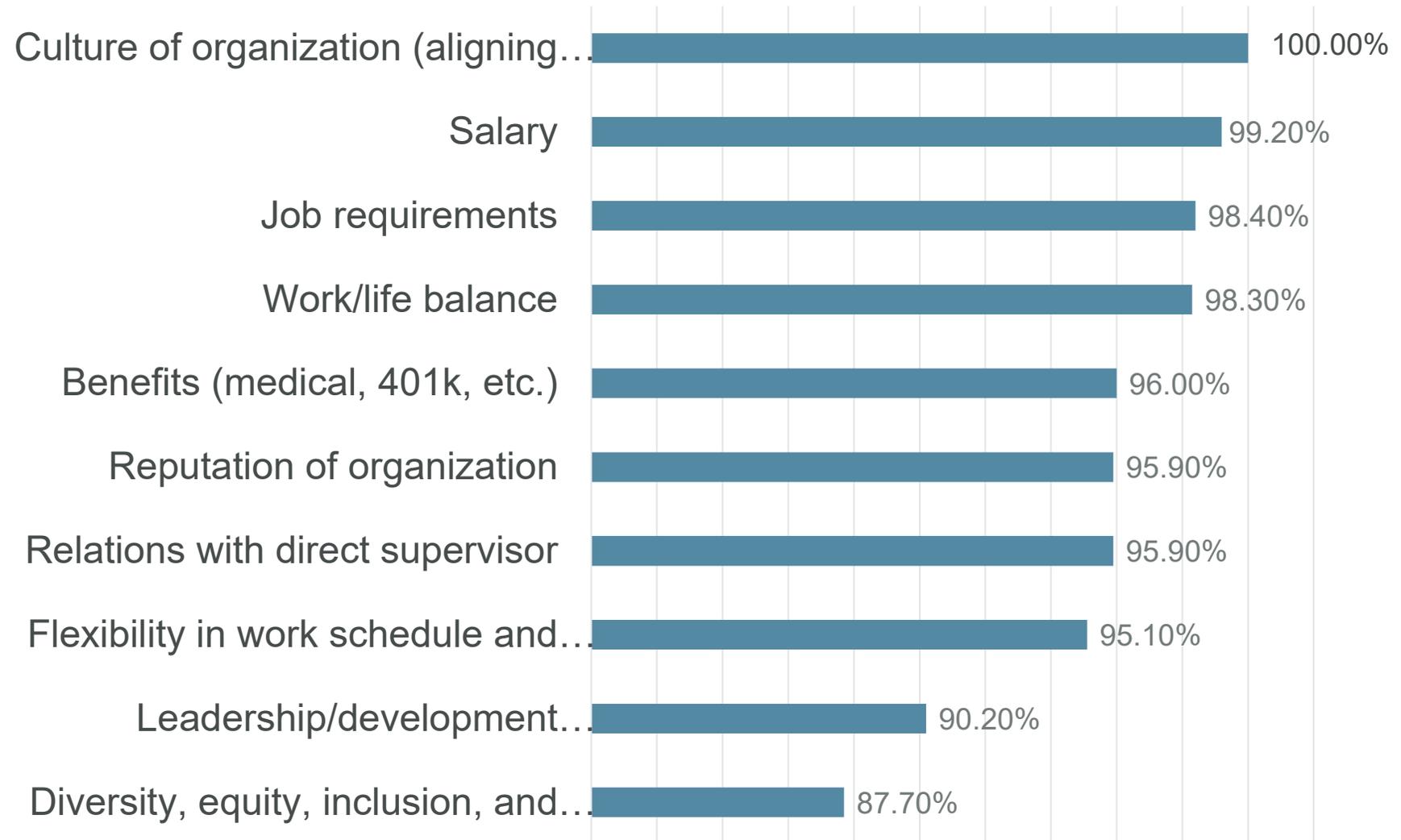
Most Important Factors for Recruiting & Retaining Employees

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%.

10.9% no raises last year.



Filling Vacancies

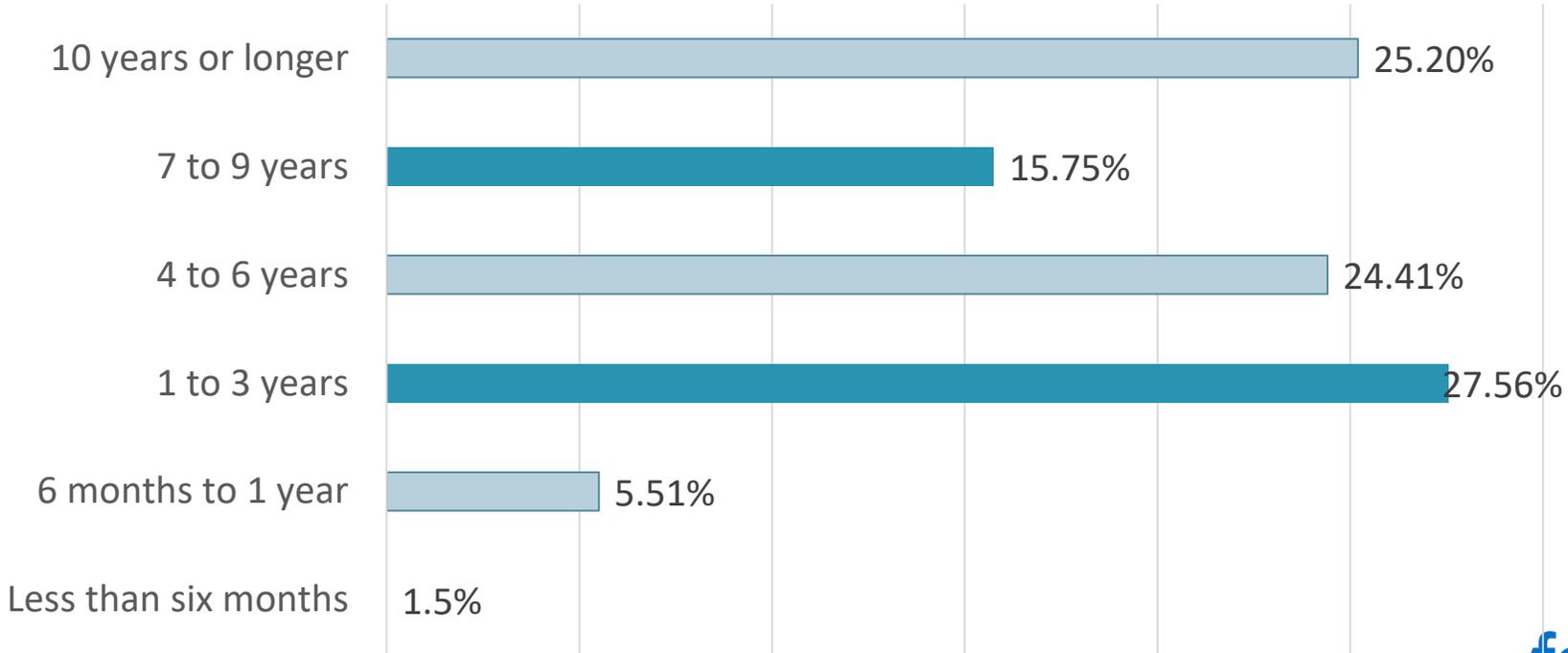
Senior leaders, fundraisers and finance staff are hardest to fill.

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%



Filling Vacancies

Have a leadership mentoring program?

Yes	30.23%
No	65.89%
I'm not sure	3.88%

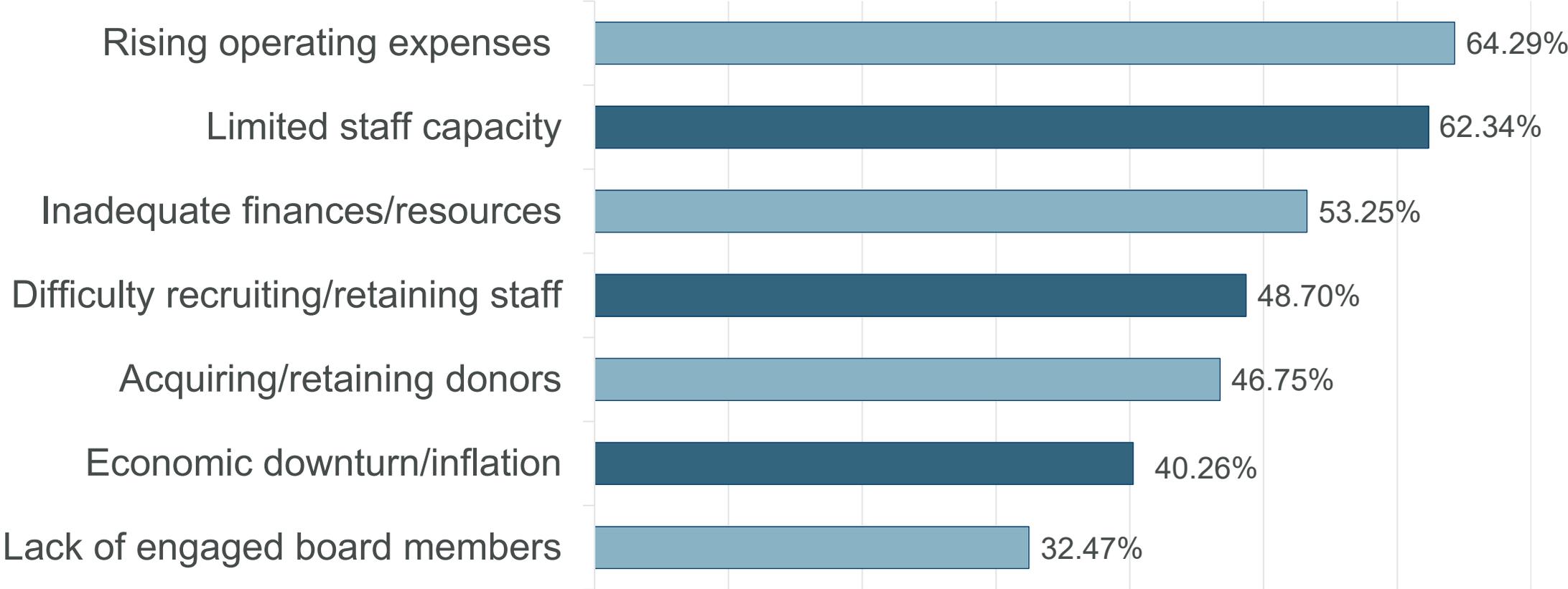
69% do not have a leadership mentoring program (or are not sure if one exists) to create a pipeline of future leaders.

Have a leadership succession plan?

Yes	48.44%
No	39.06%
I'm not sure	12.05%

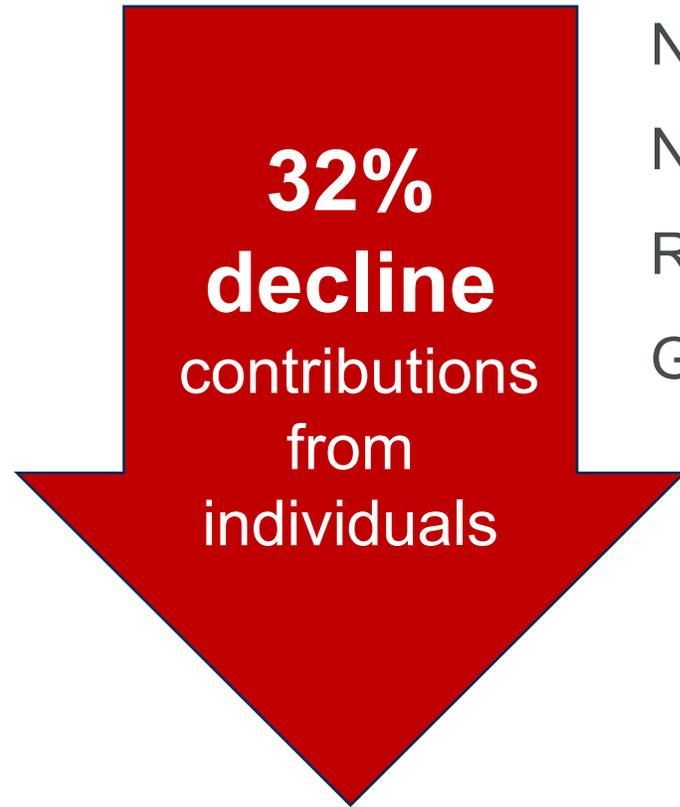
51% do not have a succession plan (or are not sure if one exists), leaving themselves vulnerable in the case of an unexpected departure.

Significant challenges your organization is facing now?



Revenue Megatrends

1. Contributions from Individuals continues to decline.



National trend

No disposable income - inflation

Recovering from pandemic

Gen Z – socially-responsible companies



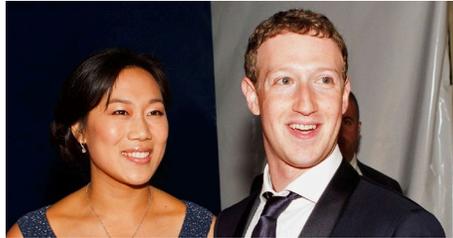
Industry Megatrends

2024 had historic growth in S & P. Who benefited? Wealthy.

Fundraising dollars are up 3.5%,
but donor counts are down 4.5%

Giving USA 2024:

Is philanthropy becoming an activity for the wealthy?



\$1.3B to
Global Fund for
AIDS & Malaria

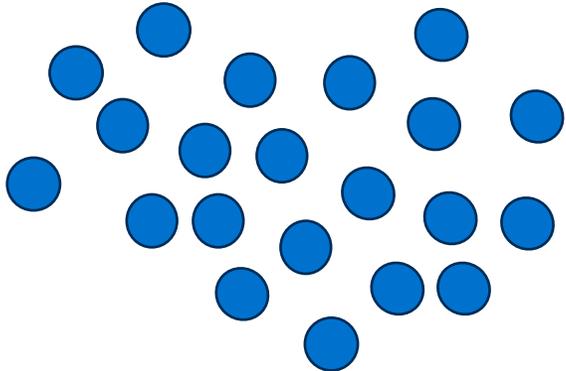


Industry Megatrends

Mega-gifts grew in 2024 by **44%**

Micro-donors declined by **9%**

Many small- to mid-sized Donors



vs.

Few big Donors



63.5% - Lower-dollar donors
30.0% - Midlevel donors
6.50% - Major donors

Why does it matter if we lose small & medium donors?

- **Community issues are best solved by a community.**
- **Local donors understand the history, people, culture.**
- Reliance on a few donors creates vulnerability.
- Philanthropy becomes an exclusive club for the elite.
- Affiliations – mega donors may have unfavorable ties

2. Religion-related groups have aging donors

55%
decline
in contributions
from individuals



Religion-Related
(not churches)

There has been a drastic decline in the number of individuals in the U.S. who attend a church or are affiliated with a certain religious group.

Pew Research Center

3. More Enterprise – less dependence on outside sources

Social Enterprise: A business that produces revenue to support a mission.



- Thrift stores
- Café or catering
- Paid training or workshops
- Rental properties
- Fee-for-service models

Social Entrepreneurship: The process or mindset of identifying a problem and creating a solution to address it.



Grameen Bank

Provides microloans to help people in poverty start new businesses (Bangladesh)



Provides housing & employment for women leaving prison to gain skills (North Car)

4. Fraud is on the Rise

\$639,000	Average loss per case in 2024
5%	Percent of annual revenue lost to fraud
39%	CEO/Executive Directors commit fraud most often

ACFE

Fear questioning leader

Lack of oversight

Inadequate internal controls

Outdate technology

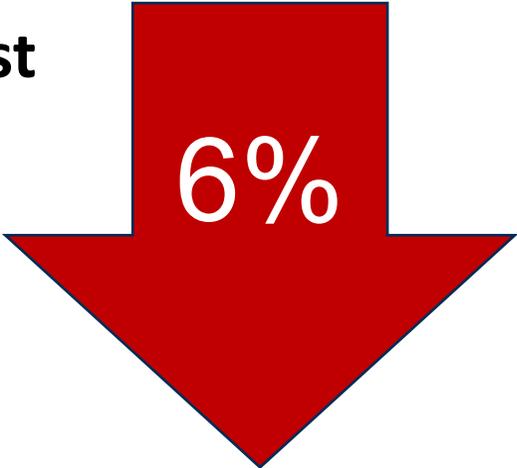
40%	Tips or complaints
17%	Internal audits
13%	Management reviews
6%	Accidental discoveries

5. Confidence in the Industry continues to decline.



Stealing
Abuse
No Accountability
Poor performance

Edelman Trust
Barometer



48%
Do not trust
Nonprofits

**The
Independent
Sector**

5. Confidence in the Industry continues to decline.



St. Louis charity director sentenced for 10-year, \$700K embezzlement scheme

The current administration has damaged the reputation of the nonprofit industry.

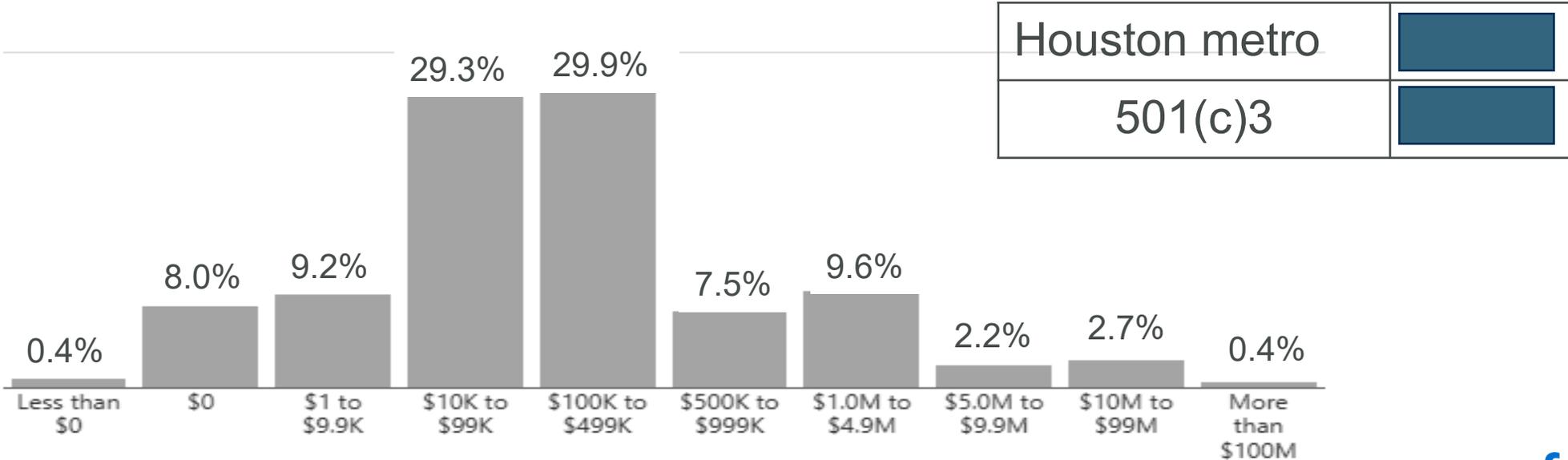
Restore confidence and credibility:

1. Transparency
2. Accountability
3. ROI – stories and data
4. Professionalism

Industry Megatrends

People give to organizations:

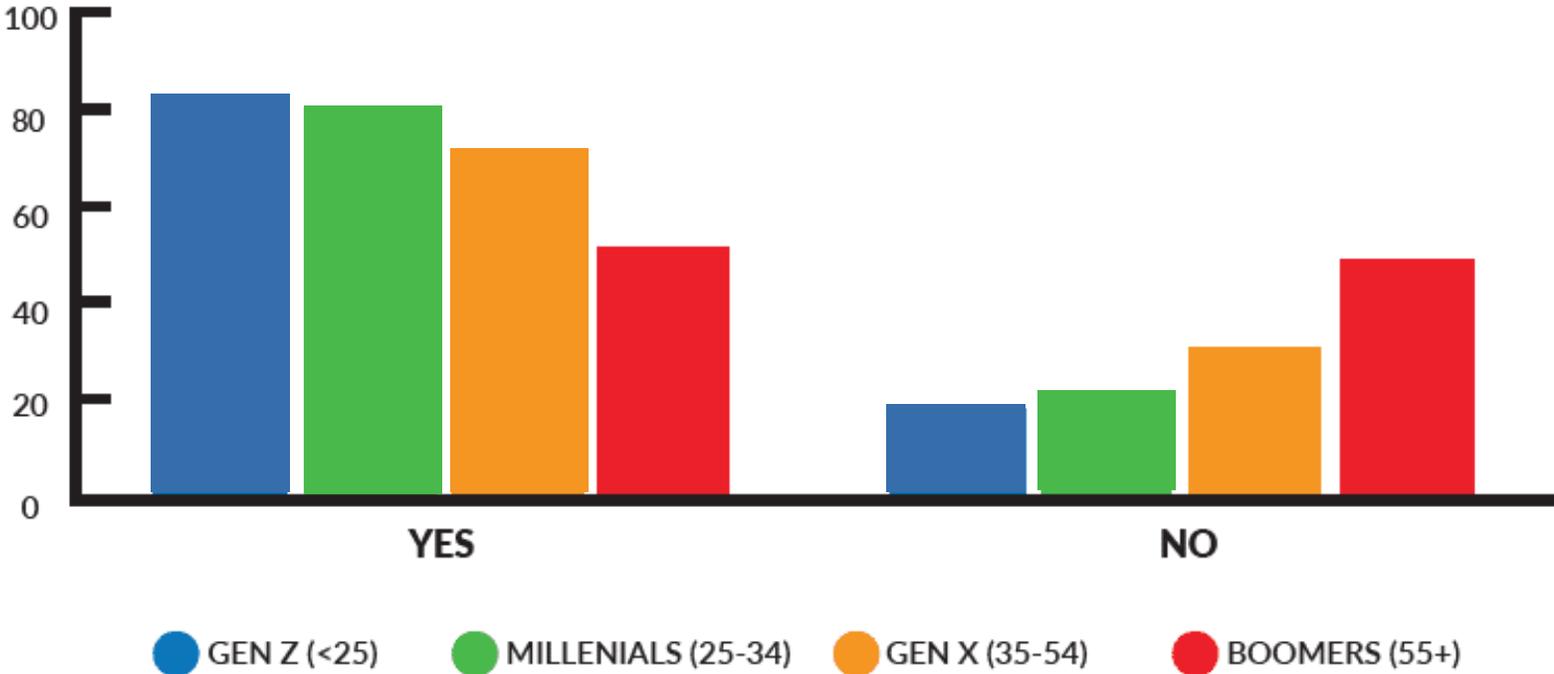
- 1. They understand what the org does
- 2. They have common passion/experience
- 3. That align with values (why & how)
- 4. That can prove their ROI (success)



6. Peer-to-Peer Fundraising is growing

Friends ask their friends, family, and colleagues to donate to their campaign.

Peer-to-peer drives 50% of new donor interactions, making it a valuable tool for acquiring new donors and building major gifts.



7. Patron Participation

- Elite Galas have lost strength
- Donors want participation, action-oriented engagement
 1. Hands-on activities, volunteering or competition
 2. Site visits, see their team in action
 3. Increases connectivity and commitment to cause



8. AI usage is growing

Using AI on daily basis	82%
AI helps improve data analysis - performance	87%
AI helps improve supporter outreach and engagement	86%
AI helps with strategy and administrative tasks	82%

Free and low-cost AI tools

ChatGPT, Gemini:

Communication and content creation

Canva AI:

Flyers, infographics, etc.

Grant Assistant (FreeWill)

DonorSearch AI

Looker Studio:

Visual dashboards and reports from data

9. Subscription giving is on the rise.

Subscriptions – a growing trend where donors opt for recurring.

This shift is fueled by the subscription economy's influence on consumer behavior.

Offers a way to build a more stable and predictable revenue stream for nonprofits.



10. Collaborative Impact/Fundraising

- Power in uniting efforts to tackle issues.
- Enhanced fundraising capacity.
- Appealing to funders.
- Pooling resources, sharing practices, combining networks.
- Magnify ability to make significant improvement or change.



Robberson Neighborhood Association

Affordable daycare

Addiction Recovery organization

Space for Nonprofits

Transitional Housing for kids aging out of foster care

11. Giving Vehicles are moving fast!

- DAF
- Charitable Remainder Trusts
- Charitable Lead Trusts
- Private foundations



- Nearly 20% of all charitable giving was made through giving vehicles
- Nearly 50% of affluent household gifts use giving vehicles

12. Collective Giving is Hot

Since 2019, more than \$3.1 billion has been raised through collective giving.

It is expected to double in the next 5 years!

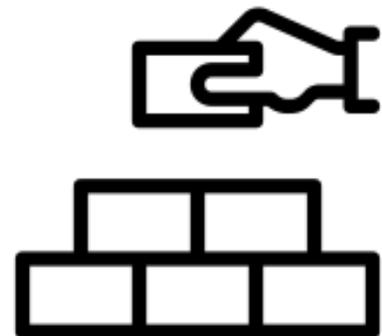


- Early 2000's Women's Giving Circles. 60% of today are women.
- Pool their resources, time, and knowledge and decide collectively how to distribute it.
- Meet monthly, quarterly, or yearly
- Builds relationships, communities, and

Unites individuals through their shared values, passion and generosity

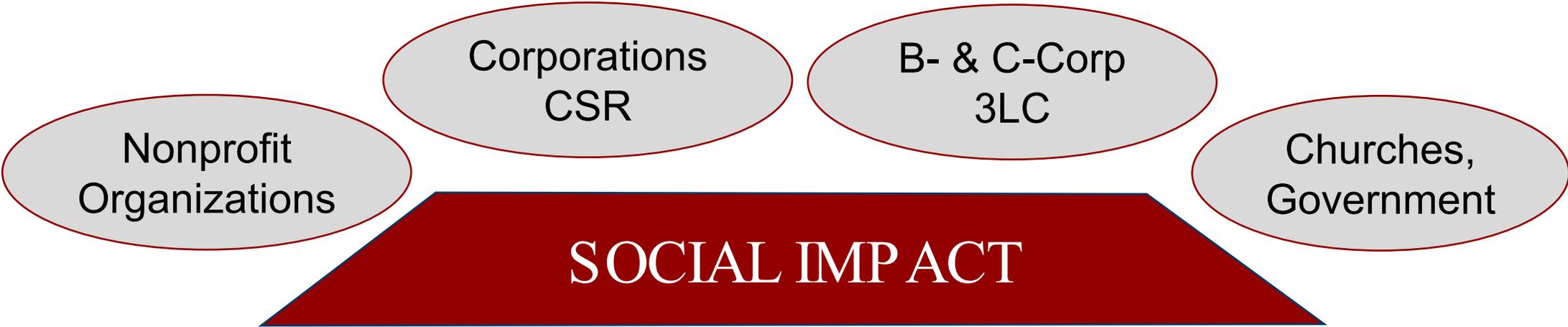
13. Family Foundations Leadership Shift

- Leadership – Aging parents to younger generations.
- Funding – Less heritage/family preservation, real-time needs.
- Timing – Not necessarily set cycle.
- Focus – More emphasis on issues rather than general community.



14. The Lines of Philanthropy are Blurring

Blurring the lines between for-profit & philanthropy



Nonprofits aren't the only Do-Gooder's in town.



15. Donors have higher expectations

- Donors and supporters care about whether nonprofits are using best practices to address a specific issue.
- They compare nonprofits in terms of performance and results.

MOST Important in decision making process
1. Cause or Issue area
2. Program outcomes (results)
3. Management/Leadership
4. Reputation of organization
5. Best practices - EBP

SERVING → **SOLVING**

 **DEFENSIBLE**

Don't forget your ABCs



Always be:

Advocates: Educating policy makers and amplifying grantee voices is critical to protecting services and advancing community priorities.

Business-minded: Embrace business practices. Planning, forecasting, monitoring. Strong finances = mission success.

Collaborative: Remain open to joining forces with other organizations, whether through a formal merger or through deep collaboration.

Data-driven: Real-time information makes it possible to direct resources where they will have the greatest impact and prove to your supporters that you are truly moving the needle.

Enterprising: Think beyond galas and grants.

Questions
or
Comments?