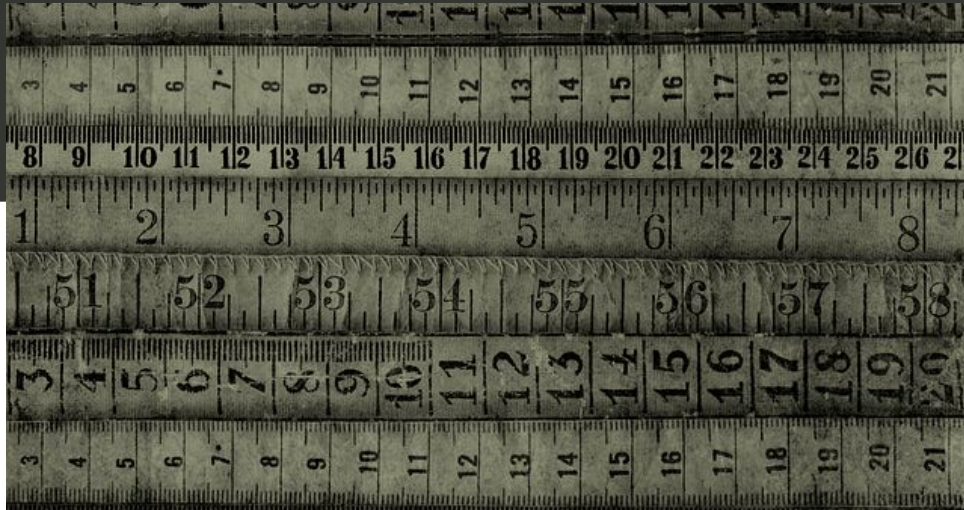


Newest BDO Nonprofit Benchmark Survey Released

11.08.22 | Linda J. Rosenthal, JD



Leading consulting firm BDO Nonprofit has issued its newest research describing how U.S. organizations are faring in the volatile and challenging circumstances of our times. See [2022 Nonprofit Standards Benchmarking Survey](#) (October 27, 2022).

This annual review provides important insights into what nonprofit leaders see as the major issues facing them currently as well as in the near future.

In many respects, the COVID-19 pandemic turned on its head what likely started out to be a fairly straightforward year-over-year comparison of the key issues facing our sector. Historically, trends develop fairly slowly, and new conditions are predictable to some degree.

But the latest annual results present stark examples of our tumultuous realities: “Following a year of mission and revenue growth, organizations are facing economic headwinds that may thwart continued success.”

BDO’s sixth annual Nonprofit Standards benchmarking survey “... helps nonprofit leaders gauge the health of their organization against industry peers amid such challenges.”

Survey Methodology

“Now in its sixth year, BDO’s annual Nonprofit Standards Benchmarking Survey unveils nonprofit organizations’ plans for navigating such uncertainty in the year ahead.”

Conducted in the summer of 2022 by research firm Market Measurement, the data analysis is based on the responses of 273 U.S. nonprofit organizations across a wide swath of the sector. The report’s primary findings are included in the 26-page, downloadable, “Nonprofit Industry Overview.”

The Industry Overview includes breakdowns of data and analysis for three categories of organizations based on financials:

- Midrange Organizations: Annual revenues under \$25 million
- Upper-Midrange Organizations: Annual revenues from \$25 – \$75 million
- Large Organizations: Annual revenues over \$76 million

In addition to the sector-wide findings, BDO Nonprofit has included five more (separately) downloadable breakdowns specific to:

- health and human services organizations,
- colleges and universities,
- grantmakers,
- public charities, and
- midrange organizations (those with under \$25M in revenue) offering “additional insights to help leaders make data-backed decisions that will further their organization’s mission.”

Findings

The introductory portion of the Benchmarking Survey lists the “key themes covered in the report, including:

- Actions nonprofits are taking to mitigate the impacts of inflation
- Opportunities to support talent acquisition and retention
- How technology is transforming organizations’ strategic outlook
- Adapting to evolving constituent needs in an uncertain economic climate.

Perhaps the most surprising finding is that, “in the most recent fiscal year, most nonprofit organizations reported growth in revenue, enabling them to expand their impact or, for some, even the scope of their mission.” See summary comments by the report’s lead authors: [*New Data on Nonprofit Challenges and Opportunities: Benchmark Yourself Against Industry Peers*](#) (November 2, 2022) Adam B. Cole, CPA & Andrea Espinola Wilson, *BDO Nonprofit Blog*.

“But with inflation at historic levels,” Mr. Cole and Ms. Wilson add: “nonprofits face economic headwinds and are taking action to help protect their organizations and the people at the heart of their work.”

See also, [*Nonprofits Evolve Amid Economic Uncertainty: BDO Nonprofit Standards Survey 2022*](#) (October 27, 2022), *BDO Nonprofit Press Release*, [businesswire.com](#): “One of the greatest challenges facing all employers in 2022 is the reality that good talent is hard to find and even harder to keep. As the cost of living soars, people employed by nonprofits, many of whom are otherwise happy with their jobs, are looking elsewhere for higher wages.”

Aside from the perennial problem of tight budgets, “employee retention and morale is the top challenge....” To cope with these challenges and particularly the devastating impact of inflation, “65% of nonprofit leaders say they are increasing wages/salaries” and “64% plan to tap new donors in the next 12 months.”

Among the additional key concerns is that “... nearly three-quarters of nonprofit executives polled (72%) reported having more than four months of operating reserves on hand during 2022, down from 81% in 2021. That is even after 76% of those polled reported an increase in revenue during the most recent fiscal year.” *Operating Reserves Drop, Inflation And Salaries Cited* (November 7, 2022) *The NonProfit Times*.

Conclusion

“The massive inflation we’ve seen in 2022, along with the possibility of an economic downturn, has put nonprofit leaders in an environment where quick and decisive action is needed to ensure vital programs and organizational infrastructure remains funded,” said Andrea Espinsola Wilson. However, the nonprofit industry “... has continually turned crisis into opportunity amid one of the greatest economic and social upheavals in decades.”

– Linda J. Rosenthal, J.D., FPLG Information & Research Director