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PRESS RELEASE

November 06, 2023

Nonprofits Pivot from Survival to Resilience: BDO 2023 Nonprofit Standards Benchmarking Survey

New survey finds nonprofit leaders rethinking mission, operations to ensure strong futures

- ▶ Nonprofits say their top three priorities for the next 12 months are digital transformation (42%), reducing costs (38%), and seeking new sources of revenue/funding (36%)
- ▶ 99% of organizations surveyed say they meaningfully expanded or shifted the scope of their mission in the past 12 months, with 56% saying this is to meet the new needs of the populations they serve
- ▶ 51% of nonprofits say funders and donors asked for more information regarding overall ESG strategy and/or the degree to which ESG is ingrained in growth strategy in the last 12 month

Nov. 6, 2023 - CHICAGO — Nonprofits are at a pivotal transformation point and are focusing on

their long-term strategic resilience following a few years of readily available federal funding. This is according to BDO's seventh annual Nonprofit Standards benchmarking survey, released today. This survey of more than 250 U.S. nonprofit leaders explores key issues impacting nonprofits today, including changes to their revenue, how they are investing in technology, how they are responding to pressure from donors to address environmental, social and governance issues and more.

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Nonprofits are facing economic uncertainty head-on and are showcasing their determination. As nonprofits expand their missions, organizational resilience will be as important as ever to ensure effective, uninterrupted program work – especially during periods of slower giving and higher costs.

ANDREA ESPINOLA WILSON

Principal, Co-leader of BDO's Nonprofit & Education practice

Key findings from this year's report include:

- ▶ Revenue increases moderate, but optimism prevails. Less than half (44%) of surveyed nonprofits saw increased revenue in their most recent fiscal year, down from 76% who said the same in 2022. Despite this, 69% anticipate revenue will increase in the next fiscal year.
- ▶ Organizations are reexamining their purpose. Nearly all (99%) surveyed organizations say they have meaningfully expanded or shifted the scope of their mission over the past year, with more than half saying this is to meet the changing needs of the populations they

serve.

- ▶ Tech investment is a priority despite tight budgets. More than half (59%) of nonprofits plan to increase their technology spending in the next 12 months, and 57% plan to select and/or implement a new enterprise resource planning (ERP) system in the same timeframe.
- ▶ Organizations are focused on efficiency and strengthening bottom lines. Nonprofits identify digital transformation, cost reduction, and finding new revenue and funding sources as their highest priorities for the next 12 months.
- ▶ Donor scrutiny surrounding ESG topics on the rise. Just over half (51%) of nonprofits say funders and donors have asked for more information on ESG strategy in the past 12 months, while 42% said they are seeing an increase in requests for information on environmental impact and reduction strategies.

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The data makes it clear: nonprofits understand the importance of investing in their technology, despite their budgetary circumstances. Organizations are seeing where their current tools are lacking and are making necessary upgrades to best support their people, processes and programs.

ADAM COLE

Principal, Co-leader of BDO's Nonprofit and Education practice

Subsector reports highlight priorities for specific industries

Separate, subsector-specific breakout reports have also been released, including health and human services (HHS) organizations, higher education organizations, specific grantmakers, public charities, international non-governmental organizations (INGOs), and organizations with more than \$75 million in annual revenue. Top findings from subsectors include:

- ▶ HHS organizations – and their donors – are focused on cybersecurity. Nearly all (90%) of HHS organizations are somewhat or very concerned about a potential cybersecurity incident, and 54% indicated donors have asked for more information on cybersecurity strategies and/or cyber risk in the past 12 months.
- ▶ Higher education organizations at an ESG crossroads. Higher education organizations reported increased donor requests for information regarding ESG strategy (54%) and environmental impact (46%). As they actively develop and advance ESG priorities, pressure from all sides underscores the ever-increasing importance of thorough strategizing.
- ▶ Grantmakers are eyeing technology investment. More than half (54%) of grantmakers report increasing their technology spend, and the primary goals for this investment are improved program/service delivery and improved operational efficiency.
- ▶ Public charities tackle human resources challenges. Eighty percent of public charities stated that human resources challenges are making it difficult to report on program impacts. To combat this, public charities are deploying numerous strategies and incentives to attract and retain talent, with 28% planning to increase wages and salaries.
- ▶ INGOs are heavily investing in their digital infrastructure. Digital transformation is the highest priority for INGOs for the next 12 months, with nearly three-quarters (70%) planning to increase their technology spending and 80% planning to implement a new enterprise resource planning (ERP) system.

For more information, including data on organizational transformation, liquidity, ESG priorities, and more, download the [industry overview](#) and explore the [subsector snapshots](#).

About the Survey

This year's Nonprofit Standards Benchmarking Survey was fielded in May 2023 by the Rabin Research company. It surveyed 250 nonprofit leaders of health and human services organizations, public charities, colleges and universities, grantmakers, and international nongovernmental organizations.

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