

The background is a dark blue gradient with a repeating pattern of white icons representing various social and financial concepts like hands, hearts, and dollar signs. A large, glowing hand is shown from the bottom left, holding a large, glowing butterfly with blue and purple wings. Two smaller butterflies are also visible, one to the right and one below the main butterfly.

GRASSI
ADVISORS & ACCOUNTANTS

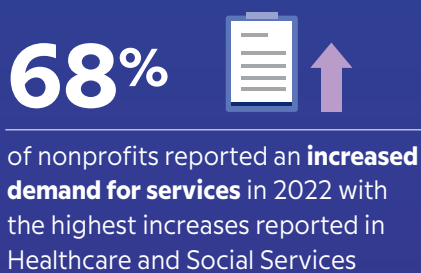
NONPROFIT LEADERSHIP SURVEY REPORT 2022

INTRODUCTION

Grassi's Nonprofit Professionals are pleased to share the findings from our annual survey of New York and New Jersey nonprofits that was fielded in July and August 2022. This year, over 160 nonprofit leaders, including CFOs, Controllers, CEOs, Executive Directors and Board Members, completed the survey. The findings provide an insightful perspective into current conditions and outlooks – straight from the people who are leading the charge across a broad range of nonprofit sectors and organizations.

Financial & Operational Challenges

Our survey report reveals an industry currently facing a unique set of financial and operational challenges, caused in large part by shifting economic factors. These factors present nonprofits with higher demand for services, which varies in intensity by nonprofit sector, as well as rising operational costs that are being experienced across all sectors.



Stabilizing finances and securing additional funding are critical priorities for most nonprofits today.

60% of nonprofits surveyed indicated that their **finances were insufficient to accomplish their missions**, but the scale of concern varied widely by sector



Strategically, many nonprofits are taking steps to enhance their relevance or effectiveness

53% instituting new programs and services

28% targeting new populations

43% collaborating with other organizations

The survey also found that

20% of organizations are specifically addressing rising costs by collaborating with other organizations in the areas of administrative, finance or back-office support.

This year, nonprofits experienced improved human resources stability in the areas of layoffs, furloughs and hiring freezes, but attracting and retaining qualified employees remains their top reported HR challenge.

70%

of respondents said attracting and retaining qualified people is their number one operational issue, up from 60% in 2021

1 in 5

nonprofits reported changes in executive management in the past 12 months which was comparable with our 2021 findings

12%

of organizations reported employee layoffs and furloughs vs. 31% in 2021. The percentage reporting hiring freezes also declined, from 20% in 2021 to 10%

Board Engagement and DEI

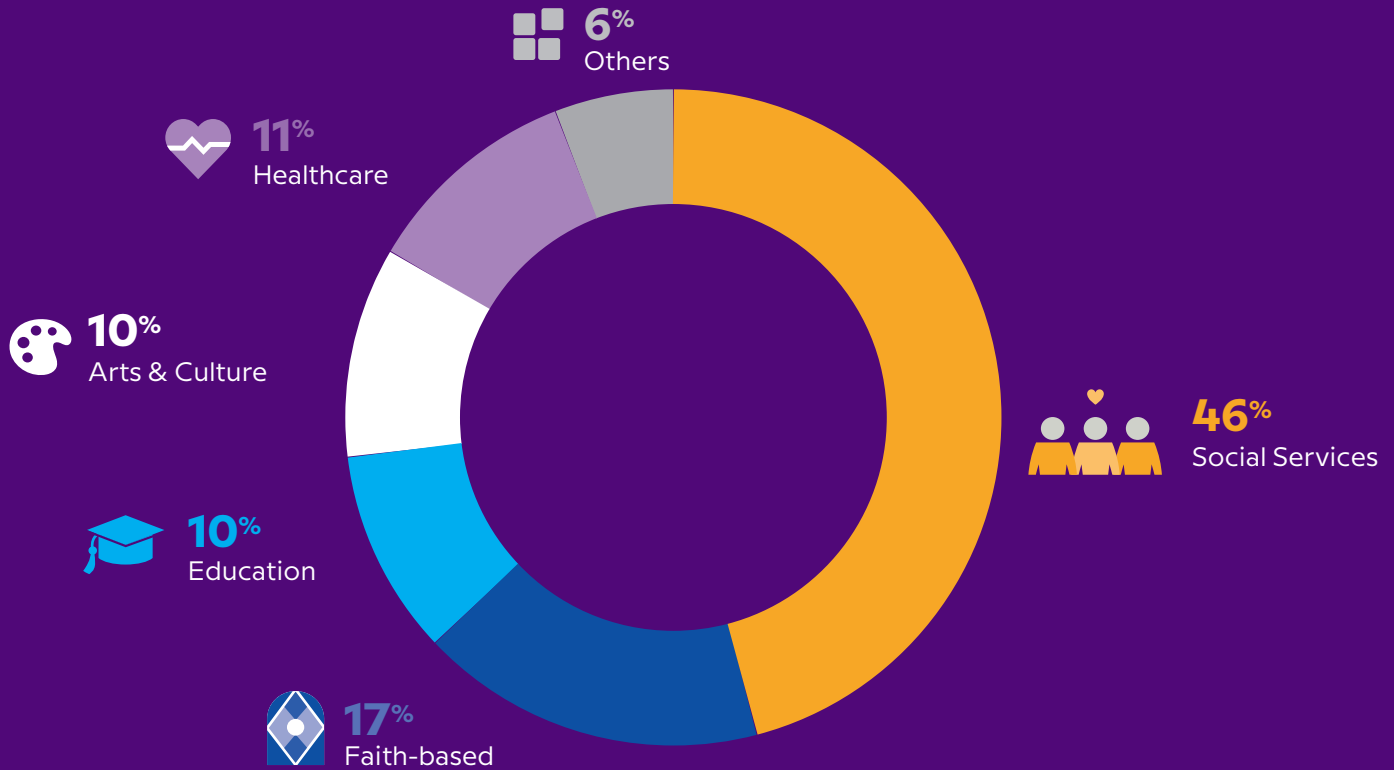
Overall, reported board engagement increased this year with 67% of nonprofits saying their boards are engaged or highly engaged, but the assessments varied considerably by sector. When asked if their board reflects the diversity of the population they serve, the percentage saying yes also varied by sector, ranging from a high of 67% for arts and cultural organizations to a low of 17% for healthcare organizations.

In 2021, 50% of respondents reported having a Diversity, Equity and Inclusion (DEI) policy in place and 26% indicated they were working to implement one. This year the overall percentage saying they have a DEI policy was 71%, but responses varied considerably by sector, from a high of 100% for educational institutions to 50% for faith-based organizations.

These findings are just the beginning of the insider insights our survey revealed. Continue reading the full report to discover more meaningful data that can be used to benchmark your own organization and plan confidently for its future.

2022 NONPROFIT LEADERSHIP SURVEY

Fielded July, August 2022



RESPONDENT ORGANIZATIONAL ROLES



162

completed surveys
span all nonprofit sectors
99% of organizations
located in NY & NJ

32% CFO/ Controller

27% CEO/ Executive

16% Director of Programs

10% Development/ Fundraising

4% IT Leader

3% Board Member

2% HR

6% Other

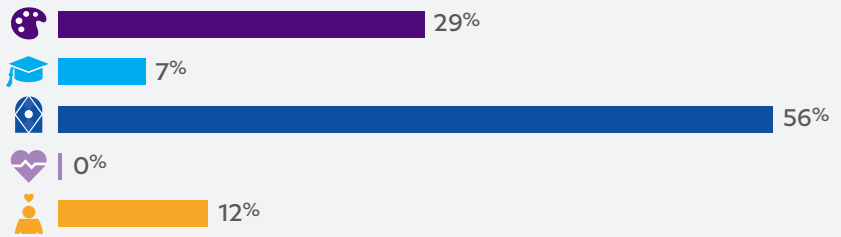
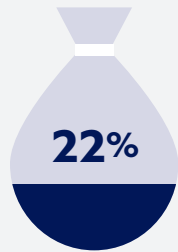
Nonprofit leaders: Majority of respondents are CFOs, Controllers, CEOs, Directors, Presidents, or Board Members

ANNUAL BUDGETS VARY BY SECTOR

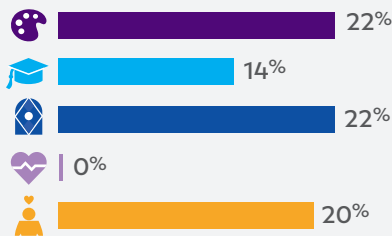
ANNUAL BUDGET

TYPE OF NONPROFIT

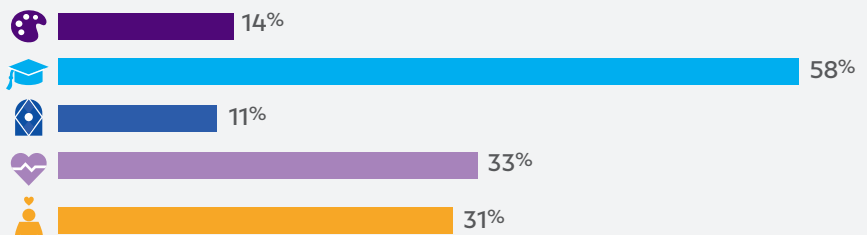
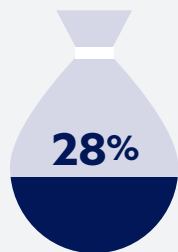
Less than \$1 M



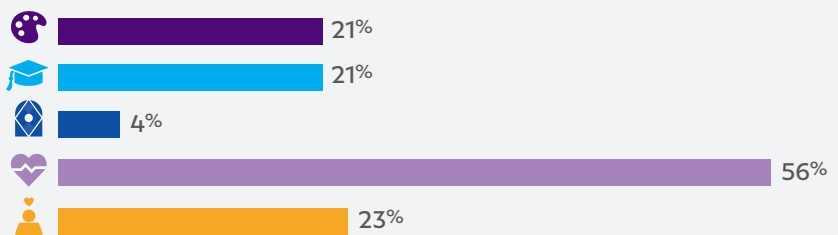
\$1 M - \$5 M



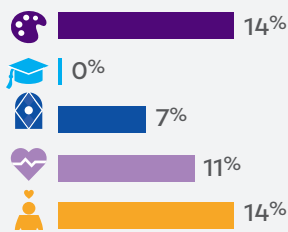
\$6 M - \$25 M



\$26 M - \$100 M



More than \$100 M



Arts & Culture

Education

Faith-based

Healthcare

Social Services

ANNUAL BUDGETS VARY BY SECTOR

56%



of **Faith-based** nonprofits have small budgets of **less than a million dollars**

58%



of **Education** nonprofits are in the middle range, with **budgets ranging from \$6 - \$25 million**

67%



of **Healthcare** nonprofits have larger **budgets of \$26 million or more**

51%



of **Arts & Culture** nonprofits have budgets of less than **\$5 million**

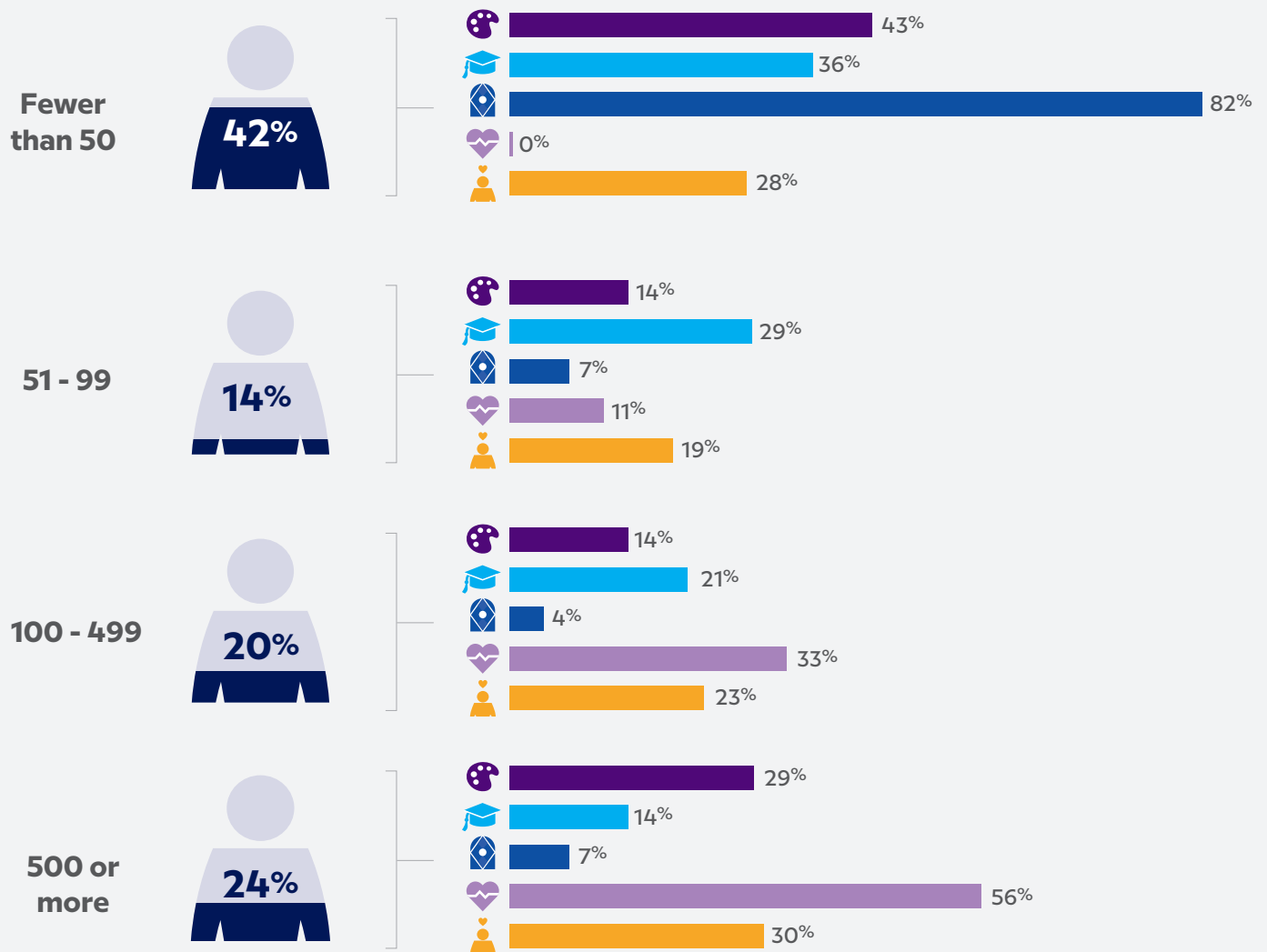


Social Services nonprofits span the range **from low to high budgets**

SIZE: FULL-TIME EMPLOYEES

NUMBER OF EMPLOYEES

TYPE OF NONPROFIT



Arts & Culture
 Education
 Faith-based
 Healthcare
 Social Services

42% of nonprofits surveyed have **fewer than 50 employees**

82% **Faith-based** nonprofits are more likely to have **fewer than 50 employees**

56% The majority of **Healthcare** nonprofits employ **500 or more people**

Social Services nonprofits span the range, **from few to many employees**

MACRO-ECONOMIC DRIVERS



DEMAND FOR SERVICES

68%
in 2022 vs
53% in 2021

16%
No change

16%



COSTS

74%
in 2022 vs
33% in 2021

15%
No change

11%



FUNDING

44%
in 2022 vs
26% in 2021

35%
No change

21%

68%  

Demand for services continued to increase in 2022 with 68% reporting an increase vs. 53% in 2021

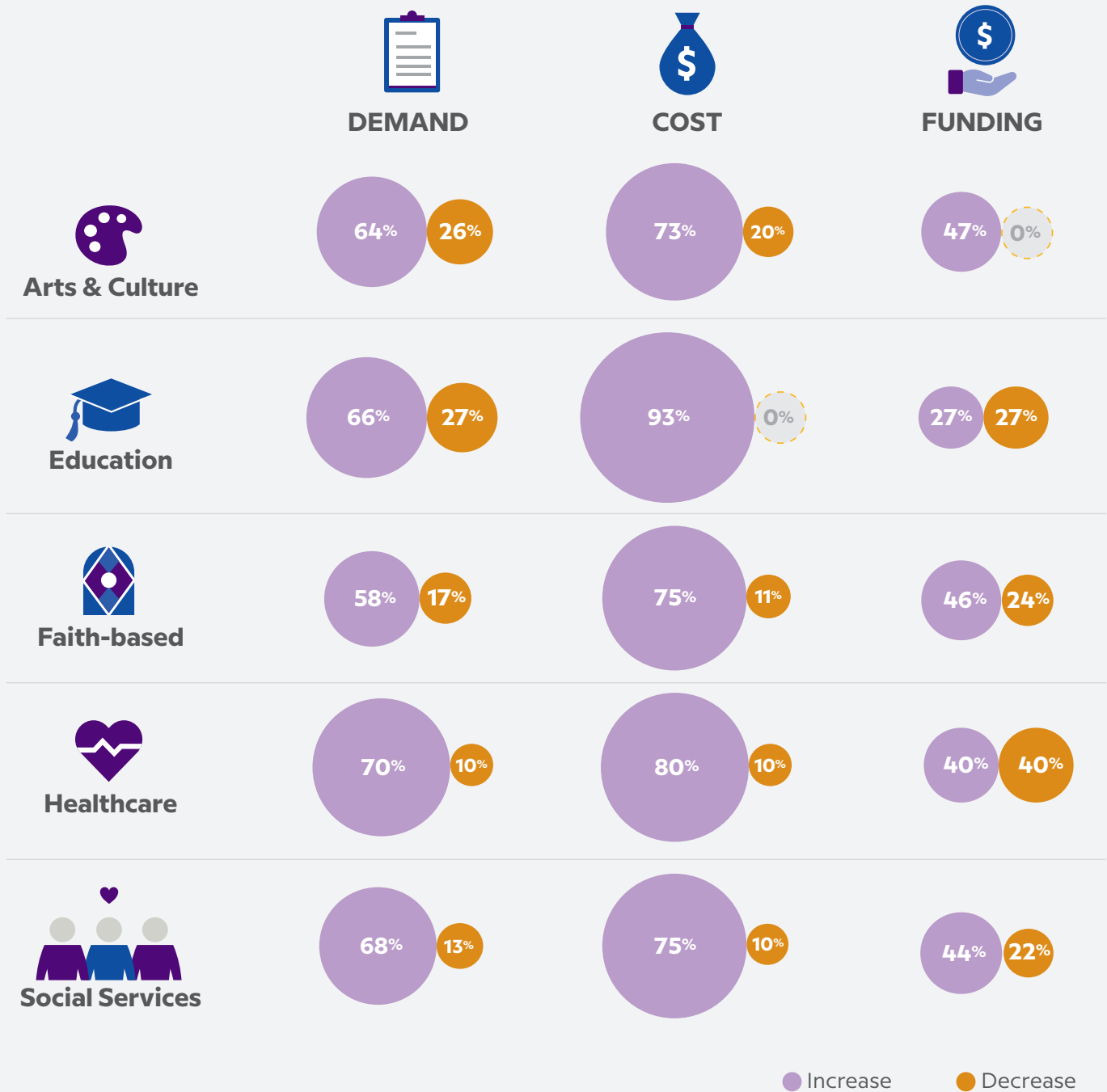
74%  

Operating costs increased significantly with 74% reporting an increase vs. 33% in 2021

44%  

Funding levels increased in 2022. 44% reported an increase in funding vs. 26% in 2021. In 2022, only 21% reported a decrease in funding vs. 47% in 2021

CHANGE IN DEMAND, COSTS, & FUNDING BY SECTOR



Demand for services is up, especially in Healthcare and Social Services

Operating costs are up across the board

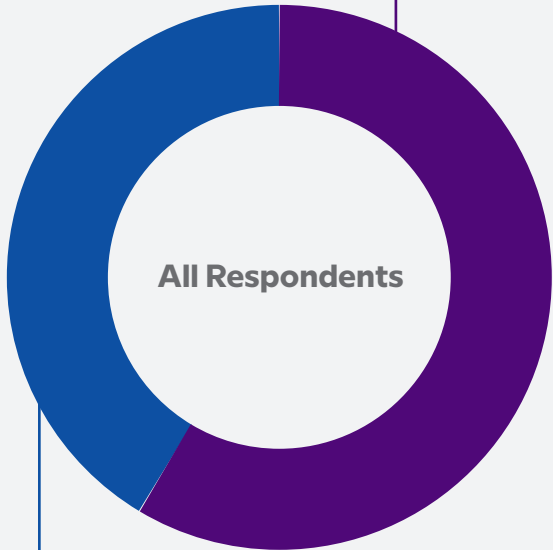
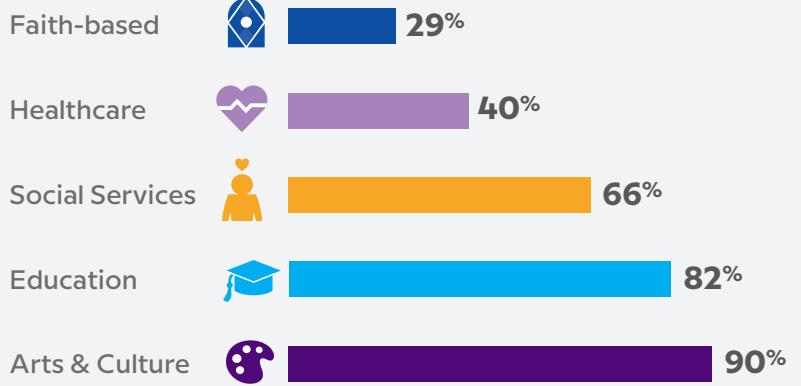
Even though **funding has increased,** it lags demand and costs. The gap between funding and costs is the largest in Education

CURRENT FINANCIAL SUSTAINABILITY TO ACCOMPLISH MISSION

60%

Finances insufficient for mission

Finances are insufficient for mission by sector



All Respondents

40%

Finances sufficient for mission

60%

of respondents indicated that their finances were not adequate to accomplish their mission

The percentages varied widely by sector



29%

faith-based organizations



66%

social services








90%

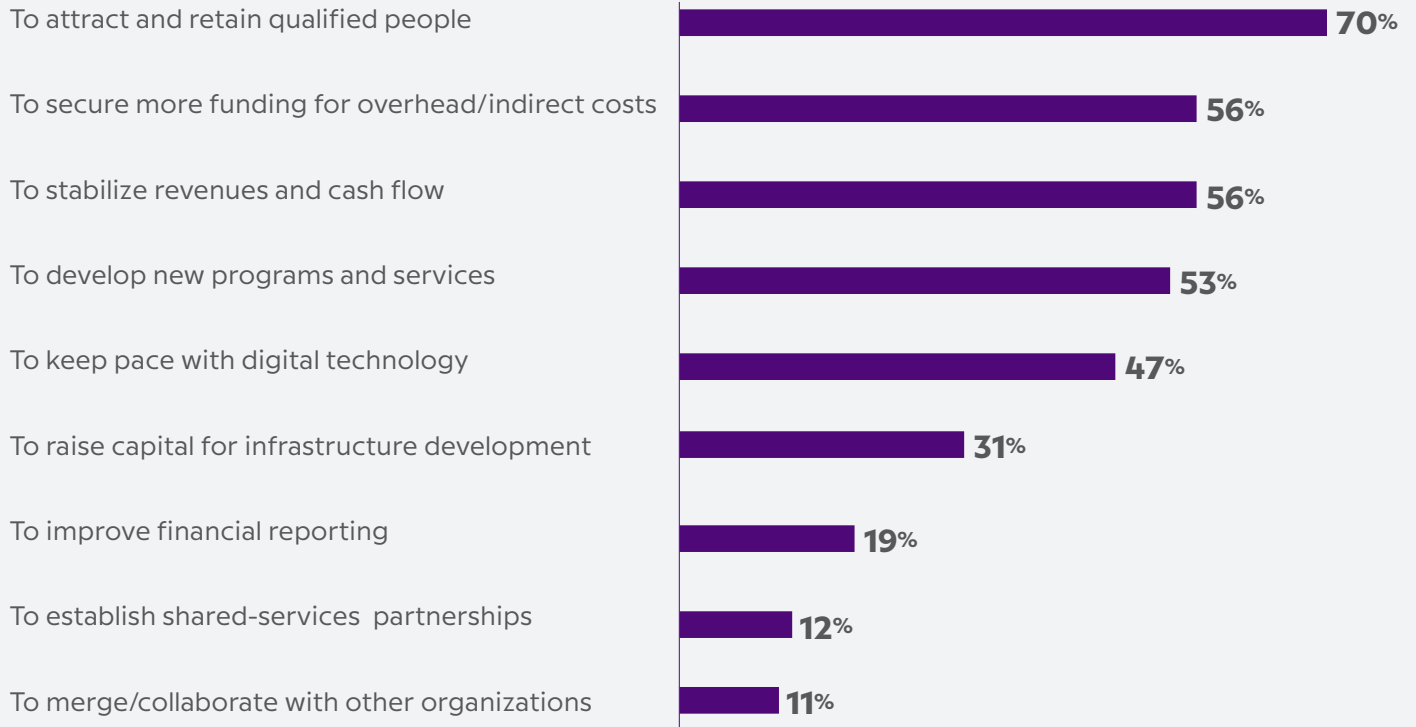
arts organizations

TOP SECTOR NEEDS

Top priorities varied by sector

	Need #1	Need #2	Need #3
 <p>Arts & Culture</p>	<p>79% Secure more funding to cover overhead/indirect costs</p>	<p>74% Stabilize revenues and cash flow Develop new programs and services</p>	<p>64% Attract and retain qualified people</p>
 <p>Education</p>	<p>71% Attract and retain qualified people</p>	<p>57% Develop new programs and services</p>	<p>43% Stabilize revenues and cash flow Secure more funding to cover overhead/indirect costs</p>
 <p>Faith-based</p>	<p>59% Stabilize revenues and cash flow Attract and retain qualified people</p>	<p>44% Secure more funding to cover overhead/indirect costs Keep pace with digital technology</p>	<p>37% Develop new programs and services</p>
 <p>Healthcare</p>	<p>67% Attract and retain qualified people</p>	<p>56% Develop new programs and services</p>	<p>44% Keep pace with digital technology Secure more funding to cover overhead/indirect costs</p>
 <p>Social Services</p>	<p>73% Attract and retain qualified people</p>	<p>59% Stabilize revenues and cash flow</p>	<p>54% Develop new programs and services</p>

WHAT NONPROFITS NEED TO BE OPERATIONALLY SUCCESSFUL



70%

Attracting and retaining qualified people continues to be the number one issue for nonprofits, **increasing to 70% this year, up from 60% in 2021**

56%

Securing more funding remained a priority for **56% of respondents again this year and the percentage seeking to stabilize revenues and cash flows modestly increased from 54% in 2021 to 56%**

53%

The need to develop new programs and services **moved up in the rankings from 35% to 53% this year**

47%

Keeping pace with digital technology was **ranked virtually the same (46% vs. 47%) year over year**

31%

Raising capital for infrastructure development **increased from 24% to 31%**

STRATEGIC CHANGES



53%

More nonprofits (**53%**) created **new programs and services in 2022 vs. 42% in 2021**

43%

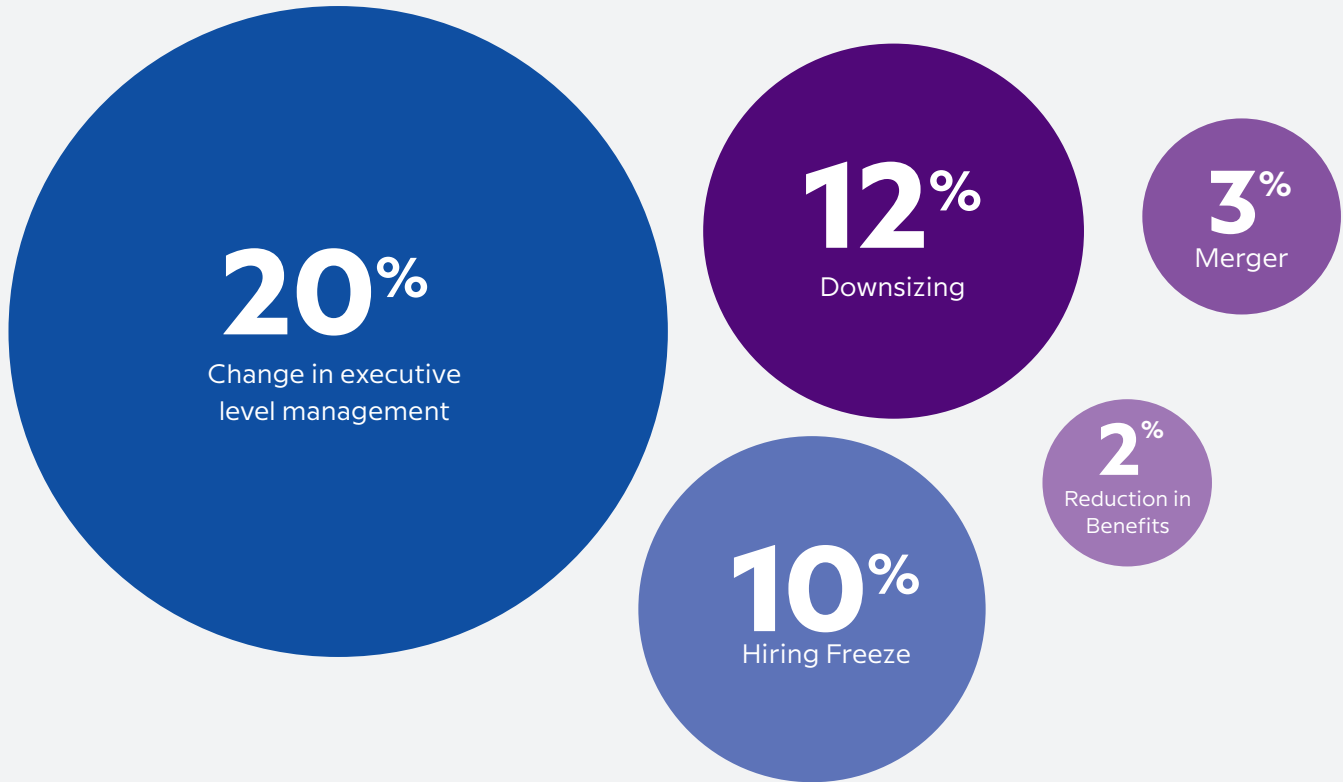
The number reporting collaboration with other organizations **increased somewhat, to 43% from 36% in 2021**

28%

The percentage of organizations targeting populations not previously served (28%) also **increased somewhat, up from 22% in 2021**

HR-RELATED EVENTS

Respondents experienced these HR-related events in the past year



1 in 5

The percent reporting **changes in executive management** remained the same at 1 in 5 in 2022

12%

Significantly **fewer (12%) reported layoffs and furloughs in 2022 vs. 31% in 2021**

10%

Hiring freezes **declined from 20% in 2021 to 10% in 2022**

3%

Mergers with other organizations **declined slightly to 3% from 5% in 2021**

2%

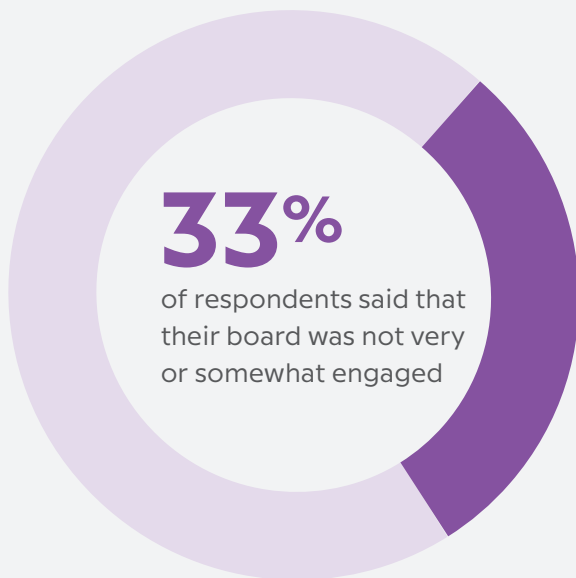
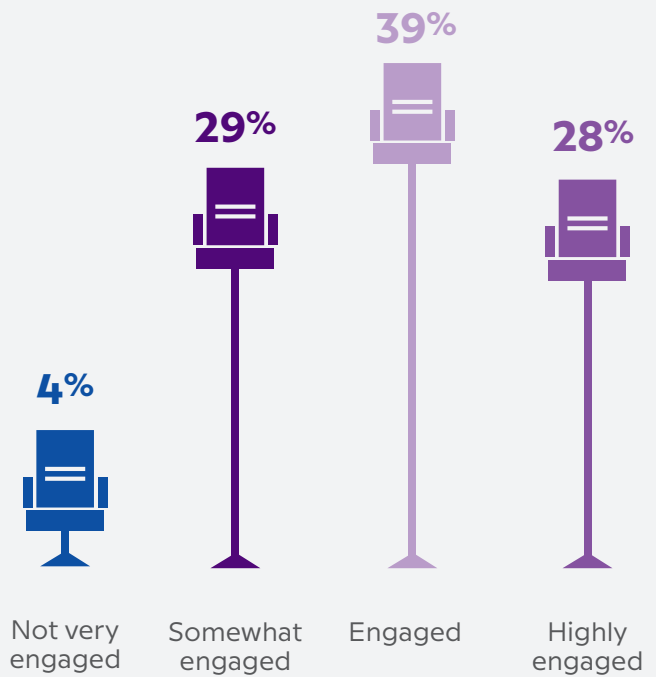
Significantly fewer nonprofits reported **reducing employee benefits – just 2% vs. 12% in 2021**

BOARD ENGAGEMENT

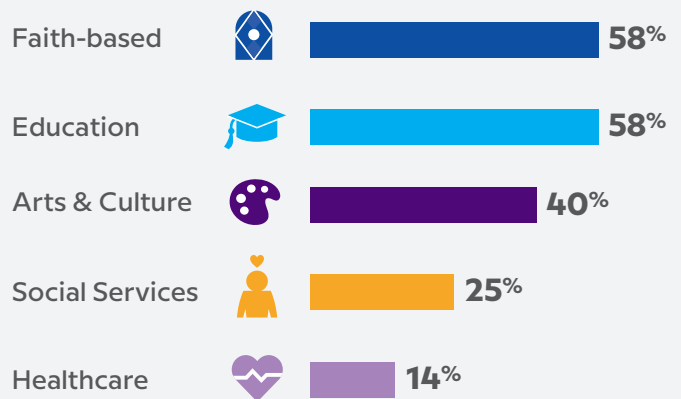
67%  

Reported Board Engagement increased to 67% overall this year, compared to 2021 when 58% of respondents reported that their board members were engaged or highly engaged

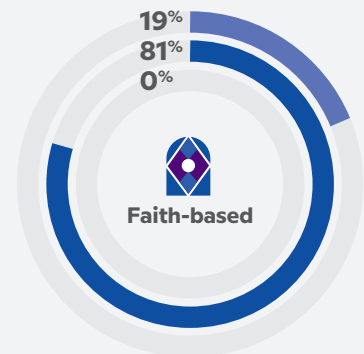
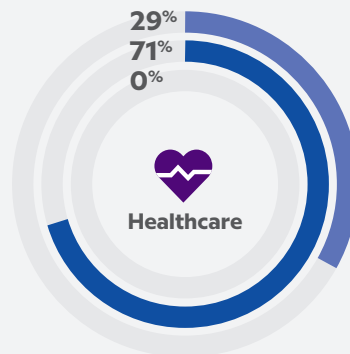
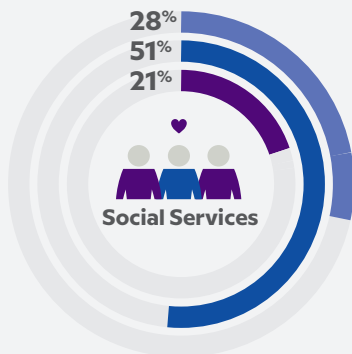
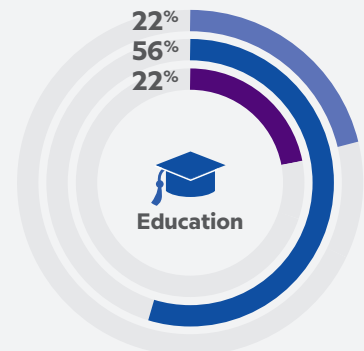
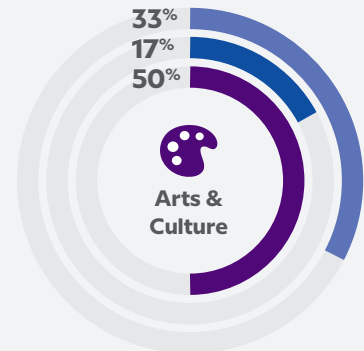
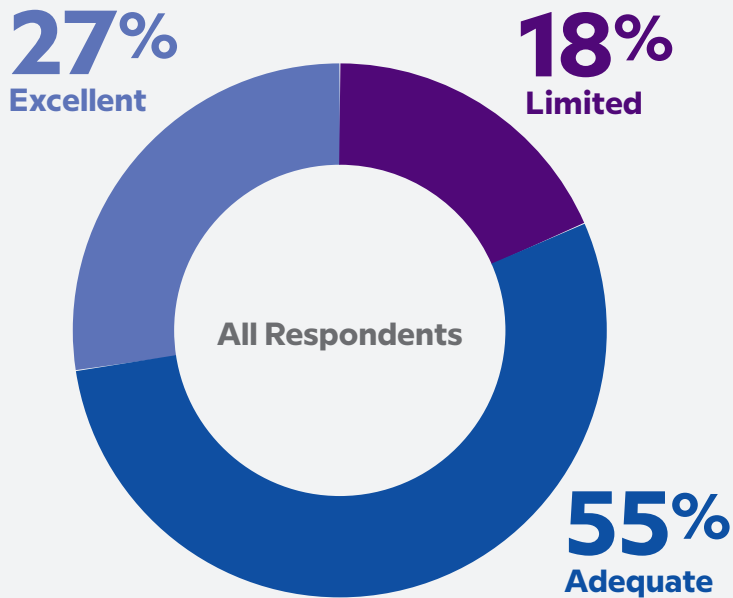
There was no relationship between reported engagement and the size of the nonprofit



The lowest two levels of reported board engagement varied by sector



BOARD FINANCIAL UNDERSTANDING



■ Understanding is Limited
 ■ Understanding is Adequate
 ■ Understanding is Excellent

Responses on Board Financial Understanding varied by sector

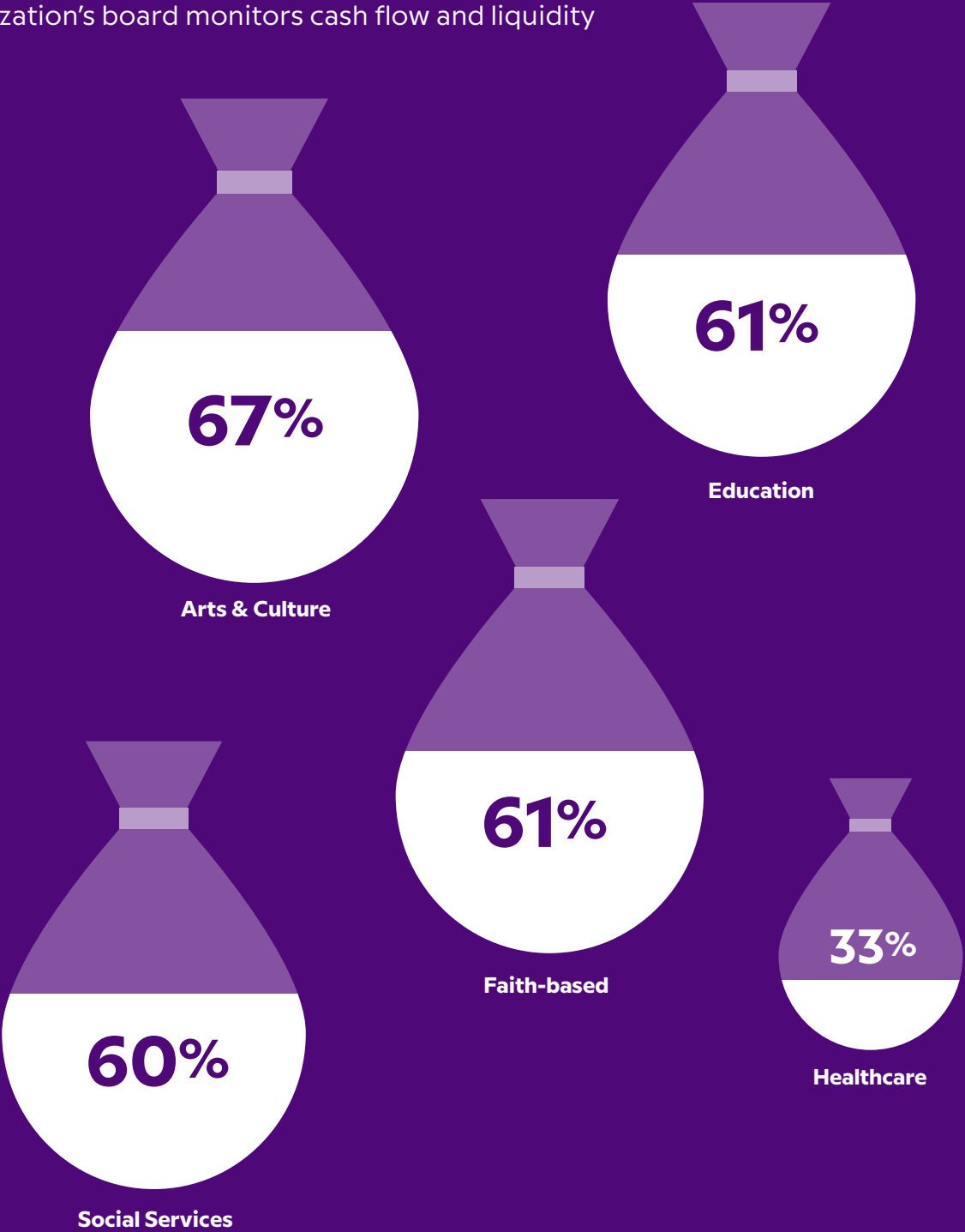
Arts & Culture had respondents clustered at both ends of the spectrum

All Healthcare and Faith-based organizations reported that Board Financial Understanding was adequate or excellent

About 4 out of 5 **Education and Social Services organizations** reported adequate or excellent understanding

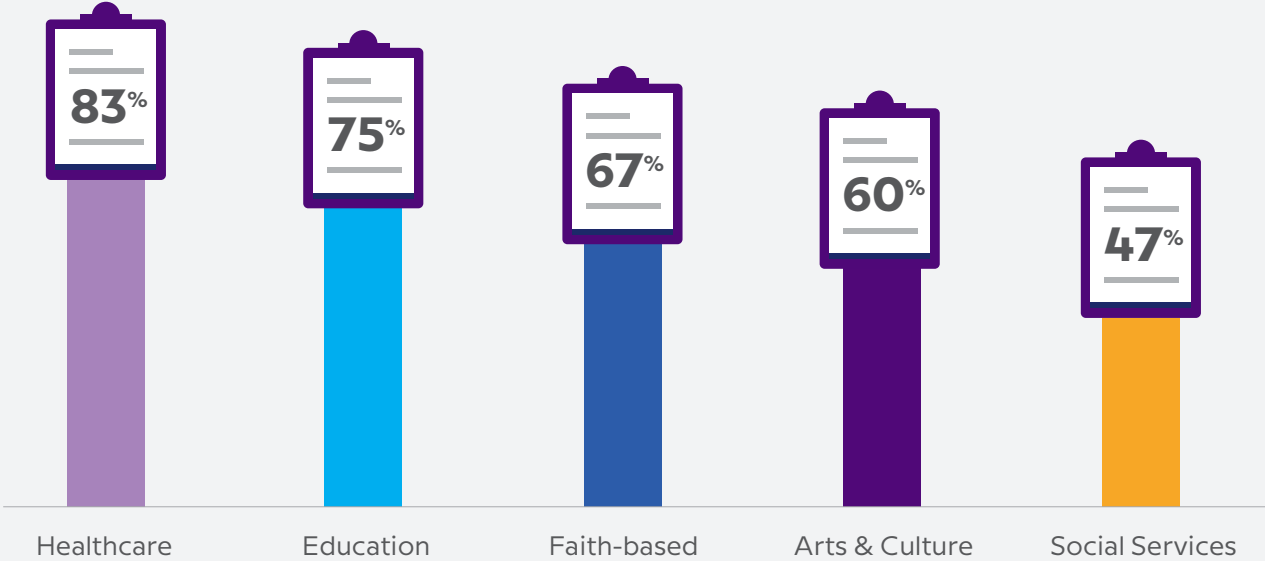
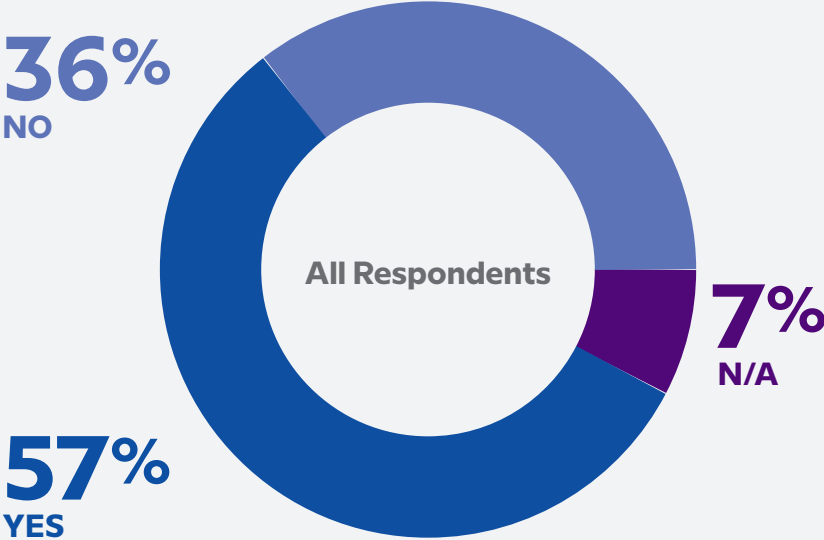
BOARD REGULARLY MONITORS CASH FLOW & LIQUIDITY

Overall, **59%** of respondents said their organization's board monitors cash flow and liquidity

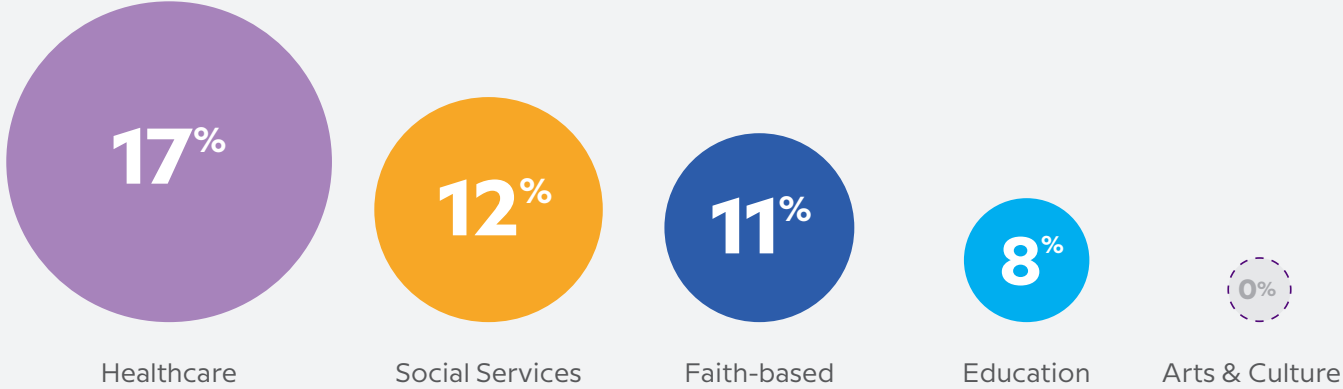


BOARD REVIEWS PROFIT & LOSS STATEMENTS AT THE PROGRAM LEVEL

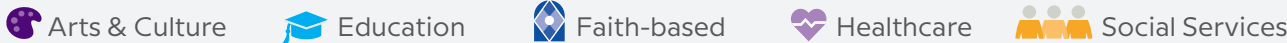
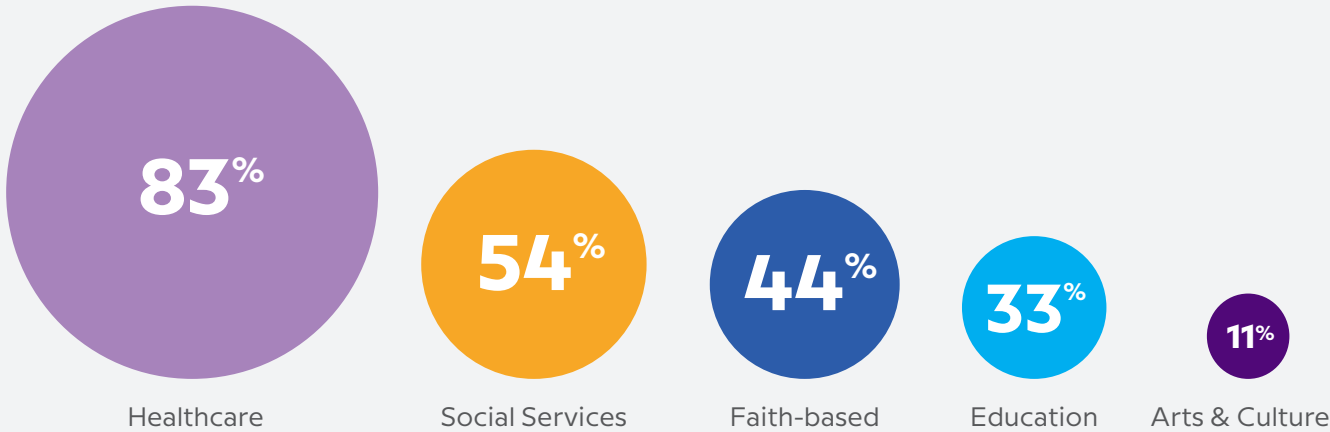
Overall, **57%** reported that their boards review profit and loss statements at the program level. (Same as last year)



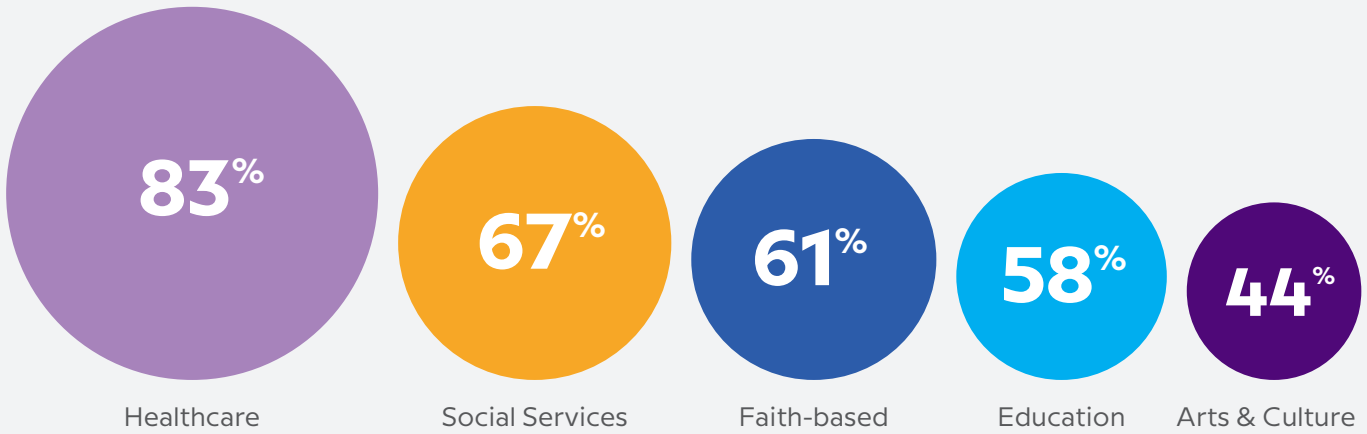
ANNUAL BOARD PERFORMANCE & SKILLS ASSESSMENTS



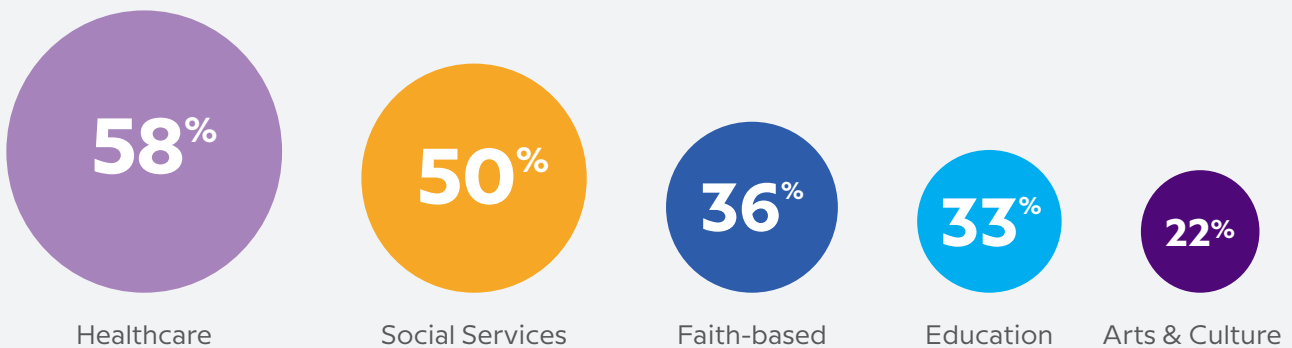
BOARD MEMBERS HAVE SUFFICIENT GOVERNANCE TRAINING








BOARD UNDERSTANDS CORPORATE & OVERSIGHT RESPONSIBILITIES

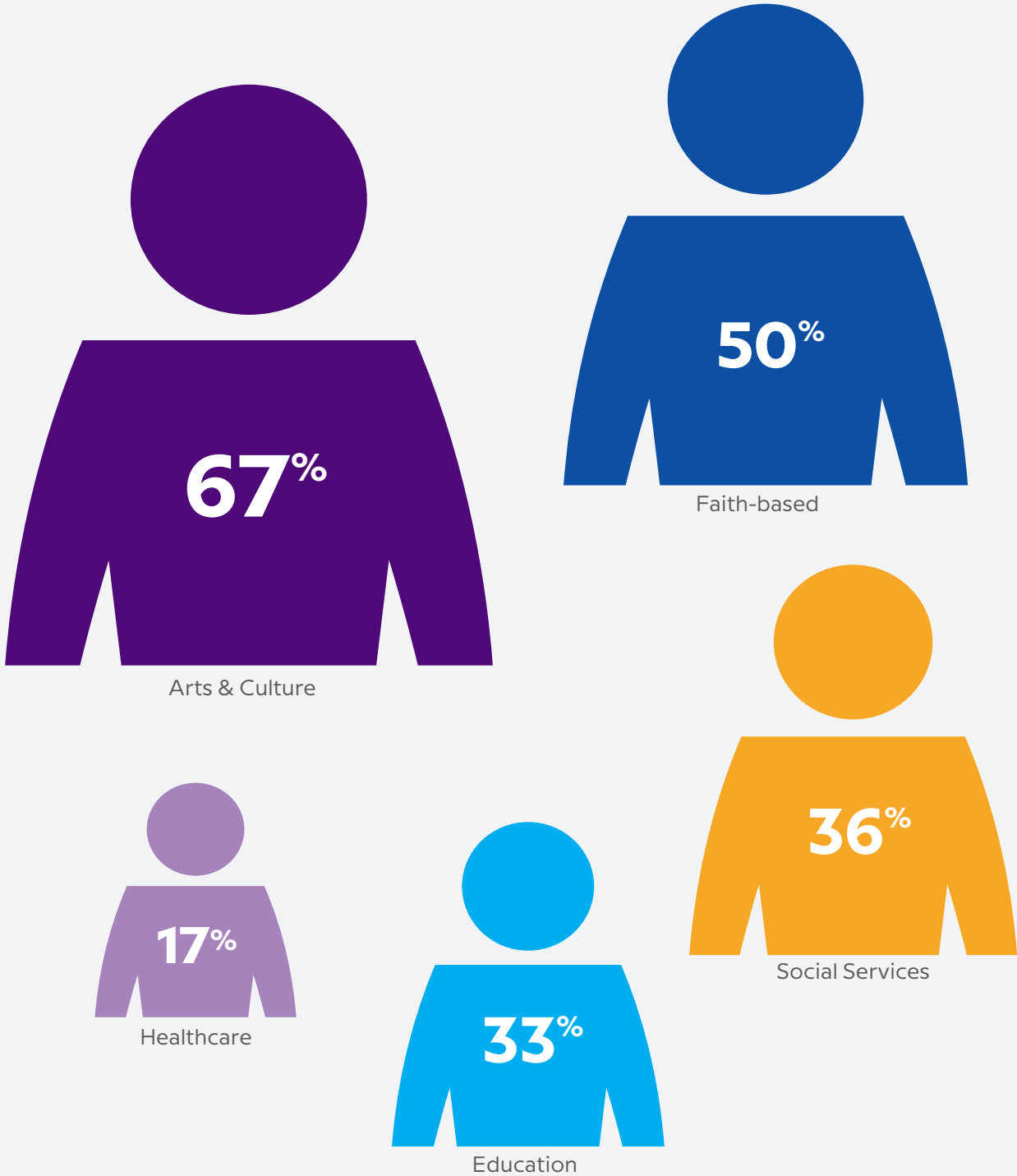



BOARD FOCUSES MORE ON STRATEGY THAN OPERATIONS





 Arts & Culture  Education  Faith-based  Healthcare  Social Services

BOARD REFLECTS DIVERSITY OF POPULATION SERVED



 Arts & Culture

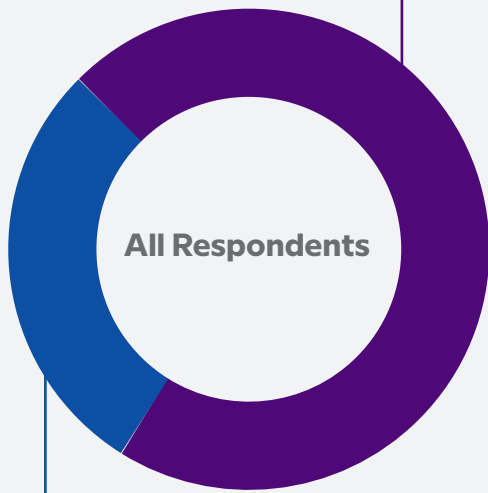
 Education

 Faith-based

 Healthcare

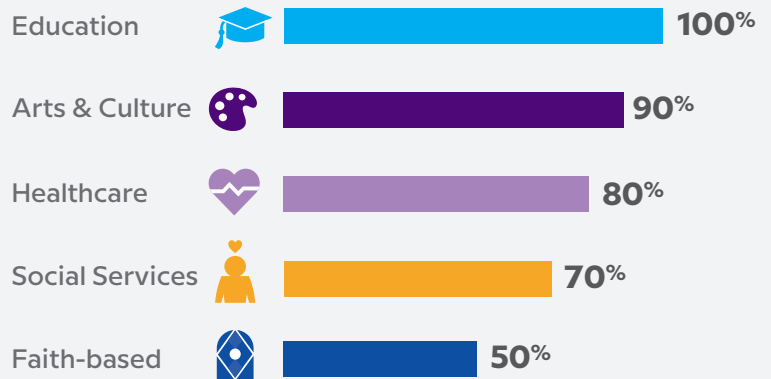
 Social Services

ORGANIZATION HAS A DEI POLICY



71%
have a DEI policy

DEI policy by sector



29%
do not have a DEI policy

50%

reported having a DEI policy in place in 2021

100%

of Educational organizations said they have a DEI policy

26%

said they were working on the DEI policy in 2021

50%

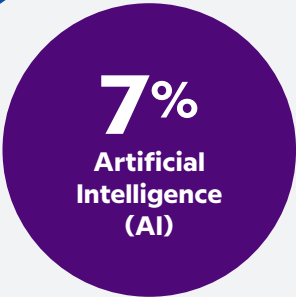
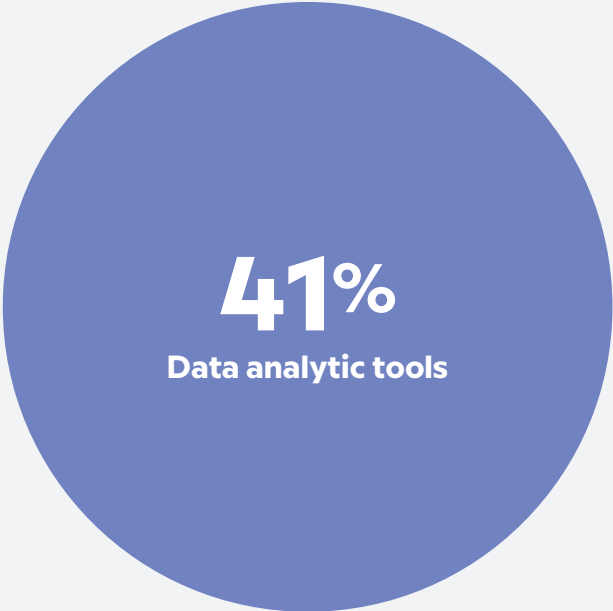
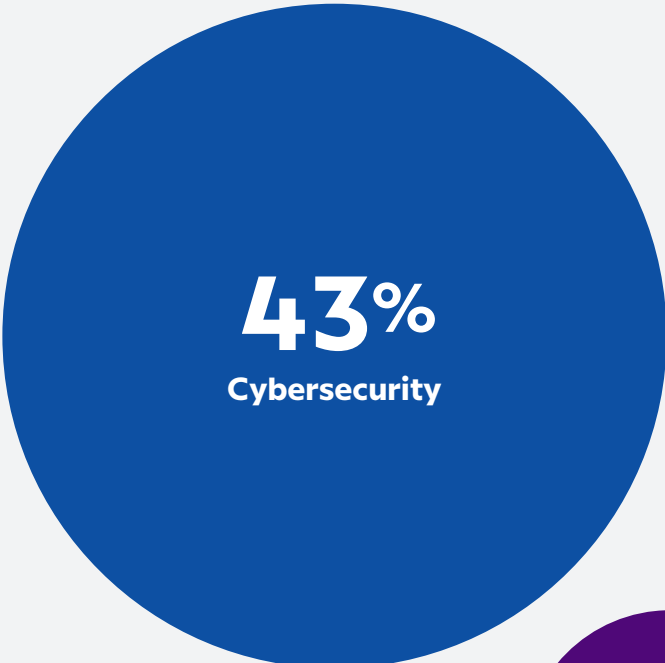
Faith-based organizations are the least likely (50%) to have a DEI policy

71%

This year (2022) the overall percentage reporting having a policy increased to 71%

TECHNOLOGIES NONPROFITS ARE CONSIDERING

Cybersecurity and data analytic tools are top-of-mind across all sectors



ORGANIZATION BUSINESS CONTINUITY/ DISASTER RECOVERY PLANS

49%

have a Plan

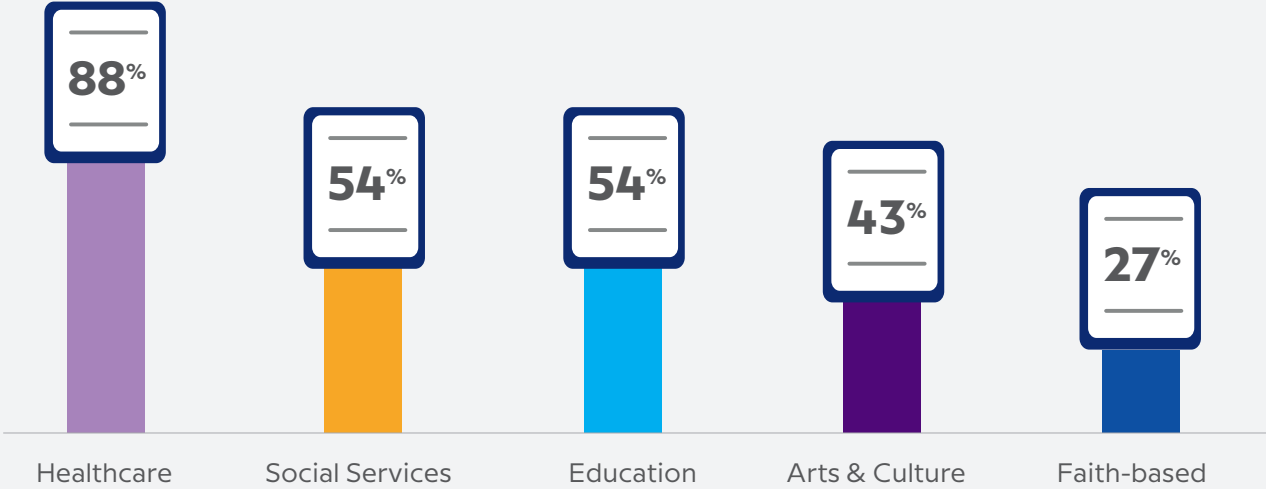


51%

do not have a Plan



Disaster Recovery Plans by Sector



ABOUT GRASSI

56th

largest accounting firm in the nation, as ranked by Inside Public Accounting

99%

satisfaction rating from nonprofit clients in 2021

170+

nonprofit clients

200+

combined years of nonprofit professional experience

Grassi's Nonprofit advisors help organizations fulfill their missions through operational efficiencies, risk management and financial health. Our dedicated team of nonprofit specialists are highly skilled at identifying and addressing the operational, technology, governance and other issues that keep your organization from reaching its highest goals.

We serve nonprofits across the sector, including social service, community-based, healthcare, educational, religious, and philanthropic organizations, as well as foundations, housing organizations, and nonprofits that are subject to Uniform Guidance.

In addition to our data-driven audit, tax and compliance services, Grassi's Nonprofit advisors deliver proactive solutions for sustainability planning, internal controls, reputation management, succession planning, outsourced CFO, forensic accounting and more.


Visit grassicpas.com/nonprofit for more information or contact:

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This survey was prepared and conducted by  Research Services, rithafellerman@rfresearchservices.com





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