

State of Nonprofits 2023

What Funders Need to Know

A report of CEP's
**NONPROFIT
VOICE
PROJECT**



THE CENTER FOR
EFFECTIVE PHILANTHROPY

STATE OF NONPROFITS 2023

WHAT FUNDERS NEED TO KNOW



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ABOUT THE CENTER FOR EFFECTIVE PHILANTHROPY

CEP provides data, feedback, programs, and insights to help individual and institutional donors improve their effectiveness. We do this work because we believe effective donors, working collaboratively and thoughtfully, can profoundly contribute to creating a better and more just world.

ABOUT THE NONPROFIT VOICE PROJECT

CEP's Nonprofit Voice Project is designed to elevate the perspective of nonprofit leaders on crucial issues and to inform funders as they do their giving. We explore topics of relevance to both institutional and individual donors, knowing that it can be difficult for funders to get a clear understanding of the challenges nonprofits face.

The leaders who are part of the Nonprofit Voice Project agreed to be surveyed two to three times a year for the next three years. These leaders were assembled through a rigorous process to be representative, across a range of dimensions, of nonprofits that receive at least some foundation funding. This approach gives us confidence that the findings described here are generalizable to the larger population of nonprofits that receive some foundation support.

ACKNOWLEDGMENTS

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MCKNIGHT FOUNDATION



We also want to thank the nonprofit leaders who gave their time to be surveyed and who thoughtfully shared their experiences and perspectives with us. The authors are grateful to CEP's Rihab Babiker, Kevin Bolduc, Ellie Buteau, Katarina Malmgren, and Grace Chiang Nicolette for their valuable feedback and to CEP Art Director Jay Kustka for his design of the report.

This research is based on CEP's independent data analyses, and CEP is solely responsible for its content. The report does not necessarily reflect the individual views of the funders, advisers, or others listed throughout this report.

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INTRODUCTION

Nonprofits across the United States played a vital role during a period of crisis that began in March 2020 with the COVID-19 pandemic and was followed by a nationwide racial justice reckoning that summer. Many organizations experienced unprecedentedly high demand for their services coupled with marked uncertainty about revenues, raising the specter of closures and the resulting rippling effects on people and communities.

Fortunately, stepped-up funding via the federal government's Paycheck Protection Program (PPP), as well as philanthropic giving, especially from foundations—coupled with tremendous resiliency and imagination on the part of many nonprofits—mitigated the worst fears. [As we reported in 2021](#), nonprofits fared “better through 2020 than their leaders had originally anticipated.”¹

Even so, many organizations continued to be taxed by the ongoing effects of the pandemic in 2021 and through 2022, as well as by economic uncertainty and high inflation. Given these challenges, reporting on the nonprofit sector today often highlights [concerns about staff retention and burnout](#).² Though they are hardly new issues for nonprofits, there is a sense that these challenges have been exacerbated by recent events.

As nonprofits and funders alike reflect on this intense period of trial and turmoil, we wanted to take stock of current nonprofit perspectives and understand their evolving experiences with funders, many of whom have [modified their approaches to working with nonprofits](#) since 2020.³ Through our Nonprofit Voice Project, we assembled a panel of nonprofits that is representative of the national landscape of nonprofits that receive at least some foundation funding. These organizations' leaders agreed to allow us to survey them regularly on important topics. A primary objective is to help funders, both individual and institutional, better understand the nonprofit experience so they can more effectively support the organizations they fund.

Our aim was to explore the state of nonprofit relationships with both foundations and individual donors, how nonprofits are perceiving current challenges, and their recent and projected financial results.

To explore these topics, we surveyed the 500 nonprofit leaders participating in CEP's Nonprofit Voice Project in early 2023. We received responses from 284 organizations, representing a 57 percent response rate. (See Methodology for more information.)

¹Hannah Martin, Kate Gehling, and Ellie Buteau, Ph.D., “Persevering through Crisis: The State of Nonprofits” (Cambridge, Mass.: Center for Effective Philanthropy, 2021), https://cep.org/wp-content/uploads/2021/06/CEP_Persevering-through-Crisis_2021.pdf.

²Drew Lindsay, “The Post-Covid Nonprofit: Burnout, Chaos, and the Grinding Hunt for Staff and New Revenue,” *The Chronicle of Philanthropy*, April 4, 2023, <https://www.philanthropy.com/article/the-post-covid-nonprofit-burnout-chaos-and-the-grinding-hunt-for-staff-and-new-revenue>.

³Ellie Buteau, Ph.D., Naomi Orensten, and Satia Marotta, Ph.D., “Foundations Respond to Crisis: Lasting Change?” (Cambridge, Mass.: Center for Effective Philanthropy, 2021), http://cep.org/wp-content/uploads/2021/11/CEP_Foundations-Respond-to-Crisis_Lasting_Change.pdf.

SUMMARY OF KEY FINDINGS

FINDING 1

Many nonprofit leaders report an increase in trust from funders and are experiencing changed practices, such as streamlined applications and reporting, removal of restrictions, and receipt of multiyear funding from foundations. In addition, most nonprofits report an increase in dollar amounts given by at least some individual donors.

FINDING 2

Issues related to staff—including burnout, filling staff positions, and retaining staff—are the top challenge facing nonprofit leaders.

FINDING 3

Despite a challenging economic context characterized by high inflation, most nonprofits experienced either a balanced budget or surplus in the most recently completed fiscal year, and the majority anticipate at least breaking even or having a surplus this fiscal year.





FINDING

1

Many nonprofit leaders report an increase in trust from funders and are experiencing changed practices, such as streamlined applications and reporting, removal of restrictions, and receipt of multiyear funding from foundations. In addition, most nonprofits report an increase in dollar amounts given by at least some individual donors.

FINDING 1

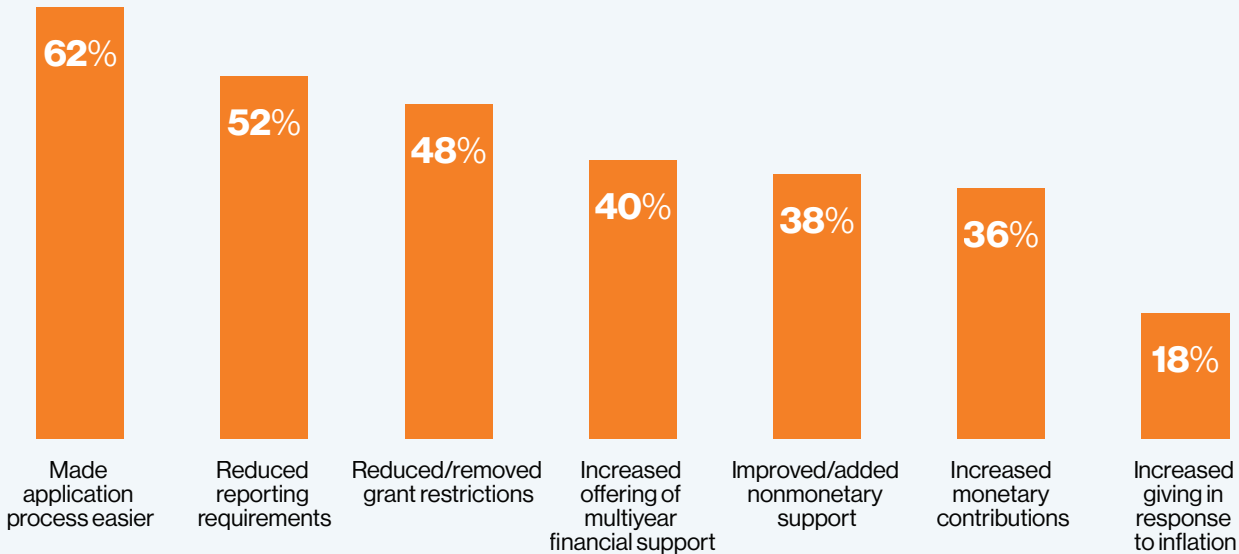
Nonprofits' experiences suggest that the events of 2020 as well as the advocacy of those promoting “[trust-based philanthropy](#)” have continued to have meaningful impact on funder practices.⁴ While some have expressed concern that changes in funder practices would be short-lived, our data indicate continued positive change in relationships between funders and nonprofits. More than half of nonprofit leaders perceived an increase in trust during the past year from their funders. In addition to this experience of trust, nonprofit leaders saw shifts in related funder practices.

SHIFTS IN FOUNDATION PRACTICES

In the past year, more than half of the nonprofit leaders surveyed experienced easier application processes and reduced reporting requirements from at least some of their foundation funders. “Several funders have [seemed] more interested in getting ‘reports’ through one-on-one meetings,” one nonprofit leader said. “This has helped us convey the nuances of our successes and challenges more clearly and has helped transition funders into more of a ‘partner’ role.”

Other shifts included the reduction or removal of grant restrictions, experienced by 48 percent of leaders, and an increase in multiyear financial contributions, experienced by 40 percent of leaders. “Longtime funders are embracing more trust- and relationship-based investment ... and then backing it up with unrestricted support,” said one leader. (See Figure 1.)

FIGURE 1. Percentage of Nonprofit Leaders Experiencing Changes in Foundation Funder Practices
(N = 282)



Percentages represent the proportion of nonprofit leaders who saw the change from “some” or “most/all” of foundation funders.

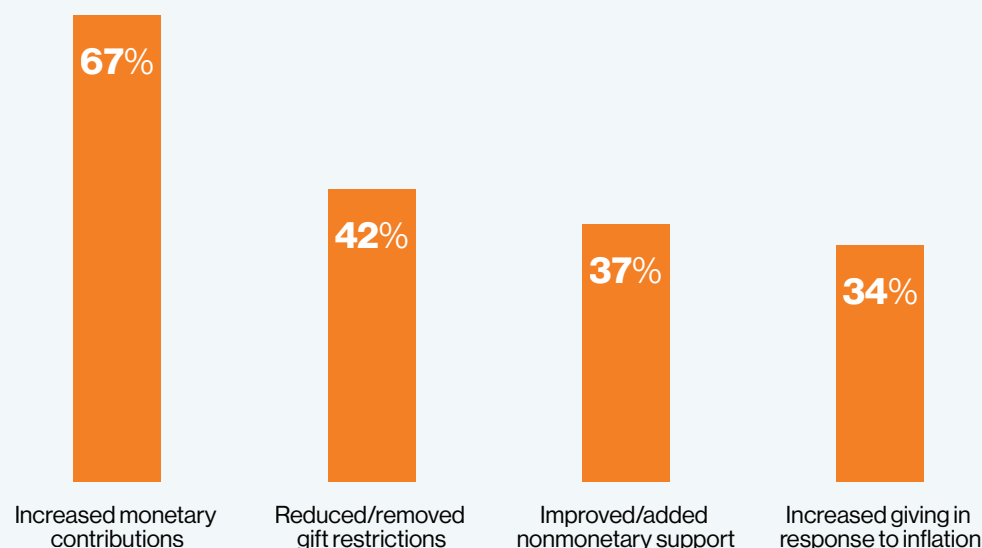
⁴ The Trust-Based Philanthropy Project outlines six key trust-based grantmaking practices, including giving multi-year, unrestricted funding; simplifying and streamlining paperwork; and others. The Trust-Based Philanthropy Project, “Practices,” <https://www.trustbasedphilanthropy.org/practices>.

SHIFTS IN INDIVIDUAL DONOR PRACTICES

Two thirds of nonprofit leaders saw an increase in the size of monetary contributions received from at least some of their individual donors and slightly more than one third reported that donors had added or improved nonmonetary support. Additionally, 42 percent of leaders said individual donors reduced or removed restrictions. (See Figure 2.)

FIGURE 2. Percentage of Nonprofit Leaders Experiencing Changes in Individual Donor Practices

(Ns = 274–275)



Percentages represent the proportion of nonprofit leaders who saw the change from “some” or “most/all” of individual donors.

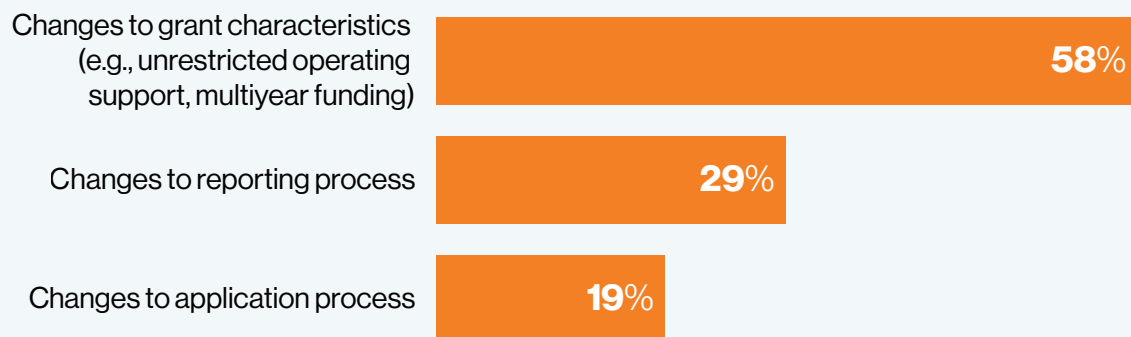
MOST HELPFUL SHIFTS IN PRACTICES

Nonprofit leaders experienced increased levels of financial support, as well as the provision of unrestricted support, to be the most helpful changes made by both foundation funders and individual donors. “The change that has been most helpful is to have true general operating support so we can be flexible as conditions rapidly change,” wrote one nonprofit leader. “Our mission is systems change, and we engage in advocacy work, which means we really have to be responsive and opportunistic.”

The other changes seen as among the most helpful from foundation funders were changes to the reporting and application processes. “The most helpful change has been to make the application process more straightforward and to create ways that we can develop meaningful relationships with the funders so they can better understand the work that we do every day,” one nonprofit leader said. (See Figure 3.)

FIGURE 3. Most Helpful Changes in Foundation Practices

(N = 227)



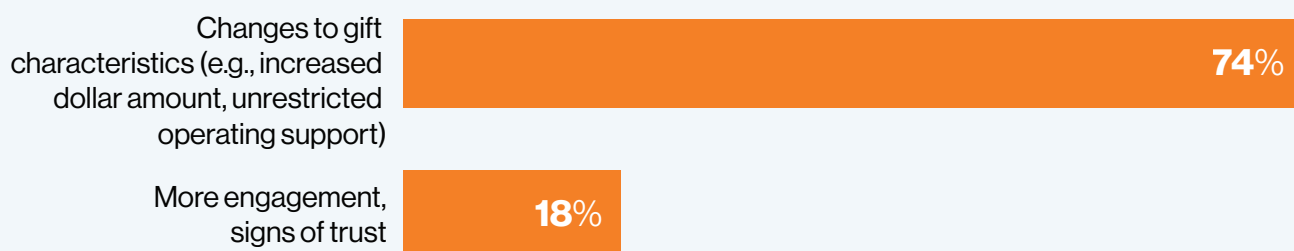
Percentages represent the proportion of nonprofit leaders who saw the change as the most helpful one made by foundation funders. The total exceeds 100 percent because some leaders indicated more than one change.

More than half of nonprofit leaders specifically highlighted an increase in the dollar amount of a gift as the most helpful shift they saw from individual donors who made a change to gift characteristics. Other changes nonprofit leaders appreciated from individual donors included the removal of restrictions or offering of general operating support and the commitment of recurring or monthly contributions.⁵

“A few donors have made significantly increased donations, in either size of donation or frequency,” one nonprofit leader said. “Those who have made monthly gifts help with fiscal planning the most.” Leaders also noted the value of the shifts they experienced in their interpersonal dynamics with individual donors. One described an “increased understanding of our work and mission and a desire to learn more about our work.” (See Figure 4.)

FIGURE 4. Most Helpful Changes in Individual Donor Practices

(N = 192)



Percentages represent the proportion of nonprofit leaders who saw the change as the most helpful one made by individual donors. The total shown is less than 100 percent because the remaining percentage of leaders indicated other changes such as the addition of donors, in-kind support, and continued pandemic-related support.

⁵ Of the 74 percent of leaders who spoke to changes in contribution/gift type as being most helpful from individual donors, 57 percent of them mentioned the increased dollar amount, 35 percent mentioned unrestricted or general operating support, and 16 percent mentioned recurring or monthly donations. Note that leaders could mention more than one change as helpful, so percentages exceed 100.

A photograph of two men in a workshop or office setting. One man, wearing a black beanie and glasses, is pointing at a laptop screen. The other man is looking at the screen. In the background, a whiteboard is covered with handwritten notes in green and black ink, including terms like 'ACTIVIDADES', 'CURSOS DE DISEÑO', 'USERS', 'ESTUDIANTES', 'DISEÑADORES', 'ANIMADORES', 'ENTUSIASTAS', and 'COMUNIDAD DE'. A large blue circle is overlaid on the left side of the image, containing the text 'FINDING 2'.

FINDING

2

Issues related to staff—including burnout, filling staff positions, and retaining staff—are the top challenge facing nonprofit leaders.

Almost half of nonprofit leaders said staff-related issues were the biggest challenge facing their organization. (See Figure 5.) These issues included managing staff capacity and avoiding burnout, hiring and staffing, retaining staff, paying equitably, and raising salaries. The obstacles leaders face internally are connected with external factors, such as the economic outlook, lingering impacts of the pandemic, and demand for services.

One leader described the difficulty of dealing with “staff burnout and adjusting our programmatic goals while asking for the same (or greater) amount of money to account for inflation” and “not receiving multiyear grants (two out of 20 are multiyear right now).” This leader went on to describe the resulting “staff stress and uncertainty in our long-term goal planning.” Compounding the challenge, the leader described how “our ... city is increasingly gentrifying and increasingly unaffordable ... which means recruiting and hiring nonprofit talent is difficult, particularly when competing against tech and for-profits.”

FIGURE 5. Staffing Challenges Nonprofit Leaders Are Facing

(N = 133)



STAFF BURNOUT

Almost all nonprofit leaders surveyed indicated concern about burnout, with more than one-third of them stating it was “very much” a concern—the highest level of concern referenced in the question.⁶ (See Figure 6.) “We have a solid culture and team, but burnout is real,” one leader said. “Our challenge is balancing the health and well-being [of] our team and the organization.”

Leaders described a range of contributors to burnout, including funder practices that continue to challenge organizations. One said, “It can be bewildering, frustrating, and even infuriating for nonprofit leaders to search for and secure funding leaders whose motivation is to improve the lives of their community spend so much time raising funds that they are often unable to make the impact they wish.” The consequence, this leader continued, is that “people ... leave the sector—that brain drain hurts our communities.”

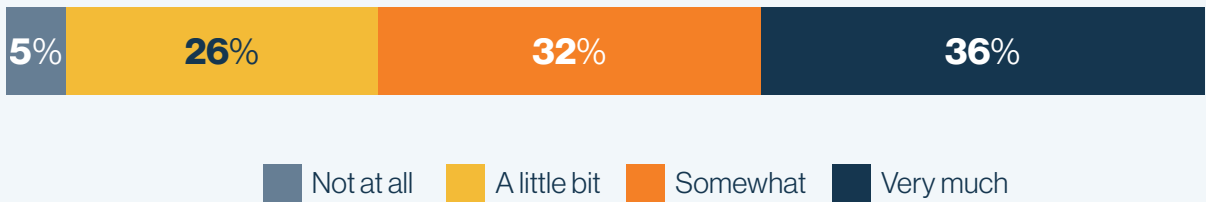
⁶ Leaders who identified as women, gender nonconforming or nonbinary, self-described, or chose not to indicate gender reported somewhat greater concern about burnout than leaders who identified as men. Mean comparison (t-test) indicated a small effect size.

FINDING 2

Another leader similarly described how expectations from funders can strain their staff. “It would be extremely helpful if grantors and funders would stop expecting us to embark on ‘new projects’ with each application. It’s extremely difficult to prove impact and methodology when we’re consistently forced to change how we interact with our target audience.” This leader described the result as “chaos, overload, and staff burnout.”

Nonprofits’ concerns about staff burnout—and the ways that funders contribute to it—are hardly new, of course, and suggest that shifts in funder practices since 2020, while welcomed by nonprofits, haven’t fully alleviated the challenges.

FIGURE 6. Nonprofit Leaders’ Levels of Concern About Burnout
(N = 284)



HIRING, STAFFING, AND RETENTION

Three quarters of nonprofit leaders indicated difficulty filling staff positions in the past year. Of respondents, 46 percent indicated experiencing some to a lot of difficulty, while 30 percent experienced a little difficulty. “Meeting our challenges boils down to one thing: talent,” said one leader. “We need leaders who can [effectively] run their part of the organization in a productive, efficient and financially stable way.”

One fourth of nonprofit leaders saw more staff leave than is typical in the past year, and concerns over retention also surfaced. This included the 22 percent of leaders experiencing staff challenges who spoke specifically to the difficulty of meeting staff pay and benefits expectations. These leaders often emphasized the tradeoffs between their organizations’ financial sustainability and their need to provide pay and benefits that keep them competitive with the private and public sectors in a changing job market. One leader described the difficulty of “hiring and retaining engaged and future-oriented employees when the applicant pool is limited, and our pay scales cannot compete with the private or public wage scale.”

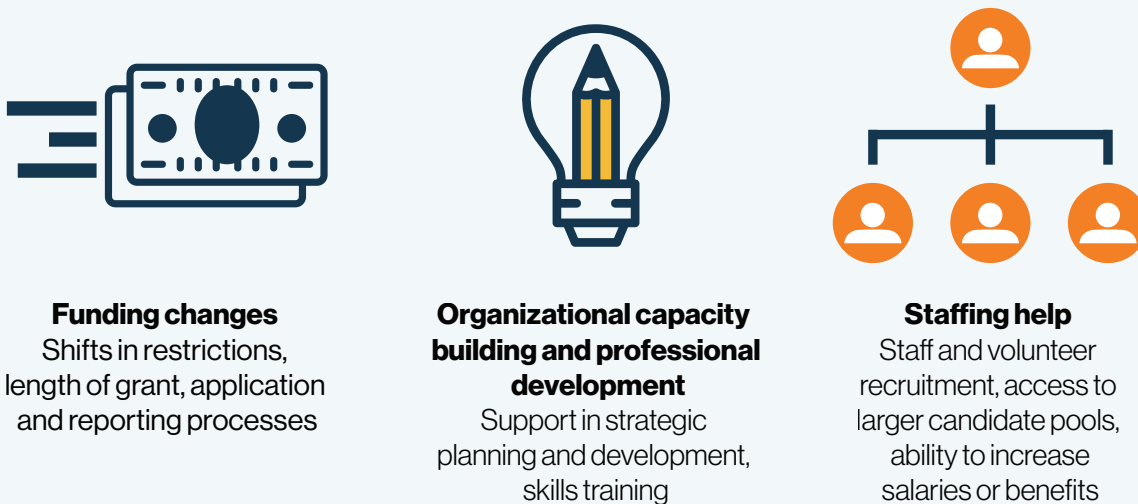
These staffing challenges are seen by some leaders as affecting their organizations’ ability to achieve impact. “Our growth and impact are also challenged by the difficulty in finding staffing with the level of experience and leadership needed to meet our organizational needs,” one leader reported.

While it is the case that many of these staffing-related challenges are perennial, and we can’t compare precisely with pre-pandemic sentiment, nonprofit leaders see staffing-related issues as their biggest challenge in this moment.

SUPPORTING NONPROFIT CHALLENGES

Echoing findings from a [2018 CEP report](#), nonprofit leaders pointed to several areas that would be helpful to address their challenges: changes in funding; organizational capacity building and professional development; and staffing help.⁷ (See Figure 7.) A small proportion of leaders also spoke to the need for marketing support to provide increased visibility for the organization or its area of work broadly.⁸

FIGURE 7. Top Three Areas Identified by Nonprofit Leaders to Help Address Challenges
(N = 264)



⁷ Ellie Buteau, Ph.D., Charis Loh, and Temitayo Ilegbusi, "Strengthening Grantees: Foundation and Nonprofit Perspectives" (Cambridge, Mass.: Center for Effective Philanthropy, 2018), http://cep.org/wp-content/uploads/2018/10/Strengthening_Grantees_FNL_forwebsite.pdf.

⁸ Of nonprofit leaders who responded, 14 percent identified marketing as a need.

RESOURCES FOR SUPPORTING NONPROFIT STAFF

For nonprofits, foundations, and individual givers who wish to learn more, below is a nonexhaustive list of resources on nonprofit staffing and trust-based practices.

SUPPORTING NONPROFIT STAFF

Fund the People's [toolkit for nonprofits and funders](#) seeking to invest in nonprofit staff

The National Council of Nonprofits' [resources on employment and HR](#)

INFORMATION ON FUNDER PRACTICES THAT SUPPORT NONPROFITS

CEP's [Relationships Matter: Program Officers, Grantees, and the Keys to Success](#) describes what creates strong funder–grantee relationships and how to foster them

CEP's [Making It Happen: A Conversation Guide](#) for foundations seeking to provide more multiyear general operating support

CEP's [Crucial Donors: How Major Individual Givers Can Best Support Nonprofits](#) shares nonprofit leader perspectives on major donor support

GEO's [Centering Equity through Flexible Reliable Funding](#)

PEAK Grantmaking's [Strategies for Narrowing the Power Gap in Philanthropy](#)

The Trust-Based Philanthropy Project's [guides and how-tos](#)



FINDING

3

Despite a challenging economic context characterized by high inflation, most nonprofits experienced either a balanced budget or surplus in the most recently completed fiscal year, and the majority anticipate at least breaking even or having a surplus this fiscal year.

The financial outlook for our respondents was better than might be expected in light of the economic context. Less than one fourth had a deficit last year, and a similar proportion anticipate a deficit for this year. (See Table 1.) Just 10 percent report a deficit for last year and also expect a deficit this year.

Table 1. Financial Outlook for Nonprofit Respondents

	Last fiscal year (N = 284)	Projections for this fiscal year (N = 283)
Budget deficit	22%	23%
Balanced budget	22%	46%
Budget surplus	55%	23%
Don't know / Unsure	1%	8%

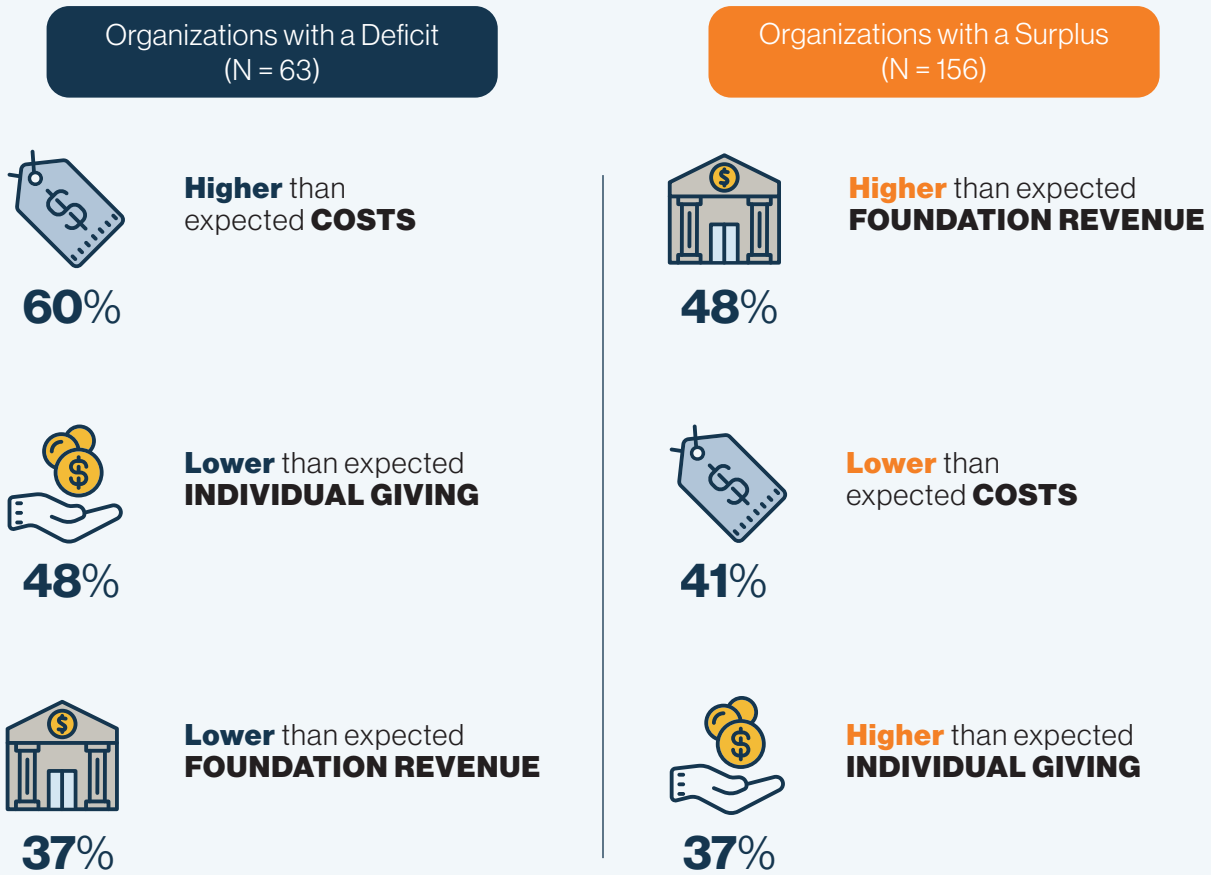
PREVIOUS FISCAL YEAR

More than half of nonprofits experienced a budget surplus in the most recent fiscal year, while less than one fourth of nonprofits had a deficit.

For those organizations that did experience a deficit, inflation appears to have played a role—with “higher than expected” costs cited by more than half of nonprofit leaders whose organizations ended the year in the red. (See Figure 8.) “Rising costs of everything from labor to printing to travel have made budgeting and cash-flow management much more difficult,” said one leader. Another leader said, “The fear of an impending recession has already made individual donors reduce or change their giving, which is impacting our current and new budget cycles.”

For those that experienced a surplus, higher than expected foundation grant revenue was the most frequently cited contributor. Lower than expected costs and higher than expected individual giving were also among the more commonly cited reasons behind a surplus. (See Figure 8.)

FIGURE 8. Percentage of Leaders Who Identified the Following Contributors to Last Year’s Financial Picture



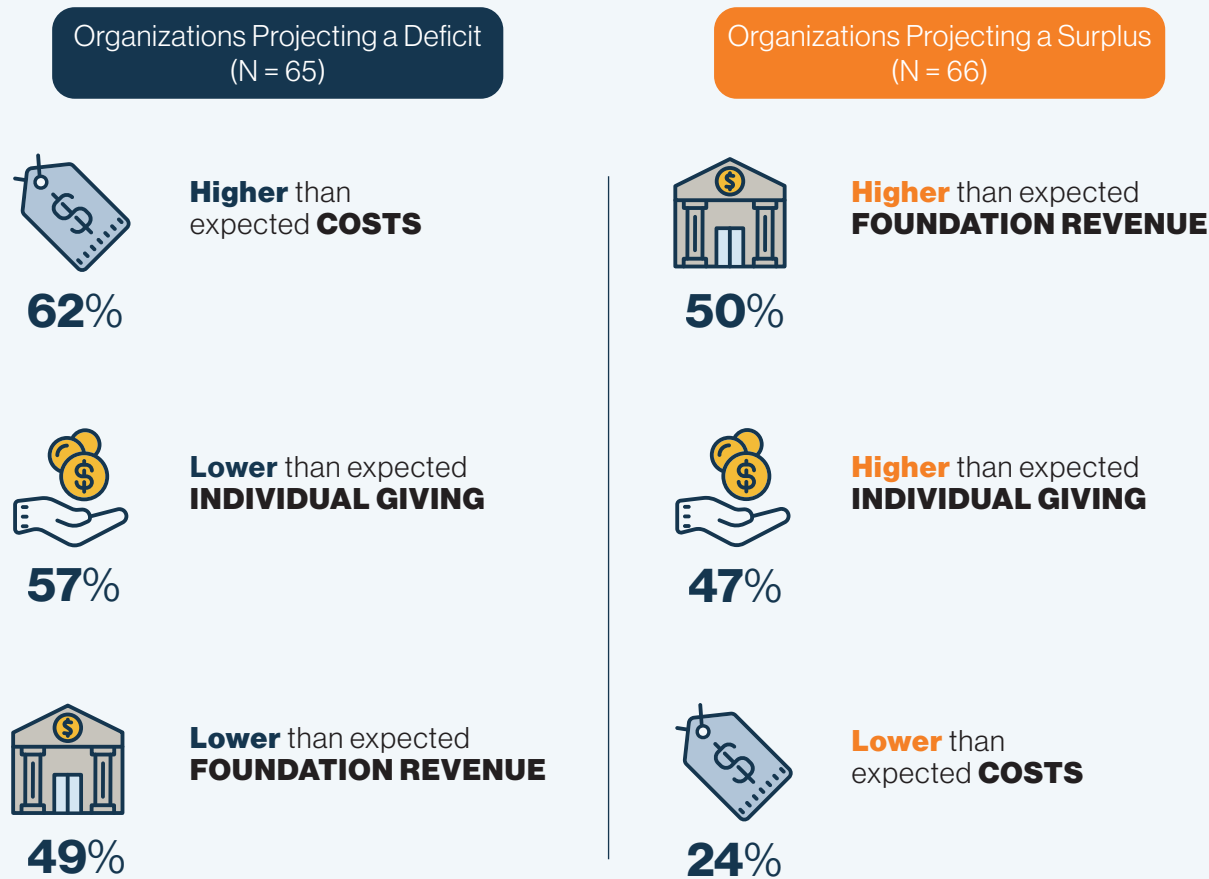
Totals exceed 100 percent because nonprofit leaders could select all that apply.

LOOKING AHEAD: THE CURRENT FISCAL YEAR

More than two thirds of leaders are anticipating either a balanced budget or surplus in the current fiscal year. Twenty-three percent are projecting a deficit, anticipating high costs and lower than expected contributions from both foundations and individual donors. Of the 23 percent of nonprofit leaders who are predicting a surplus, higher than expected foundation and individual giving and lower than expected costs are most often cited as contributors. (See Figure 9.)

Despite concerns expressed by some leaders and sector-watchers, our data suggest that nonprofits' financial performance has been—and is—relatively strong.

FIGURE 9. Percentage of Leaders Who Identified the Following Contributors to This Year's Financial Picture



Totals exceed 100 percent because nonprofit leaders could select all that apply.

CONCLUSION

Many nonprofits are experiencing more trust from their funders and changed practices related to funding type as well as processes, indicating that many of the shifts in funder practices that began in 2020 have continued. The data we collected from nonprofits corroborates [other CEP research](#) based on self-reporting by foundations.⁹

More nonprofits appear to be receiving unrestricted and long-term support—and they believe that it will help them address their number one challenge: a series of interconnected issues related to staff and staffing. That said, we know this kind of support remains more the exception than the rule, and many nonprofit leaders plead for more of this kind of funding in their open-ended comments.

Finally, despite worries about the economic context and inflation, specifically, the finances of the organizations represented on our panel are generally strong, with considerably more organizations reporting a surplus than a deficit in the most recently completed fiscal year. Obviously, however, [the context in which nonprofits are operating remains uncertain](#), with cautionary signs in terms of individual giving levels, continued—if somewhat abating—inflation, and the possibility of a recession.¹⁰

In future Nonprofit Voice Project research efforts, we will continue to explore these and other key issues and challenges facing nonprofit leaders.

⁹ Ellie Buteau, Ph.D., Naomi Orensten, and Satia Marotta, Ph.D., “Foundations Respond to Crisis: Lasting Change?” (Cambridge, Mass.: Center for Effective Philanthropy, 2021), <https://cep.org/portfolio/foundations-respond-to-crisis-lasting-change/>.

¹⁰ Sara Herschander, “Nonprofits Struggle as Recession Signs Grow More Pronounced,” The Chronicle of Philanthropy, April 24, 2023, <https://www.philanthropy.com/article/nonprofits-struggle-as-recession-signs-grow-more-pronounced>.

APPENDIX A: METHODOLOGY

The findings presented in this report are based on survey data collected, analyzed, and interpreted by the Center for Effective Philanthropy (CEP). Leaders of 284 nonprofit organizations completed the survey. Information detailing the process for collecting and analyzing the data is below.

SAMPLE CHARACTERISTICS

In January 2023, CEP invited the 506 nonprofit leaders from the Nonprofit Voice Project to participate in a survey exploring their experiences in the past year and their outlooks on the coming year.¹¹ Completed surveys were received from 274 nonprofit leaders, and partially completed responses were received from 10 leaders. (See Table 2.)

Table 2. Response Rates

Survey Period	Number of Eligible Respondents	Number of Completed / Partial Responses	Survey Response Rate
January 30, 2023, to February 14, 2023	500	284	57%

To thank them for their time, each respondent was provided with a \$30 gift card to a retailer of their choice upon completion of the survey.

SURVEY ADMINISTRATION

The survey was fielded online for a two-week period from January 30, 2023, to February 14, 2023. Nonprofit leader participants were initially sent a brief email that included a description of the study’s purpose, a statement of confidentiality, and an individual link to the survey to prevent respondents from completing the survey more than once. The survey was distributed in English and was administered through Qualtrics. Participants were sent up to two reminder emails.

¹¹ Six nonprofit leaders were no longer at their organizations at the time the survey was fielded and were removed from the sample of eligible respondents.

DEMOGRAPHICS OF NONPROFIT LEADER SURVEY RESPONDENTS

WHO PARTICIPATED

Two thirds of respondents identified as women and three fourths identified as white. Of the leaders who responded, 21 percent identified as a person of color. (See Table 3.) Of the leaders who responded, 15 percent identified as a member of the LGBTQ+ community and 13 percent reported having a disability.

Table 3. Detailed Racial/Ethnic Identity of Nonprofit Leader Respondents

	Percent of Leaders (N = 274)
African American or Black	8%
American Indian, Alaska Native, or Indigenous	3%
Asian or Asian American	4%
Latina, Latino, Latinx, or Hispanic	7%
Middle Eastern or North African	3%
Multiracial and/or Multi-ethnic	3%
Pacific Islander or Native Hawaiian	2%
White	75%
Race and/or ethnicity not included above	3%
Prefer not to say	3%

Totals exceed 100 percent because nonprofit leaders could select all that apply.

ORGANIZATION DETAILS

More than half of the organizations responding have a local geographic scope, and 83 percent of the organizations have a direct service component. Leaders represented organizations that averaged 36 staff members but ranged from one to 1,800 staff members. The highest number of organizations represented were located in the South U.S. census region (33 percent).¹²

Leaders were invited to check all that apply for key focus areas. The top three focus areas were the following:

- ▶ Human services (39 percent)
- ▶ Health (29 percent)
- ▶ Social justice (28 percent)

The top three primary intended people and or communities served by the organizations (when presented with a “check all that apply” option) were the following:

- ▶ Individuals from lower-income communities (63 percent)
- ▶ Children and youth (59 percent)
- ▶ People of color (58 percent)

Table 4. Organizations’ Operating Budgets in the Last Fiscal Year

	Mean	Median	Minimum	Maximum
Operating Budget (\$)	\$6,707,671	\$2,000,000	\$25,000	\$245,000,000

RESPONSE BIAS

We analyzed survey responses to determine whether participants were more likely to answer the survey based on staff size, their annual expenses, the geographic region where the organization is located, gender of nonprofit leader, or whether the nonprofit leader identified as a person of color.¹³

While there were no statistically significant differences between the geographic region where the organization was located or gender of nonprofit leader respondents, there were small effect sizes for statistically significant differences based on staff size, annual expenses, and whether the nonprofit leader identified as a person of color. Those with a smaller staff were more likely to respond, as were those with a smaller annual expense.¹⁴ Leaders who did not identify as a person of color also were more likely to respond to the survey than those who did identify as a person of color.¹⁵

¹² U.S. Census Bureau, “Census Bureau Regions and Divisions with State FIPS Codes,” https://www2.census.gov/geo/pdfs/maps-data/maps/reference/us_regdiv.pdf

¹³ Chi-square analyses were used to compare respondents to those who did not respond.

¹⁴ Staff size for those who responded was smaller (average of 36.4) than those who did not respond (average of 67.6; small effect size). Annual expenses for those who responded were smaller (average of \$3.6M) than those who did not respond (average of \$5.6M; small effect size).

¹⁵ Of leaders in our sample, 61 percent of leaders who did not identify as a person of color responded, whereas 44 percent of leaders who identified as a person of color responded (small effect size).

DEMOGRAPHIC DIFFERENCES IN TRUST AND FUNDER PRACTICES

Chi-square analyses were used to compare survey responses across demographic groups. Analyses found statistically significant differences with small effect sizes in variables related to trust and funder practices. Specifically, leaders who identified as men were more likely to report an increase in trust than those who identified as women, gender nonconforming or nonbinary, a self-described gender, or chose not to indicate gender.¹⁶ Leaders who identified as a person of color were slightly more likely to experience both reduced restrictions and easier application processes from foundations than leaders who did not identify as a person of color.¹⁷ Those who identified as women, gender nonconforming or nonbinary, self-described, or chose not to indicate gender were also more likely to experience easier application processes from foundations than leaders who did identify as men.¹⁸

SURVEY INSTRUMENT

The survey explored nonprofits' experiences in the past year (2022) with finances, staffing, and funding, and how these experiences inform outlooks for the coming year (2023). The survey contained 38 items. For leaders who indicated that their organization had received funding from a private foundation and/or an individual donor in the past year, we asked about changes in trust from funders and specific funder practices. Nonprofit leaders were also asked to reflect on the greatest challenges and opportunities facing them in the coming year and what would help address these challenges and opportunities.

A copy of the survey instrument can be found on our website, www.cep.org.

QUANTITATIVE ANALYSIS OF SURVEY DATA

The unweighted quantitative survey data from nonprofit leaders were examined using descriptive statistics and a combination of independent sample t-tests, chi-squares, correlations, and analyses of variance. An alpha level of 0.05 was used to determine statistical significance for all testing conducted for this research. Effect sizes were examined for all analyses. Unless otherwise noted, statistical analyses are reported only when medium or large effect sizes are found.

QUALITATIVE ANALYSIS OF SURVEY DATA

Thematic and content analyses were conducted on the responses to the open-ended items in the survey.

Coders developed a codebook for each open-ended item by reading through all responses to identify common themes. Each coder used the codebook when categorizing responses to ensure consistency and reliability. One coder coded all responses to a survey question, and a second coder coded 15 percent of those responses. An average interrater reliability (IRR) level of at least 80 percent was achieved for each codebook. Our IRR Kappa values ranged from 0.95 to 1.

Selected quotations from the open-ended survey responses are included in this report. These quotations have been selected to be representative of themes in the data.

¹⁶ Of leaders who identified as men, 64 percent experienced an increase in trust compared to 49 percent of leaders who identified as women, gender nonconforming or nonbinary, self-described, or chose not to indicate gender.

¹⁷ Of leaders of color, 63 percent experienced a reduction in foundation restrictions compared to the 47 percent of leaders who did not identify as leader of color. Of leaders of color, 78 percent reported foundations making applications easier compared to 60 percent of leaders who did not identify as leaders of color.

¹⁸ Of leaders, 68 percent who identified as a woman, gender nonconforming or nonbinary, self-described, or chose not to indicate gender experienced easier application processes from foundation funders compared to 54 percent of leaders who identify as men.



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