

# Nonprofit Standards

A BENCHMARKING SURVEY

Industry Overview

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# Perspectives from BDO's Nonprofit Leaders

Economic uncertainty, policy upheaval, and funding challenges have converged to create unprecedented turbulence in the nonprofit sector. But rather than retreating, organizations are demonstrating remarkable adaptability and focused thinking. This isn't their first storm, it's their moment to demonstrate that lessons learned through crisis have transformed into organizational strength.

Despite external pressures, financial performance remains strong, with most nonprofits reporting revenue increases and program expansion. These organizations are also taking steps to diversify their revenue streams, build operational reserves, and invest in new initiatives.

Nonprofits also continue pursuing growth through partnerships with for-profit companies, other nonprofits, and government agencies, rather than continuing their work alone. This collaborative approach allows access to new resources while maintaining operational flexibility.

Technology adoption — specifically artificial intelligence — has accelerated among nonprofits.

Nearly all surveyed are using AI in their operations, with use cases ranging from organization planning to financial management. These nonprofits are moving beyond efficiency gains and developing an understanding of how technology helps build sustainable growth.

While federal policy disruptions affect virtually every organization, nonprofits aren't just preparing for what comes next. They are shifting their response from reactive to systemic: revising fundraising approaches, expanding services, altering their strategic plans, and keeping stakeholders informed every step of the way.

**In times when their communities need them most, they're answering with a resounding "we've got this."**



**Andrea Espinola Wilson**  
Industry Specialty Service Managing Principal  
National Nonprofit & Education Practice Co-leader



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# Highlights

BDO's ninth annual *Nonprofit Standards Benchmarking Report*, surveyed 250 nonprofit leaders about their financial health, organizational strategy, technology investments, and more. Key findings from the 2025 edition include:

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**86%**

report revenue increases

**64%**

are pursuing collaboration with similar nonprofit organizations

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**96%**

say their organization has been impacted by policy changes

**78%**

report increased demand for their services since early 2025

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**74%**

say they are increasing technology spending

**97%**

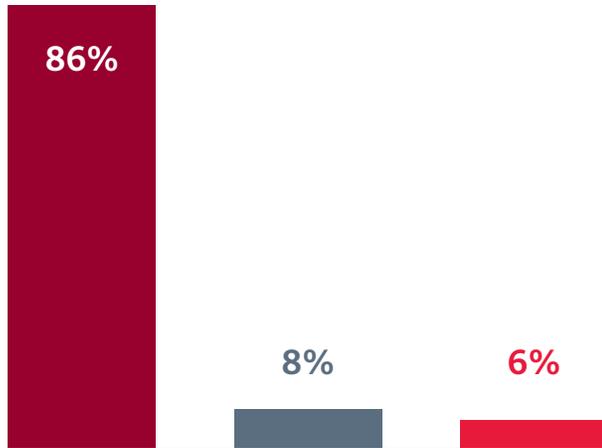
are using AI across operations

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# Financial Health

Following several years of inflation, nonprofits are on firm financial footing, with 86% reporting revenue increases and 90% expecting continued growth over the next 12 months. This stability comes at a critical time, as organizations face a trifecta of economic, funding, and policy instability.

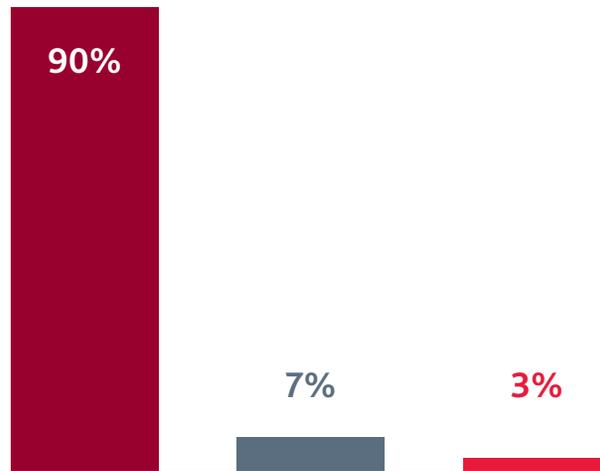
During your most recent fiscal year, did your organization's revenue:



Rather than merely weathering this instability, nonprofits are making big moves to ensure their strong financial performance continues: diversifying their revenue streams, making investments to increase efficiency and attract new donors, and shoring up operating reserves.



During the next 12 months, do you anticipate your organization's revenue will:



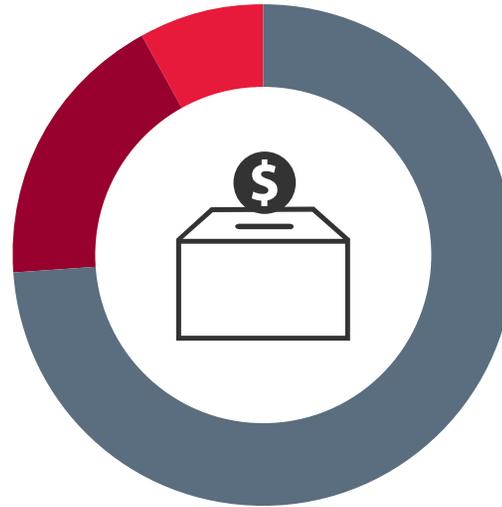
These revenue trends align with historical patterns, as uncertainty surrounding federal policies drives increased donor engagement. In other words, people reach deeper into their pockets when they feel the causes they support are in jeopardy. This dynamic was evident over the past year, with 74% of surveyed organizations reporting increased charitable giving.



Although recent federal funding and policy decisions threaten to disrupt operations and mission delivery, nonprofits are flexing “muscle memory” developed during the COVID-19 pandemic years to pursue familiar resilience strategies. This is reflected in not only their contingency planning, but also their spending priorities: technology and new programs.

These priorities serve a dual purpose: enhancing operational efficiency and producing better performance data. Organizations have learned that building out their technology infrastructure doesn't just improve efficiency. It also enables stronger decision-making about how to enhance and expand their offerings most effectively.

### How did charitable giving at your organization change in the past 12 months?



Increase **74%**

Stay the same **18%**

Decrease **8%**

## How are you adjusting spending in each of the following areas?

### Technology



### Investment in new programs



### Hiring new talent



### Fundraising and donor relations



### Finance and accounting systems



### Existing employee wages/salaries



### Risk management and compliance



### Advocacy



### Property (e.g., building or purchasing new facilities)



While organizations are optimistic regarding revenue, they are actively pursuing strategies to further strengthen their financial footing. Nearly all (97%) nonprofits plan to diversify their revenue streams over the next 12 months, more than two-thirds (69%) plan to expand program areas, and 53% plan to tap new donors. These priorities are intrinsically linked: New programs attract new donors, who in turn help fund new programs.

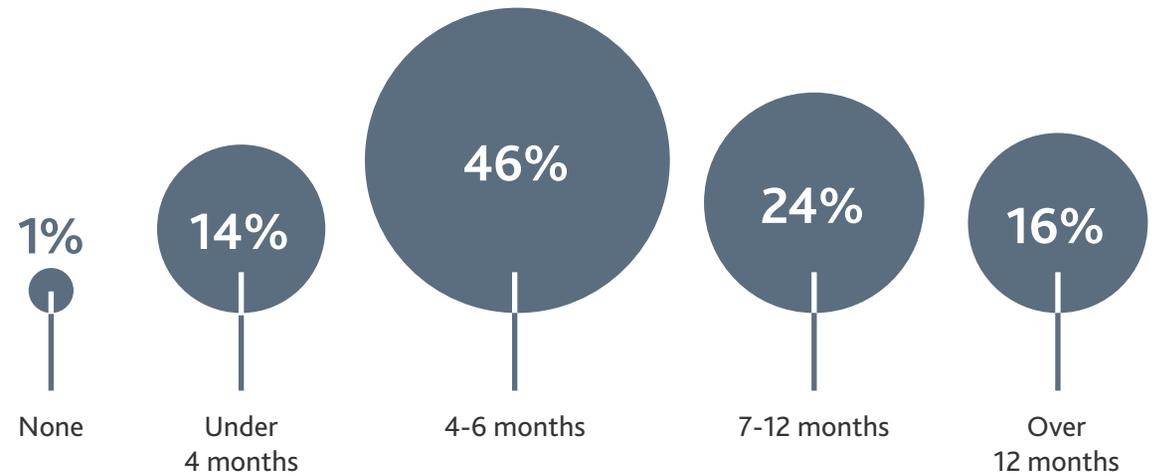


## Strategies to diversify revenue streams:

- 69%** Expand program areas
- 53%** Tap new donors
- 49%** Pursue corporate giving program revenue
- 49%** Pursue earned income revenue
- 39%** Pursue government funding
- 18%** Pursue other strategies
- 3%** Not attempting to diversify revenue streams

Operating reserves also help strengthen nonprofits' financials. Nearly half (46%) report 4-6 months of operating reserves. Nonprofits anticipating a period of uncertainty may consider strengthening their reserves beyond the 4-6-month range, but this should not come at the detriment of the organization's mission.

## How many months of operating reserves does your organization currently maintain?



# BDO's Take

The future may be uncertain, but nonprofits have achieved solid financial footing after several challenging years. They are well positioned for what lies ahead.

Organizations seeking to maintain their financial momentum understand that technology investments can provide the foundation for sustained growth. The right tools can simultaneously improve operational efficiency and produce actionable insights for future decision-making.

As donor priorities continue to evolve, nonprofits best positioned for success will be those with the foresight to diversify their revenue streams before volatility strikes. While current giving patterns may be strong, organizations that have weathered previous storms know that diverse funding sources provide essential protection against future uncertainty.

Savvy nonprofits are already monitoring indicators that could signal shifts in charitable giving patterns. For example, if an economic downturn impacts individual donors, organizations may need to pivot toward foundation grants or corporate donations. This does not, however, mean abandoning small donors, as these contributors are not only current supporters but also prospects for major gifts in the future.



# Strategy and Organizational Development



Nonprofits see demand for expanded services in their communities. In responding to this need, they must ensure growth does not overwhelm their capacity. This isn't the first time organizations have had to step up and do more during a period of uncertainty and nonprofits are [ready for the challenge](#).

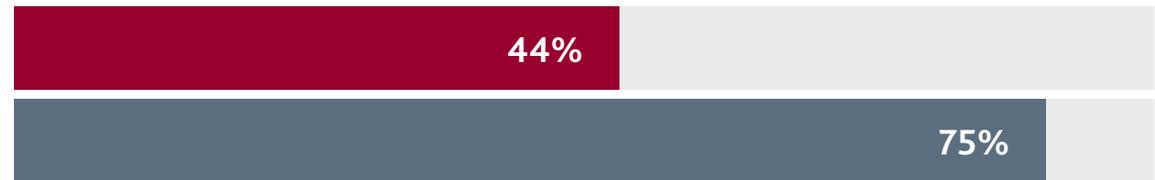
Three-fourths of nonprofits plan to increase their services and offerings in the next 12 months without eliminating existing programs, even as 44% have already increased offerings in the past year. These nonprofits are focused on doing more amid turbulent times, rather than merely maintaining their status quo to survive.

Nonprofits' planned growth reflects their confidence in meeting increasing demand. This opportunity is visible across all subsectors, with 78% of organizations reporting an increased demand for services since early 2025.

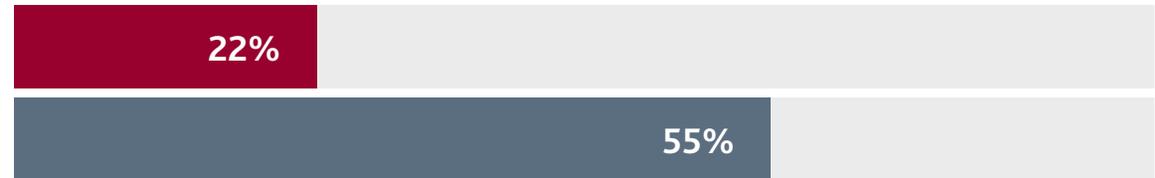
Rather than meeting increased demand alone, organizations have indicated they favor collaborative approaches. Most say they are likely to begin a strategic partnership and/or merge with a similar nonprofit in the next 12 months. Nonprofits favor strategic partnerships over mergers by over 10 percentage points, a strategy that bolsters resilience while preserving organizational autonomy and the flexibility to adapt to changing conditions.

## How are you adjusting spending in each of the following areas?

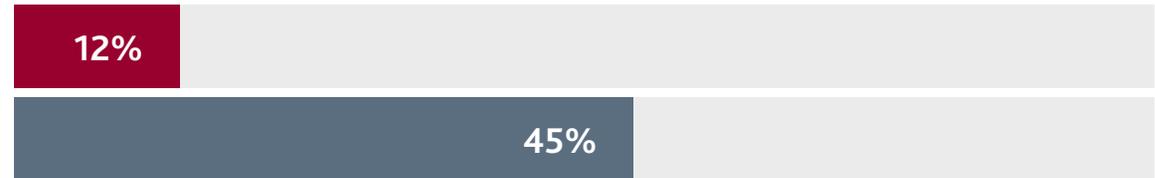
Introducing new programs, without eliminating other programs



Eliminating some current programs and introducing new programs



Eliminating some current programs, but not adding others





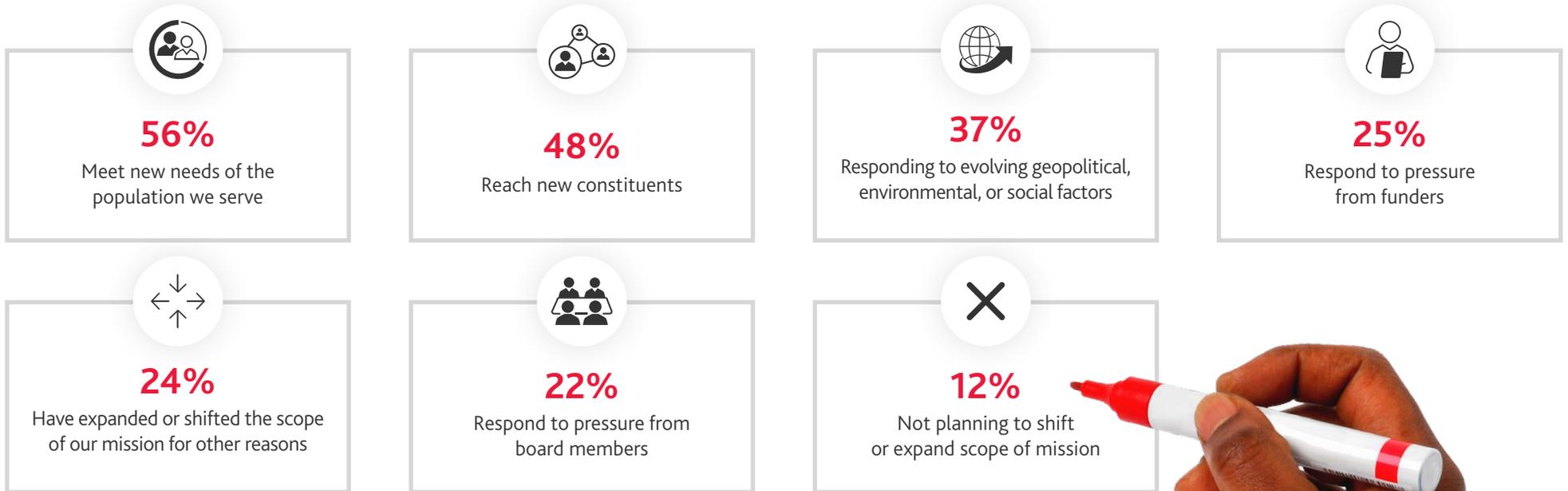
## Partnerships and Mergers

|  | Taken in the past 12 months | Very/somewhat likely in the next 12 months |
|--|-----------------------------|--|
| Entering into a strategic partnership with a for-profit organization | 34%                         | 65%  |
| Entering into a strategic partnership with a similar nonprofit       | 29%                         | 64%  |
| Entering into a strategic partnership with a government agency       | 25%                         | 54%  |
| Merging with a similar nonprofit                                     | 19%                         | 51%  |

Despite federal uncertainty, 54% of nonprofits state they are likely to enter into a strategic partnership with a government agency in the next 12 months. Rather than avoiding government collaboration altogether, organizations have focused on state and local relationships where operations remain more predictable.

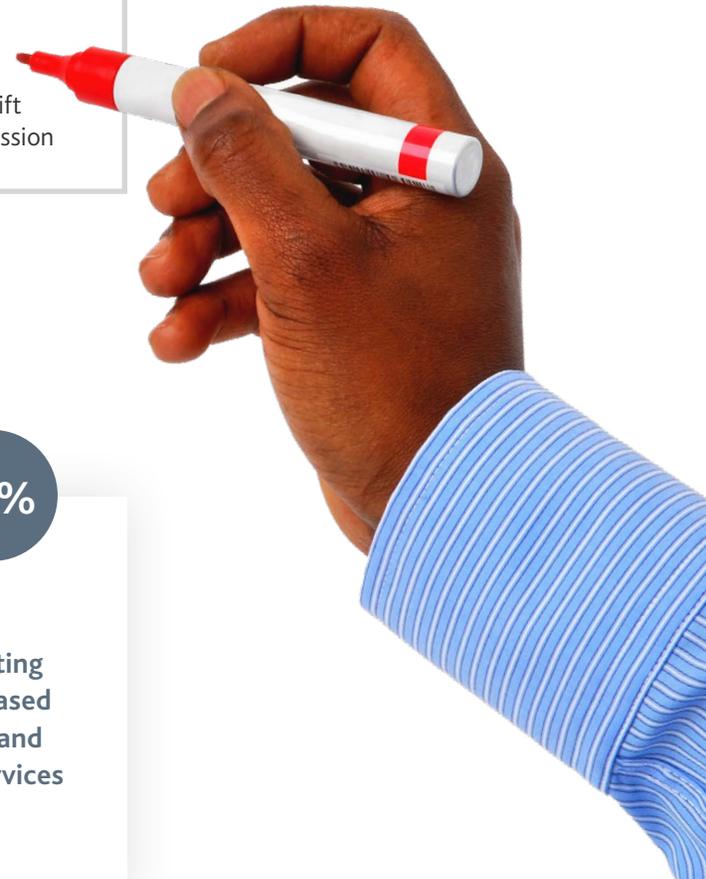
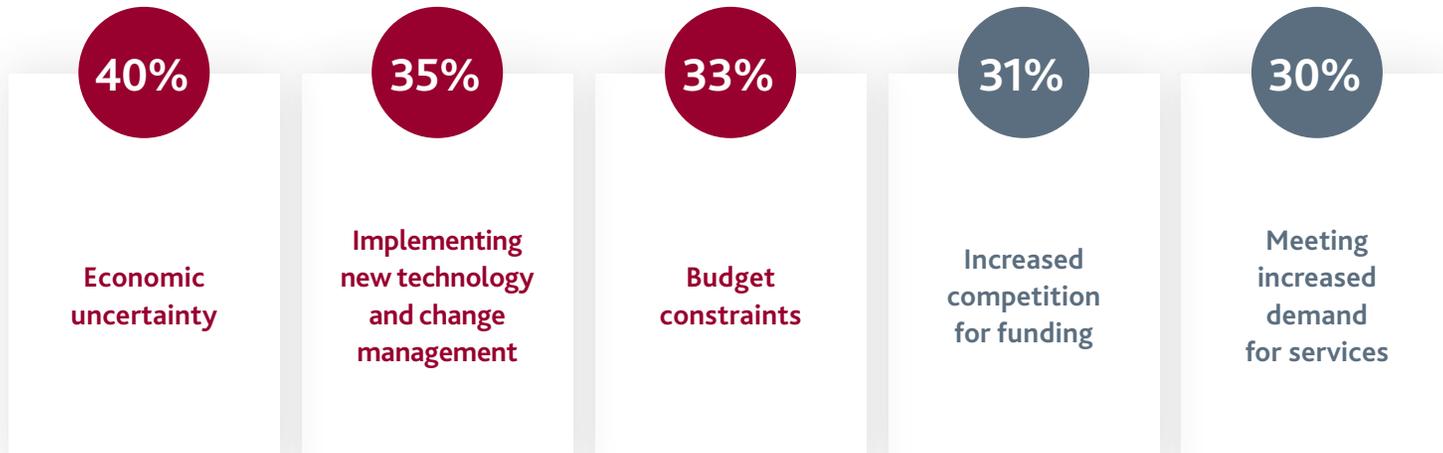
Stakeholder and constituent pressures continue to fuel this drive for expansion. Nearly all (88%) nonprofits plan to shift or expand the scopes of their missions, driven to meet new needs of the populations they serve (56%) and reach new constituents (48%).

## Are you planning to expand your mission for any of the following reasons?



To achieve these growth aspirations, organizations must contend with external challenges and operational realities. Forty percent of nonprofits identified economic uncertainty as their top concern, followed closely by technology implementation and change management (35%) and budget constraints (33%).

## Which of the below are your organization's top 3 challenges? (top 5 responses)



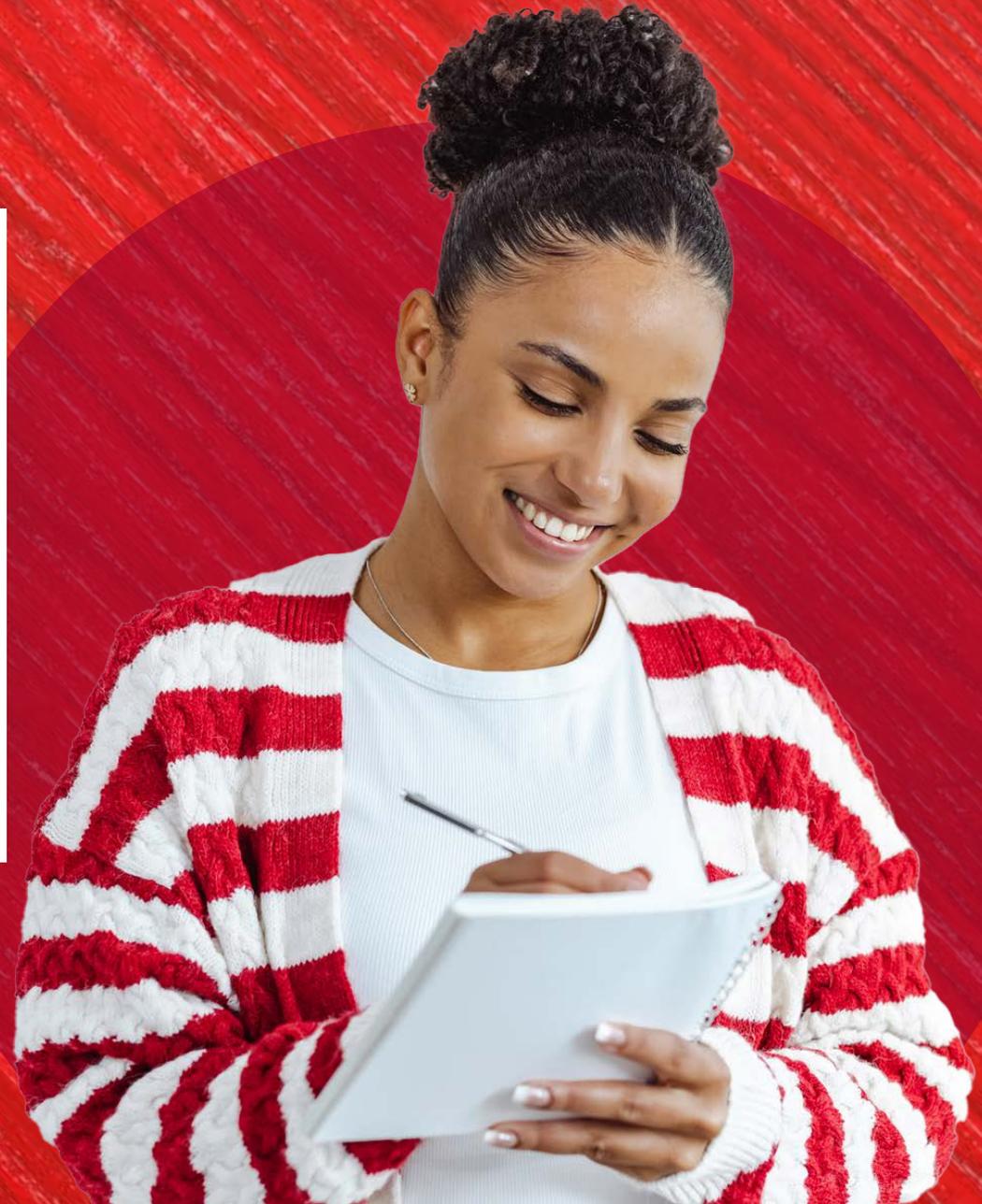
# BDO's Take

Despite facing headwinds brought on by uncertainty, nonprofits have doubled down on growth and expansion.

As partnerships become increasingly attractive, successful nonprofits will develop approaches to identify and evaluate these opportunities before pursuing them. To maximize utility and avoid resource drain, organizations must define the nature of their partnerships up front, carefully assess mission alignment, establish clear timelines, and differentiate project-based engagements from ongoing relationships.

Leading organizations will also create disciplined approaches to program expansion that maintain quality while scaling impact. These organizations will pilot new offerings before full deployment, establish metrics for success from the onset, and create feedback mechanisms for rapid course correction.

Program expansion, new partnerships, and technology investments can be a lot to take on at once. For organizations to successfully manage this load, robust change management processes must be a core part of any new strategy, not just an occasional necessity.



# Spotlight on Technology and AI

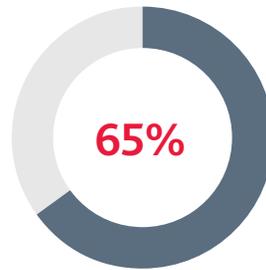
Technology investment dominates spending priorities, and nonprofits are putting AI front and center. Nearly all organizations (97%) report AI implementation across various operational functions, widespread adoption that indicates a shift from experimental use cases to practical application.

Organizations report using AI most extensively for organizational strategy (65%), financial tasks (64%), and administrative tasks (64%). These use cases tie back to nonprofits' top priorities of 2025, resilience and growth, as AI can streamline internal operations, enabling nonprofits to save valuable time and reinvest resources into other areas of their organization.

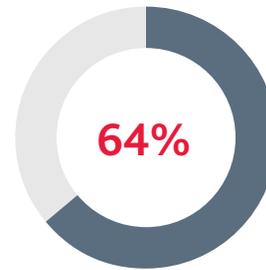
And as nonprofits expand their missions and introduce new programs, they are using AI to identify what services may be needed in the future and where programs may need to be adapted, which helps to keep growth targeted and sustainable.



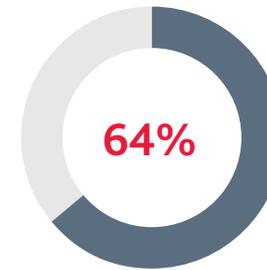
## In which aspects of your operations are you using AI?



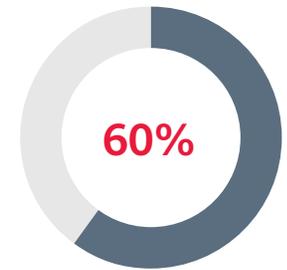
Organizational strategy



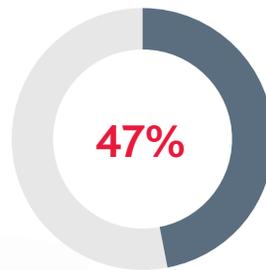
Financial tasks



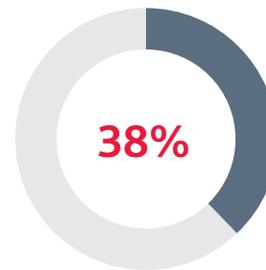
Administrative tasks



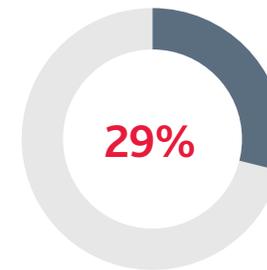
Large language learning model chatbots to assist in my daily work



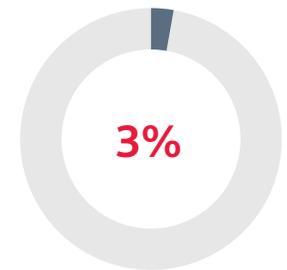
Program optimization and/or assessing impact



Fundraising and donor management



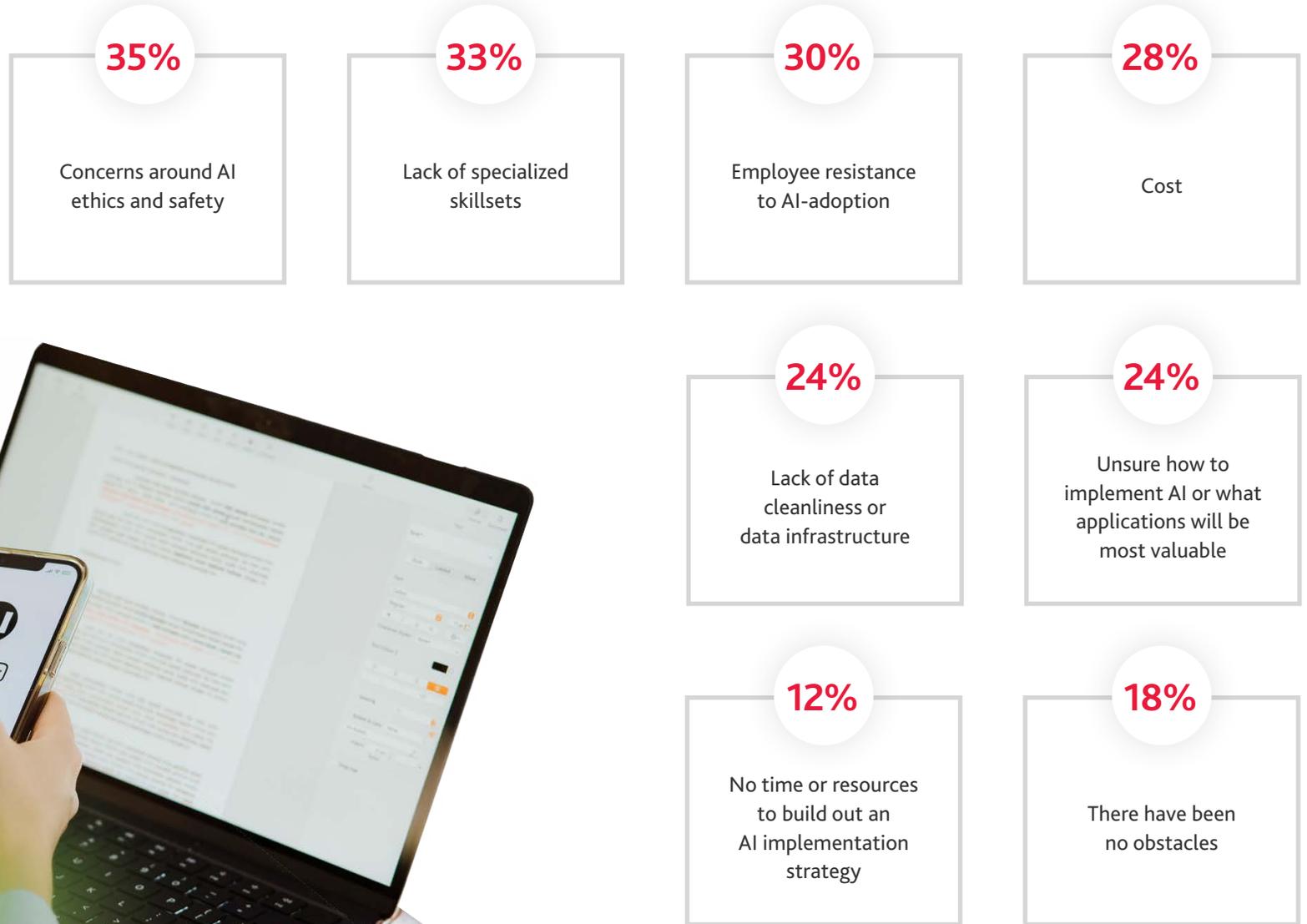
Volunteer/staff management and scheduling



My organization is not using AI

Despite high adoption rates, nonprofits face challenges implementing and expanding their use of AI. These obstacles have more to do with the human element of AI than structural or technical barriers. Ethics concerns (35%) and skills gaps (33%) were the most-identified barriers to broader AI adoption and expansion, followed by employee resistance (30%).

### What have been the obstacles to your AI adoption or expansion?



# BDO's Take

Technology and AI investments position nonprofits for sustainable growth, but successful implementation requires balancing risk with the value that widely deploying AI tools and processes may bring.

A critical predecessor to wide adoption is the establishment of a comprehensive AI governance framework. This framework must address ethics, data privacy, and acceptable use policies and must be established prior to rollout. These policies should clearly differentiate between approved organizational tools and unacceptable “Shadow AI” usage.

Nonprofits should prioritize a comprehensive change management program designed to accelerate implementation and reduce barriers. The program should be designed with training in mind but must also include a champions community that is empowered to share best practices, learnings, and ongoing AI capabilities. The change program must recognize and address that there will be resistance. This will manifest itself both through fear of job displacement and reticence to embrace that AI is capable of providing support for high-level experts and practitioners.

But it goes beyond staff, nonprofit leaders need to consider all stakeholders, including board members and donors. Every person within the organization has a role to play in a smooth AI rollout.

Effective [AI deployment](#) also depends on proper data quality and organization. Data comes in many forms, structured, unstructured, video, audio, and more. Data must be structured, cleaned, and governed before AI can be leveraged meaningfully for insights. Data governance frameworks make data management a foundational process, helping to enhance both current AI applications and future capabilities. The appropriate level of governance for any specific data source is dependent on the accuracy required when using that data. For instance, clinical data used in diagnostic use cases need a much higher level of rigor than content related to email marketing campaigns.

Additionally, organizations must also address [key AI risks](#) including data security vulnerabilities, bias in decision-making, and vendor management challenges.

The organizations finding early success with AI are focused on use cases that directly improve operations. These practical applications deliver measurable results and demonstrate longer-term ROI than flashy experimental uses.



# Navigating Federal Policy & Regulatory Changes

Virtually all nonprofits (96%) report feeling the impact of recent shifts in federal policy and priorities. The question is: how will they contend with this new reality?

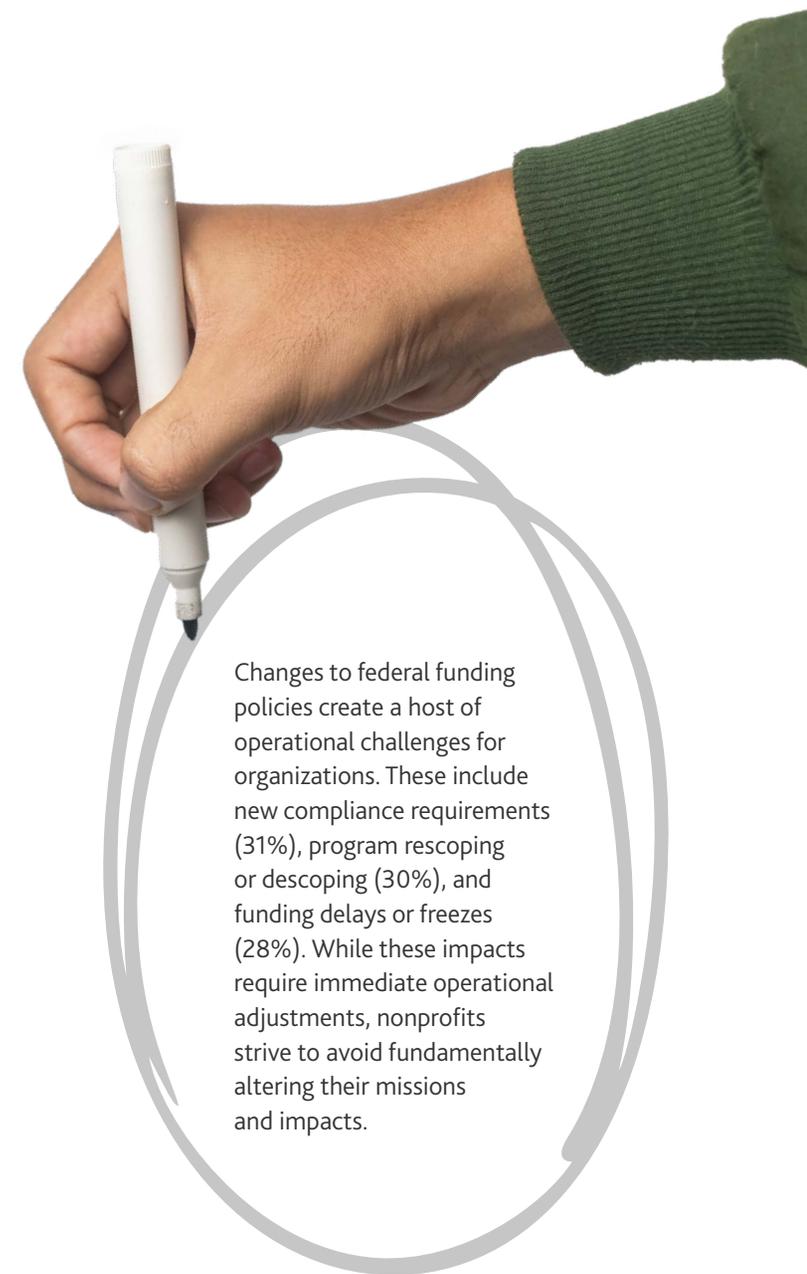
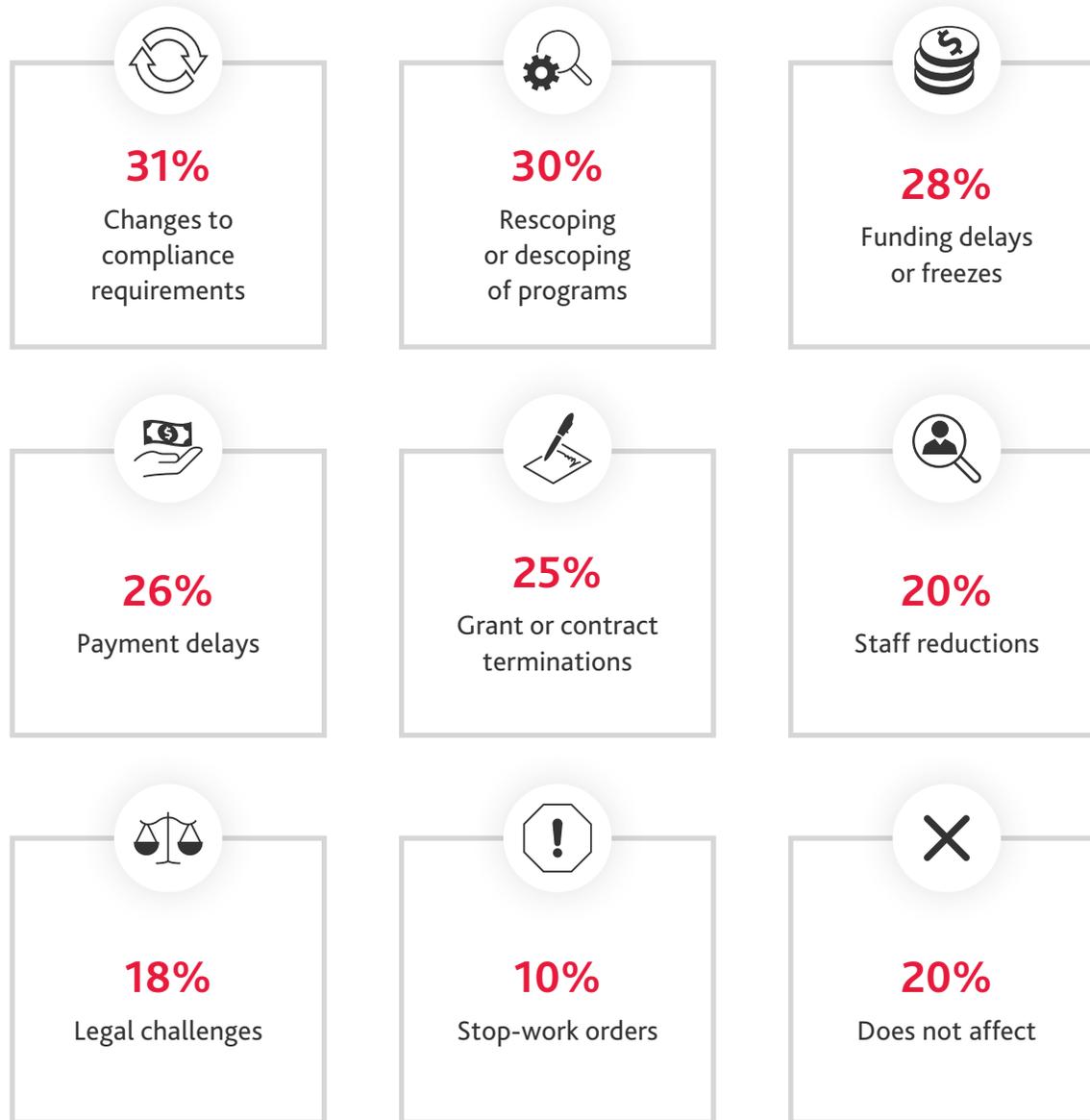
The most common responses have been proactive rather than reactive. Over half (53%) of nonprofits have adjusted their strategic plans, while 42% have reprioritized existing programs and 37% have consolidated operations. These approaches help nonprofits preserve core mission activities while adjusting to new realities.

**How has your organization responded to recent federal actions and changes to federal policies and priorities?**

- 53%** Adjusted strategic plans
- 42%** Reprioritized programs
- 37%** Consolidated operations
- 36%** Sought alternative funding sources
- 19%** Paused certain initiatives
- 11%** No changes made
- 4%** Does not affect my organization



Has your organization experienced any of the following as a result of recent policies and actions affecting federal funding?



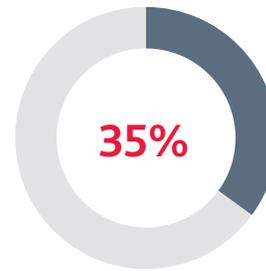
Nonprofits are determined to serve their communities, pursuing a diverse array of strategies to navigate policy and funding changes. Nonprofits cited revising overall funding strategies as their top response, (40%), followed by strengthening communication with stakeholders (35%) and a three-way tie between revising internal policies, developing scenario planning, and rethinking organizational strategy all at 33%.

These nonprofits are pairing external relationship management with internal operational adjustments to maintain stability. This allows them to focus on maintaining their missions rather than focusing on how external pressures will impact their operations.

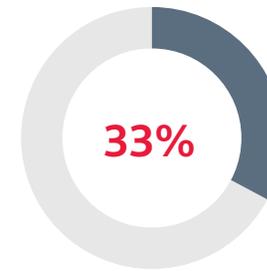
### Which of the following approaches has your organization taken to navigate policy uncertainty?



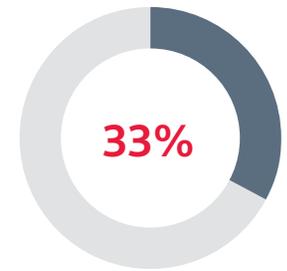
Revised overall funding strategy



Strengthened stakeholder communication



Revised internal policies



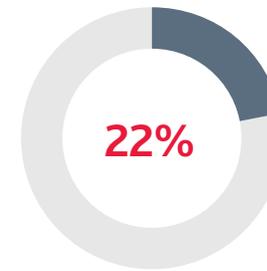
Developed scenario planning



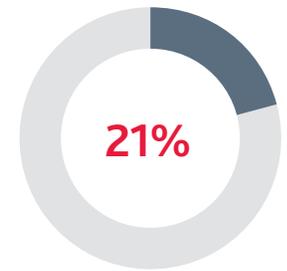
Rethought organizational strategy



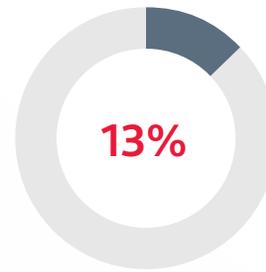
Enhanced advocacy efforts



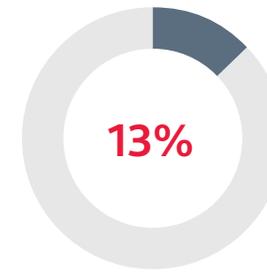
Sought advice from legal counsel



Joined coalitions with peer organizations



Engaged in litigation



My organization is not affected by policy uncertainty



## What is your organization's top concern regarding the current legal and regulatory environment?

Funding stability

**32%**

Federal/state policy conflicts

**18%**

Mission sustainability

**15%**

Program compliance

**13%**

Staff retention amid uncertainty

**10%**

Stakeholder relationships

**8%**

Legal liability

**5%**

After the federal government made unexpected and unprecedented cuts to federal funding for nonprofits in early 2025, it is no surprise that 32% of organizations are concerned with funding stability in the current regulatory environment. This focus reflects a harsh albeit practical reality: mission continuity and expansion depend on stable and diverse sources of funding.

Yet despite widespread disruption, nonprofits are ready. Nearly all (91%) organizations surveyed believe they are somewhat or very prepared for additional federal actions and changes to federal policies, demonstrating the nonprofit sector's time-tested resilience.



# BDO's Take

Despite widespread policy impacts, nonprofits feel overwhelmingly prepared for whatever comes next. But feeling prepared and being prepared aren't the same thing.

Organizations ready to weather change have built scenario-planning frameworks that enable rapid responses to policy and funding shifts. Forecasting multiple scenarios helps nonprofits prepare for decisive rather than reactive action.

This is also a time when stakeholder relationships — with donors, community leaders, and board members — are exceptionally important. Nonprofits with agile communication strategies, including stakeholder-specific plans, can quickly adapt their messaging without losing credibility. These strategies help maintain transparency and preserve relationships in any number of scenarios.

Nonprofits are also committed to preserving their mission impacts while meeting evolving regulatory requirements. Rather than eliminating programs entirely, resilient organizations have developed program-modification approaches to preserve their core purposes while adjusting delivery methods, target populations, or operational structures to meet new regulatory requirements.

While nonprofits have identified strategies to adapt their operations, stakeholder management strategies, and programs, they must also prepare a response to funding changes. A diverse portfolio that spans federal, state, foundation, corporate, and individual funding sources provides stability when any single source experiences disruption.



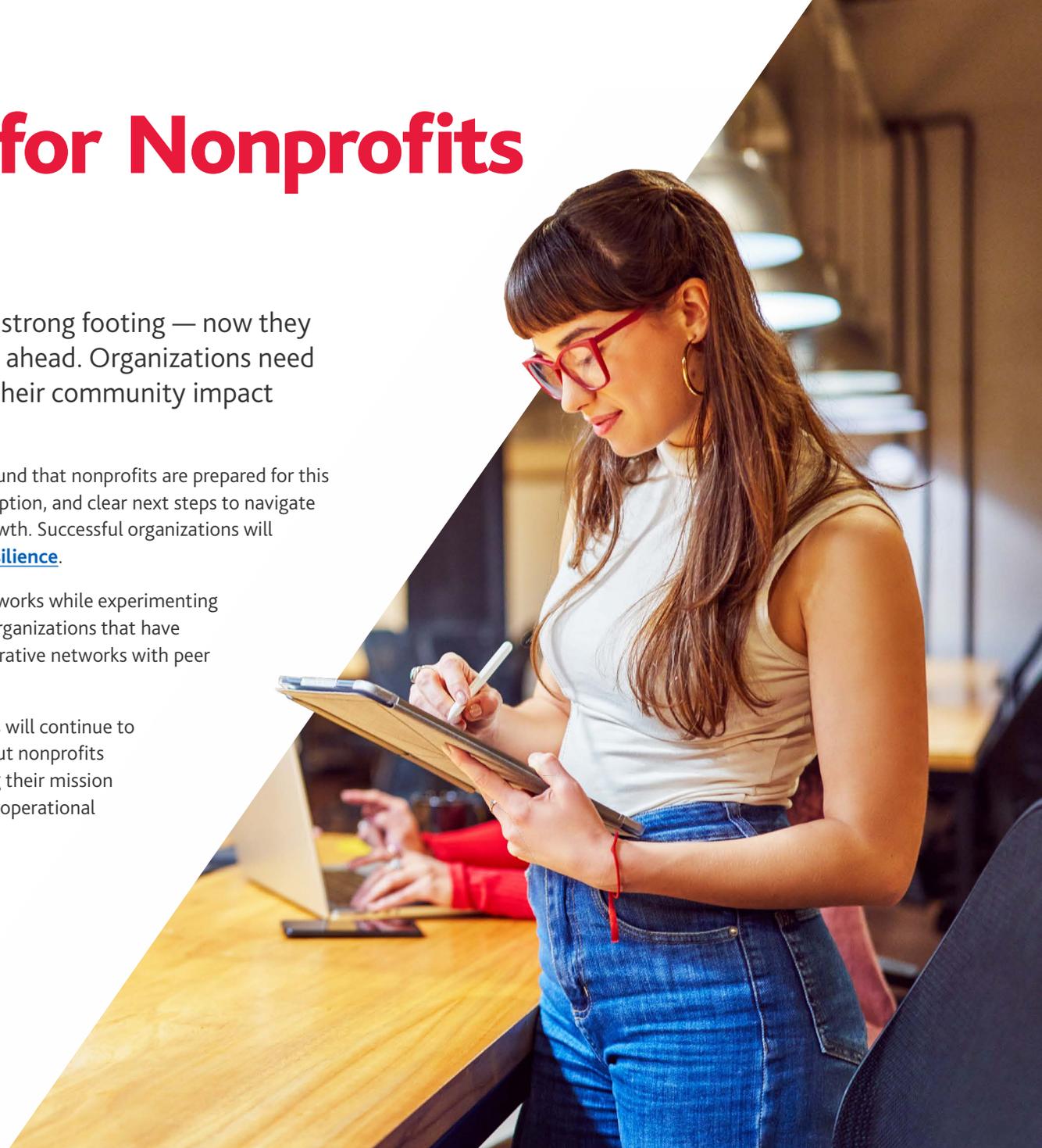
# What's Ahead for Nonprofits

The nonprofit sector has worked hard for their strong footing — now they must contend with the uncertainty that looms ahead. Organizations need to lean into operational excellence to deepen their community impact and expand their reach.

The ninth annual *Nonprofit Standards Benchmarking Report* found that nonprofits are prepared for this next phase. Strong financial reserves, widespread technology adoption, and clear next steps to navigate continued uncertainty provide the path needed for sustained growth. Successful organizations will tap stakeholders and forge new partnerships to [support their resilience](#).

Forward-thinking leaders will use this period to strengthen what works while experimenting with new approaches to persistent and anticipated challenges. Organizations that have invested in AI, diversified their revenue streams, and built collaborative networks with peer organizations are already seeing these actions pay off.

The external environment remains unpredictable. Federal policies will continue to shift, funding will fluctuate, and community needs will change. But nonprofits have proven they can navigate this uncertainty while maintaining their mission focus. Now is the time for nonprofit leaders, already grounded in operational excellence, to be bold in their visions for what comes next.

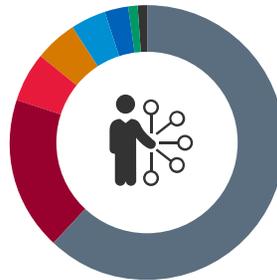


# Methodology

The ninth annual *Nonprofit Standards Benchmarking Report* survey was fielded in May and June 2025 by Rabin Roberts Research, an independent market research firm. The data includes responses from 250 organizations spanning higher education, grantmakers and foundations, health and human services organizations, international non-governmental organizations, and public charities.

## SUBSECTORS

|   |     |
|---|-----|
| Colleges and Universities               | 20% |
| Grantmakers and Foundations             | 20% |
| Health and Human Services Organizations | 20% |
| International NGOs                      | 20% |
| Public Charities                        | 20% |



## TITLE OR POSITION

|  |     |
|--|-----|
| CEO (Chief Executive Officer)                    | 62% |
| CFO (Chief Financial Officer)                    | 18% |
| COO (Chief Operating Officer)                    | 6%  |
| Executive reporting directly to one of the above | 5%  |
| Executive Director                               | 4%  |
| Director of Finance                              | 3%  |
| Treasurer  | 1%  |
| Controller                                       | 1%  |

## ANNUAL REVENUE

|                              |     |
|------------------------------|-----|
| Under \$25 million           | 25% |
| \$25 million - \$75 million  | 25% |
| \$76 million - \$125 million | 25% |
| Above \$125 million          | 25% |



## ASSETS

|                              |     |
|------------------------------|-----|
| Under \$25 million           | 23% |
| \$25 million - \$75 million  | 23% |
| \$76 million - \$125 million | 26% |
| Above \$125 million          | 28% |

# Contact Us



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**BDO NONPROFIT & EDUCATION PRACTICE**

For more than 100 years, BDO has provided services to the nonprofit community. Through decades of working in this sector, we have developed a significant capability and fluency in the general and specific business issues that may face these organizations. With more than 2,800 clients in the nonprofit sector, BDO's team of professionals offers the hands-on experience and technical skill to serve the distinctive needs of our nonprofit clients — and help them fulfill their missions. We supplement our technical approach by analyzing and advising our clients on the many elements of running a successful nonprofit organization.

Please see [www.bdo.com/industries/nonprofit-education/overview](http://www.bdo.com/industries/nonprofit-education/overview) for more information.

Our purpose is helping people thrive, every day. Together, we are focused on delivering exceptional and sustainable outcomes and value for our people, our clients and our communities. BDO is proud to be an ESOP company, reflecting a culture that puts people first. BDO professionals provide assurance, tax and advisory services for a diverse range of clients across the U.S. and in over 160 countries through our global organization.

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