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## Cutbacks

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Isaac M. O'Bannon • Jul. 24, 2017



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and impact, human resources and governance.

With breakouts by revenue and sector, nonprofits of all sizes and missions can use the report's data to find out how they compare to their peers. Organizations can also leverage the findings to help them make important strategic decisions to improve long-term sustainability and success.

Lead findings include:

**Staff retention, funding squeezes and board leadership rank among top challenges.**

Staff retention and recruitment ranks as the number one challenge for nonprofits, cited by 72 percent of the respondents. Cutbacks in funding and drops in revenue follows, identified by 48 percent of nonprofits. Attracting quality leadership and board members (cited by 34 percent), rising costs (33 percent), compliance with government regulations (28 percent) and excess demand for services (25 percent) were also among the other top challenges.

“People are at the heart of the nonprofit sector—and the data reflects that organizations deeply value their staff, leadership and board members. To maximize tightening budgets, it's increasingly important to cultivate effective leadership at the board level and competent, effective management to conduct operations,” said [Laurie De Armond](#), partner and national co-leader of BDO's [Nonprofit & Education](#) practice.

**Organizations may be overlooking liquidity issues.**

While only 11 percent of nonprofits name liquidity as a concern, most (53 percent) maintain less than six months of liquid restricted net assets. The liquidity deficit is stark among health and human services organizations—nearly one-quarter (23

percent) do not maintain any operating reserves, compared to just six percent of

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## Redefining scope for future operations.

Nonprofits look to many different strategies to ensure sustainability and further their missions. While the majority of organizations (70 percent) did not increase their scope last year, survey results suggest that hopes for increased activity remain. Over the next two years, 56 percent of nonprofits plan to introduce new programs. Of those organizations, 27 percent will eliminate some current programs and introduce new ones.

## BDO Nonprofit Standards, a Benchmarking Survey

These findings are from BDO's first annual **Nonprofit Standards**, a national benchmarking survey of 105 nonprofit organizations, across a variety of sectors with revenue above \$10 million as of their last fiscal year. The survey was conducted in partnership with *The NonProfit Times* and fielded by Campbell Rinker, a market research firm.

To find out how your nonprofit clients compare to industry peers, view the full report [here](#).

Accounting

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