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Nonprofit leaders across the country are more concerned about their financial position and staffing than they were one year ago, despite the relative easing of the coronavirus pandemic. The shortfalls have hampered some nonprofits' ability to deliver programs even as demand for these services rises, while others are adding services to meet that demand.

The findings are among many in the 2022 State of the Nonprofit Sector report released today by BKD CPAs & Advisors. The annual report benchmarks the responses

of 878 nonprofit organizations of various sizes and types across the country. The

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- **58 percent** of respondents said their organizations were experiencing a budget shortfall
- 65 percent had an increase in demand for programs or services
- 71 percent said they were hampered by staffing shortages
- 77 percent plan to add new programs and services

"Nonprofits are mission driven so it's no surprise they are rising to the occasion in the face of staffing shortages by looking at new programs or services," said Prater, who works with nonprofit boards and leaders across the nation in his role. "But they risk burning out their dedicated employees—including senior leaders—if they don't address staffing."

A majority of the nonprofits surveyed (78.4 percent) said they were increasing pay and benefits to attract and retain workers. Majorities also said they were improving workplace diversity, equity and inclusion efforts (71.2 percent), increasing workplace flexibility (66.8 percent) and improving internal advancement opportunities (63.6 percent).

Boosting pay and benefits will be a challenge in the current environment, however, as ongoing pandemic-related restrictions continue to hurt the ability to hold inperson fundraising events. A surge in government and institutional support during the pandemic is largely over as well, Prater said.

"Nonprofits are resilient, and while the current environment is challenging, many organizations will thrive as they respond by becoming more entrepreneurial and getting smarter about planning, forecasting and following the right metrics," Prater said.

The report is based on an electronic survey that included 28 questions about organization size, function and stability. The survey was open from November to

December 2021. Participation was voluntary and anonymous. Surveys were

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