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the pandemic – a key source of funding that kept them afloat during the ...

Isaac M. O'Bannon • Jul. 18, 2022



The COVID-19 pandemic has, unsurprisingly, squeezed the nonprofit industry. According to UHY LLP's inaugural [Not-for-Profit Survey](#) of industry executives, funding has largely plateaued over the past year, with over half (54%) of respondents reporting that their funding had either remained the same or declined. Just one-third (33%) say it increased.

At the same time, 75% of respondents report taking some form of emergency financial relief during the pandemic – a key source of funding that kept them afloat during the leanest times but is poised to dry up in the very near future.

Exacerbating this precarious fundraising environment is a continued reluctance

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“No sector of the economy was insulated from the impact of the pandemic, but not-for-profit organizations have been hit particularly hard,” says Brian Kearns, partner and a leader of UHY’s Not-for-Profit practice. “Not only have they had to scramble to shore up their balance sheets; they’ve had to grapple with a shrinking and increasingly competitive pool of funding. But as the proverb goes, necessity is the mother of invention – and we’re seeing not-for-profits double down on innovation and digital transformation to help them accomplish more with less, all while making themselves more attractive to choosier donors.”

Many of the key innovations survey respondents have undertaken in recent years are focused on finding efficiencies and deploying new services. A majority (60%) of respondents say they created new programs and services in the past year – perhaps to differentiate their offerings and highlight the value they deliver to their communities. Another 59% indicate their organizations implemented some form of new technology to improve efficiencies in the past year, signaling a focus on modernizing their technology to keep up with the demands of the pandemic-era economy.

Additional findings from UHY’s Not-for-Profit Survey and 2022 Trends Report include:

- **Increased collaboration:** Despite heightened competition for donor dollars, not-for-profit organizations continue to prioritize delivering on their missions. More than half of survey respondents (52%) say that they had collaborated in recent months with other organizations, suggesting that partnerships have been a key way for the not-for-profit sector to continue their good work amid continued uncertainty.
- **Challenges with growth and scaling:** Nearly 50% of respondents identify growth and scaling as a top concern, which seems to be a reflection of an industry

grappling with rapid-fire transformation.

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