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in personal compensation and operational costs, decreases in state appropriations and ...

**Isaac M. O'Bannon** • Mar. 06, 2023



Nearly one-half of nonprofits saw a decrease in net income in 2022 due to increases in personal compensation and operational costs, decreases in state appropriations and an end to the American Rescue Plan funding. These, and other findings, were found in the latest national nonprofit study by national accounting and advisory firm FORVIS. Coupled with a 68% surge in demand for programs and services, many nonprofits are feeling outweighed by their financial demands.

The annual [2023 State of the Nonprofit Sector report](#) by [FORVIS](#) benchmarks the responses of 195 nonprofit organizations of various sizes and types across the country. The survey was conducted in late 2022.

“Similar challenges and new worries have appeared since last year’s report for

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- 78% of survey respondents said they are trying to fill staff vacancies
- 40% of human services and 33% of religion-related nonprofits experienced a significant decrease in financial contributions

The report found that the major factors contributing to the surge in demand surround the persistence of COVID-19, as the virus continues to have a profound effect on individuals, neighborhoods, and economies as well as communities that are struggling with record-high inflation and global challenges.

“Despite this economic turbulence, most organizations reported they are satisfied with their current financial position and almost all of them are looking inward, spending more on their current employees increasing salaries and enhancing benefits,” said Prater.

Download the [2023 State of the Nonprofit Sector report](#).

The report is based on an electronic survey that included 30 questions about organization size, function and stability. The survey was open from November to December 2022 and was available to all sizes and types of tax-exempt organizations throughout the nation. Participation was voluntary and anonymous.

[FORVIS serves nonprofit clients](#) of varying sizes across the country, including foundations, museums, social services agencies and more.

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