



2022

**Plante Moran Nonprofit
Industry Outlook**

TOP GOALS

What are nonprofit leaders focused on for 2022?

The top five goals overall in 2022 are:

- 1 Retain qualified staff
- 2 Obtain new funding sources/obtain more funding from current sources
- 3 Conduct long-term strategic and financial planning
- 4 Start new programs or expand current programs
- 5 Recruit qualified staff

Other options included:

- Meet annual budget
- Improve effectiveness of fundraising efforts and activities
- Improve program reporting efficiency and accuracy
- Collaborate with other organizations/entities
- Increase effectiveness of board involvement and governance

Retaining qualified staff appeared as the top goal for the first time in our survey's history. This was also identified as the top issue facing the nonprofit industry today.

In the 2020 and 2021 surveys, **funding** was most commonly cited as the most important issue for the nonprofit industry overall.

In 2022, **funding** is the third most common theme (cited by 13% of respondents), but it falls behind **retaining staff** (22%) and **recruiting** (16%) as priorities.

What is the most important issue today for the nonprofit industry?

"Talent attraction and retention, then cost issues associated with this."

"The ability to stay viable with all the competing interests of other entities."

"Uncertainty around events and COVID-19 and making everyone comfortable."

"Tremendous increase in reporting requirements (and general data needs) without adequate funding available to cover related costs."

"Funding is becoming more and more focused, and it's requiring nonprofits to consider shifting their mission or restaffing/reprogramming to fit niche guidelines."

"Identifying new sources of funding and retaining existing funding."



TOP CHALLENGES

What are nonprofit leaders focused on for 2022?

The top five challenges overall for 2022:

- 1 Scarcity of talented job candidates
- 2 Predicting future funding
- 3 Obstacles to new program implementation
- 4 Potential loss of top management/talent and leadership succession
- 5 Cybersecurity

Other options included:

- Inefficient, insufficient, or outdated technology
- Increased compliance and regulation
- Inadequate access to funding
- Board effectiveness/engagement
- Predicting cash flow needs

10 surefire ways to attract, retain, and motivate talent:

- 1 Reach out to staff for referrals.
- 2 Ensure your website and social media are critical differentiators.
- 3 Be visible in your industry and community. Get out there and network with other businesses.
- 4 Openly discuss career aspirations and create promotion guidelines.
- 5 Draft succession plans for key positions and develop and train your workforce.
- 6 Create a culture where people want to come to work.
- 7 Probe more deeply into those poker faces. Ask co-workers how they're doing and what could be better.
- 8 Appropriately challenge individuals.
- 9 Pair innovators with developers.
- 10 Understand your staff's career path desires and need for variety.

DESIGN YOUR
RECRUITMENT PLAN NOW



2022 FOCUS

The lasting impact of pandemic-provoked changes

One in three respondents say the COVID-19 pandemic has had a positive impact on their fundraising and donations – a significant increase from the 2021 survey responses.

How has the COVID-19 pandemic affected your fundraising and donations?

- 36% Positive
- 31% Neutral
- 29% Negative
- 4% Unsure

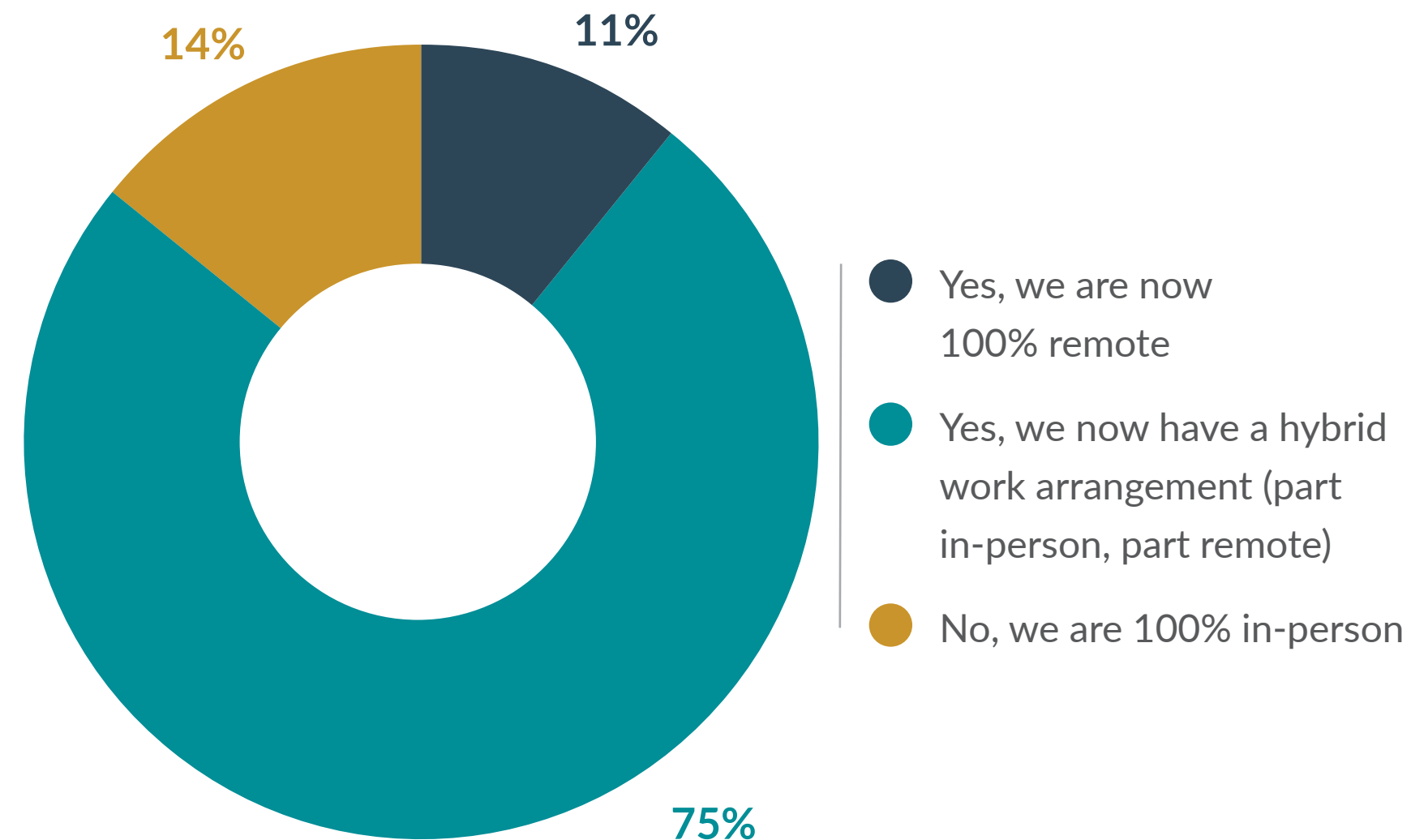
Over half (54%) of respondents in the 2022 outlook survey say that the COVID-19 impact has increased operating expenses/demand for services marginally or significantly.

How has the COVID-19 pandemic affected operating expenses/demands for your services in 2021?

- 54% Increased
- 23% Neutral
- 23% Decreased

Nearly **three in four** organizations (76%) say they are in a hybrid work arrangement – part in-person and part remote.

Have you adjusted staff schedules and your organization’s work environment to include remote work as an option?



Future trends in real estate

The pandemic has forced us to think more about our real estate strategy than ever in the past. For the nonprofit industry, it’s clear that the return to full-time in-person office work looks different for everyone.

Aim for both predictability and flexibility in your real estate plans for 2022 – hybrid work models require a new look at how leaders use both space and technology. Look for the ability to grow or contract throughout your lease term. Now might be a good time to improve the quality of your current spaces as a recruitment tool and increase employee satisfaction. You can look at real estate as a math problem to solve – even if you don’t like the math, it will help you make good business decisions for your organization.

[READ MORE ABOUT CURRENT TRENDS](#)



2022 FOCUS

A renewed emphasis on recruitment, inclusion, and diversity

Eighty-two percent of respondents say inclusion and diversity (I&D) are a significant focus of their organization. Four in five say it's a focus because "it's part of our mission as a nonprofit."

The top five challenges of talent retention & recruitment:

- 1 Competitive pay and benefits
- 2 Internal advancement opportunities
- 3 Workloads/staff resources
- 4 Lack of qualified candidates
- 5 COVID-19-related policy or vaccine mandates

Other options included:

- Training and development programs
- Organizational culture
- Cost of living/housing
- Lack of remote/flexible work arrangements

A vast majority (93%) of respondents expect their organizations to provide increases in compensation to employees. No respondents say that they expect decreases in compensation. Only 7% of respondents anticipate their organization will provide no adjustments to employees' compensation in the next year. This is down significantly from 28% in the 2021 survey.

Organizations with total anticipated revenue of more than \$5 million are significantly more likely to say they expect increased compensation in 2022 when compared to organizations with less than \$5 million in anticipated income.

Organizations that experienced a positive impact on fundraising/donations due to the COVID-19 pandemic are significantly more likely to expect an increase to compensation compared to organizations that experienced a negative or a neutral impact on fundraising/donations due to the COVID-19 pandemic.

Why is I&D a significant focus of your organization?

"It aligns with our overall mission of improving the quality of life of the geographic area we serve."

"It increases staff engagement and commitment — having the community see themselves through our staff."

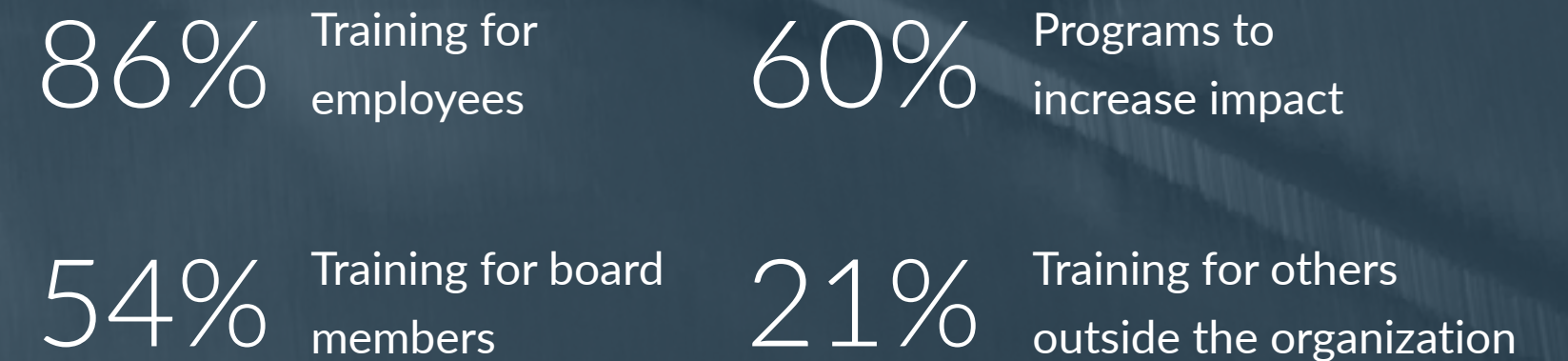
"We have a diverse member base and want our activities to reflect that and remain inclusive."

"Being responsive and holding ourselves accountable to the program candidates we serve."

"It makes us a stronger organization — more diversity in thinking, it helps with retention."

"It's needed for innovation and creativity."

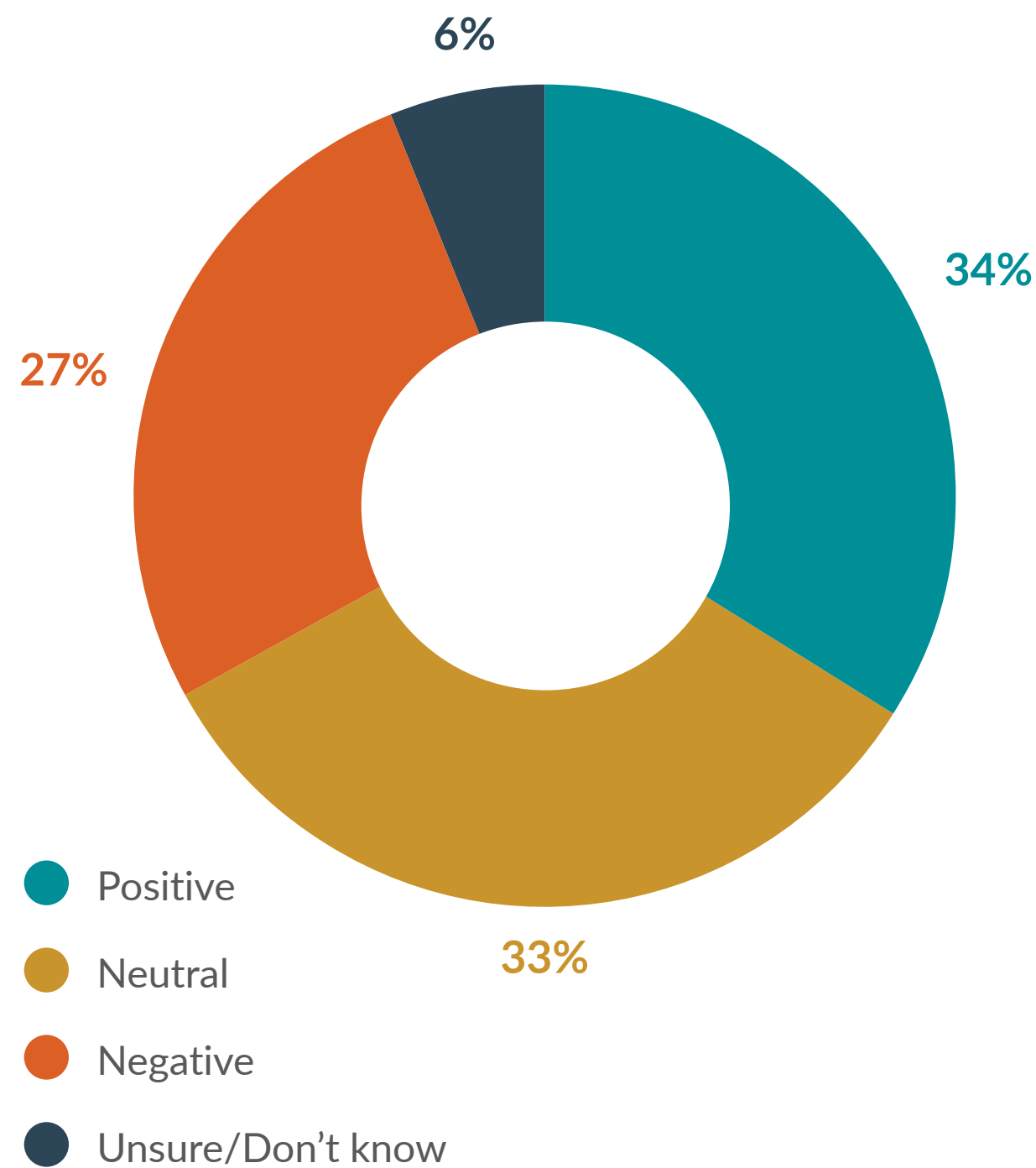
What type of I&D programs does your organization run?



2022 FOCUS

A positive economic outlook

How do you think the overall economic environment will impact your organization in 2022?



67% of respondents expect total revenue and support to exceed total expenses in 2022.

Revenue sources ranked in order of support to organizations:

- 1 Contributed/donated income
- 2 Earned income
- 3 Government (federal, state, and local) income
- 4 Investment income
- 5 Payment Protection Program or other pandemic-related funding
- 6 Other

Revenue sources ranked in order of support to organizations:

Select all that apply

- | | |
|--|--|
| 68% New program or service lines | 40% Federal grant programs |
| 10% New Markets Tax Credits | 8% Low-Income Housing Tax Credits |
| 17% Other, including foundations, federal funding, employee retention tax credits | |

In general, perceptions of how the economic environment will impact organizations in the next year are **significantly more positive** when looking forward to 2022 than when looking to 2021.

New Markets Tax Credits can fill the gap in your capital campaign.

To help fill the gap left by shortfalls in fundraising from traditional sources, nonprofit organizations can explore the New Markets Tax Credit (NMTC) program.

LEARN MORE ABOUT NEW MARKETS TAX CREDITS



Plan strategically for a successful future

How does your board evaluate CEO performance and compensation?

- 41% *Executive compensation committee review*
- 21% *Full board review*
- 27% *Benchmark analysis against other nonprofits*
- 7% *We don't annually evaluate CEO performance and compensation*
- 4% *Other*

How does your board evaluate its own performance?

- 6% *Executive committee of the board evaluates performance*
- 29% *Annual board survey*
- 61% *We don't annually evaluate board performance*
- 4% *Other*

Does the board have a succession plan in place for CEO and other C-level positions?

- 27% *Yes*
- 39% *No*
- 34% *Unsure/Don't know*

Organizations with more than 250 employees and more than \$25 million in anticipated revenue are significantly more likely to say **cybersecurity** is a priority in 2022 when compared to smaller organizations.

Top five technology priorities for 2022:

- 1 **Cybersecurity**
- 2 **Improving performance of existing systems**
- 3 **Systems that readily integrate with one another**
- 4 **Social media and online presence**
- 5 **Tracking impact and outcomes**

Other options included:

- Remote access (for employees)
- Program/service delivery to recipients
- Donor/member relations and analysis
- Outsourcing technology support/strategy
- Donation/income collection/mobile giving

Seven questions to help evaluate the strength of your cybersecurity program

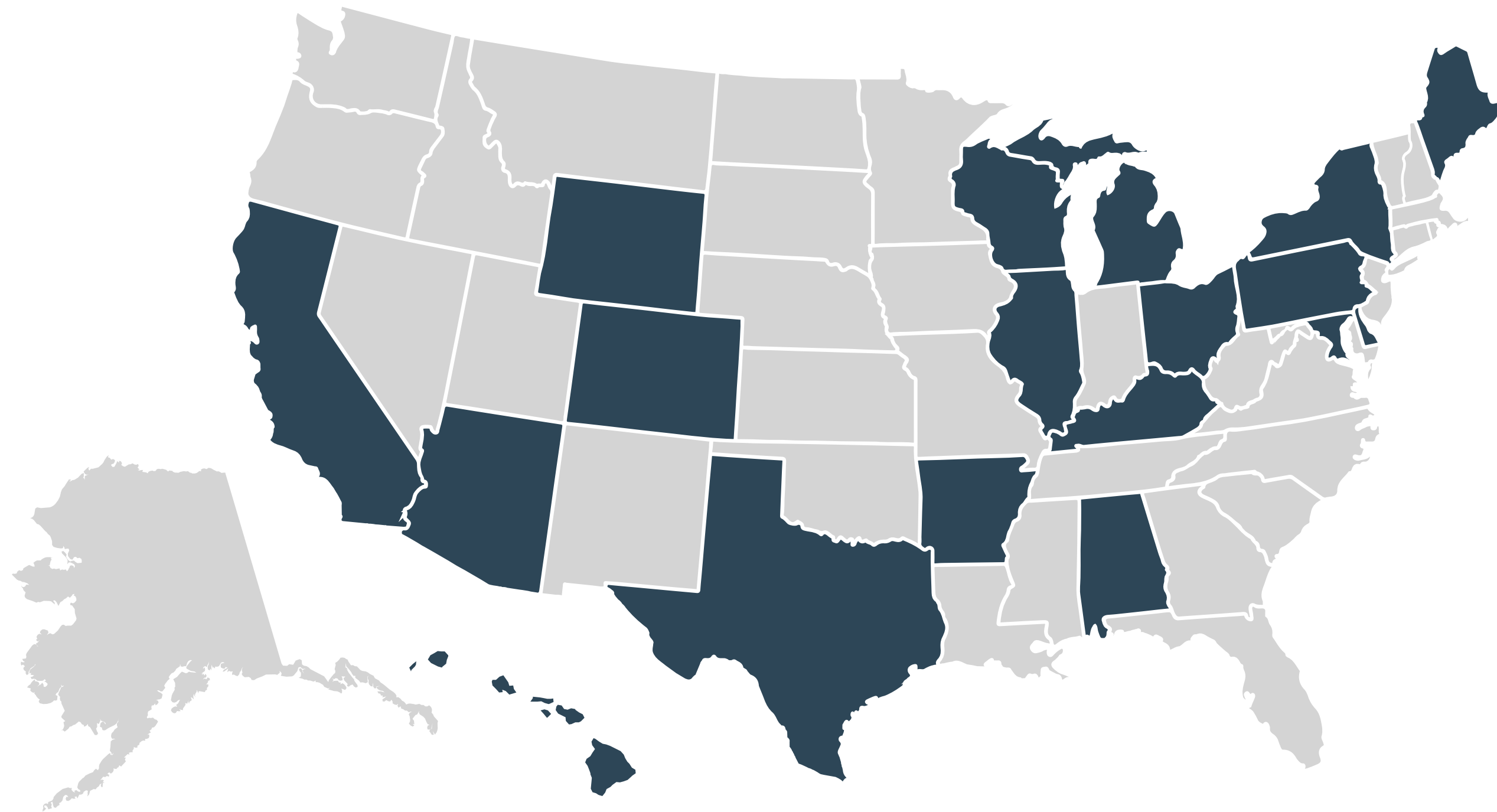
1. Are you properly identifying and managing the risks and threats that your organization may be facing today and possibly tomorrow?
2. Are you compliant with regulatory standards and requirements?
3. Are your systems and networks secure and configured properly? Are they working as designed, in accordance with management's control objectives?
4. Do only authorized personnel have access to your systems and networks? Are these privileges granted on a must-have basis?
5. Do you outsource any IT services or utilize cloud-based services?
6. Do you have the right IT staff to support business needs and IT infrastructure?
7. How often do you receive executive communication and updates on how your cybersecurity program is holding up?



APPENDIX

Respondent demographics

Respondents to the Plante Moran Nonprofit Outlook Survey represent leaders across the United States from various organizations types and sizes. This year's survey was conducted online during November 2021.



What is your current role at your organization?

- 60% CFO/controller or equivalent
- 15% CEO/executive director or equivalent
- 7% Board member
- 4% COO, office manager, or equivalent
- 14% Other

Other includes: Treasurer, HR manager, tax manager/accountant, chief technology officer, chief strategic officer, chief information officer

How long have you served your organization in your current role?

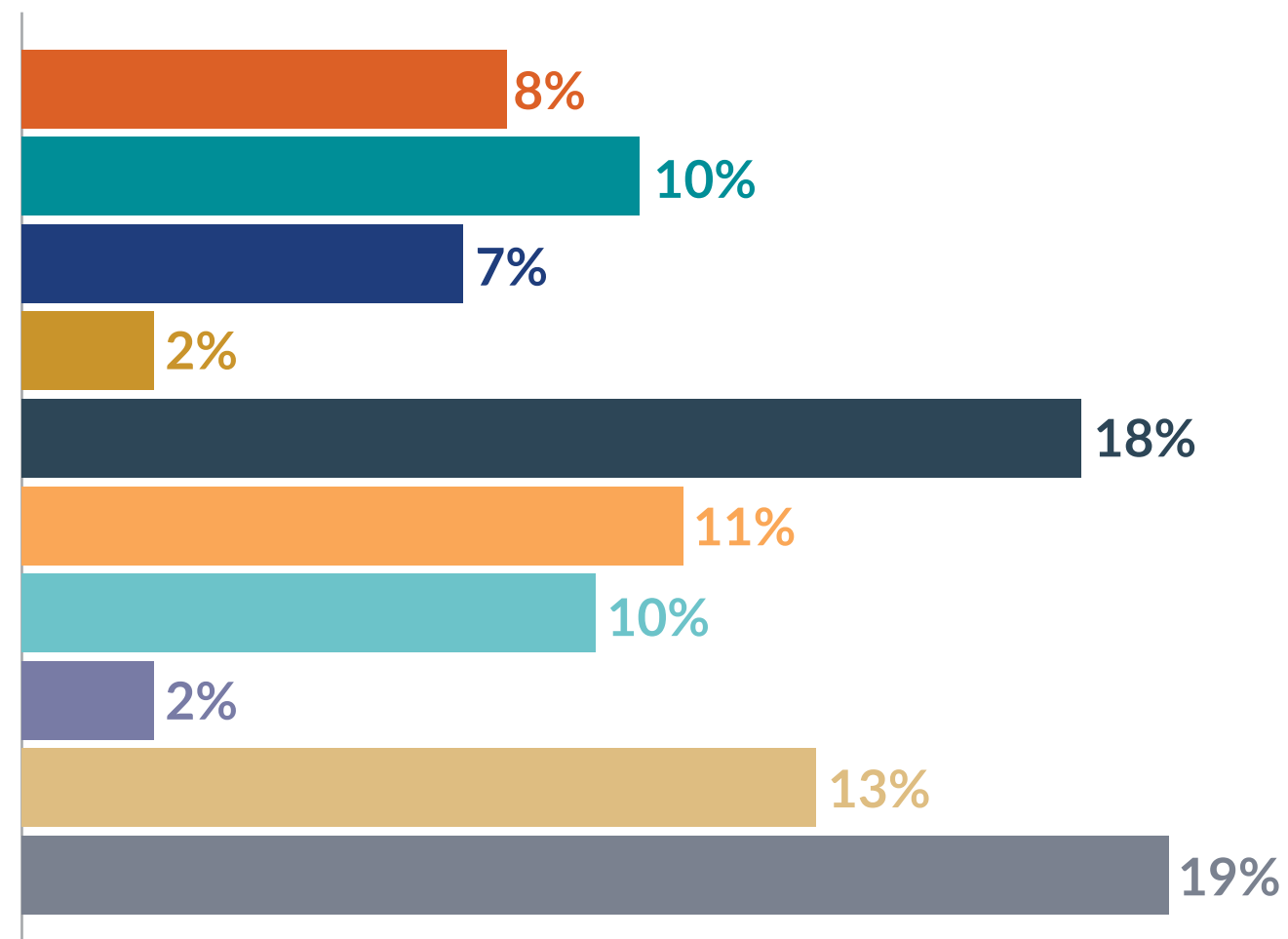
- 14% Less than 1 year
- 39% 1 - 5 years
- 21% 6 - 10 years
- 8% 10 - 15 years
- 18% More than 15 years



APPENDIX

Respondent demographics

What type of organization are you representing?



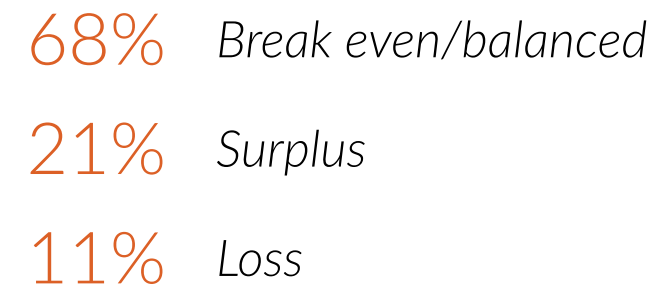
- Arts & culture
- Association or membership
- Education
- Environmental
- Foundation
- Healthcare
- Religious
- Research & development
- Social services
- Other

Other includes: Community and real estate development, media, legal services, and more

How many employees did your organization have at the end of your previous fiscal year?



What type of budget does your organization prepare?



What is your organization's total anticipated revenue and support for 2022?



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