



# NONPROFIT STANDARDS

A BENCHMARKING SURVEY

CHARTING THE PATH FORWARD

**BDO**<sup>®</sup>



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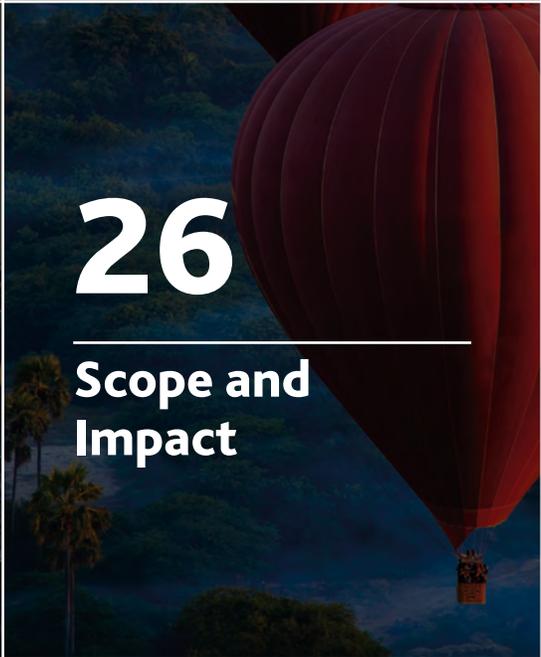
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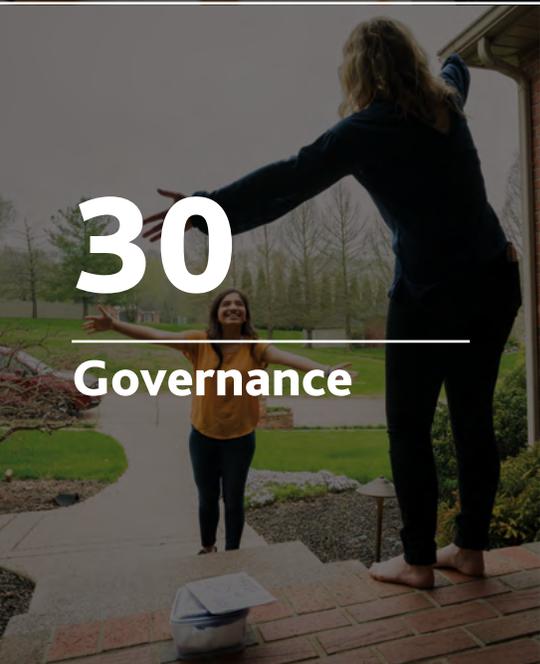
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# Introduction

Nonprofit organizations are first and foremost problem solvers. They aim to address the issues commercial businesses aren't suited to, and that governments can't solve on their own. Whether it's delivering healthcare to underserved populations, fighting climate change or fighting inequality around the globe, the work of nonprofits is crucial to our world and its future.

Never was that clearer than after the emergence of the coronavirus pandemic earlier this year. In the face of massive disruption to every sector of the economy and daily life, nonprofits unsurprisingly stepped up—adapting their programs and delivery practices to help address critical areas of need.

At BDO, we've worked with nonprofits for more than a century, and we've always been humbled by their desire to change the world for the better. As we collectively continue to fight this pandemic, we're proud to stand alongside the organizations keeping our country, and the world, moving forward.

The events of early 2020 have also highlighted the importance of keeping the nonprofit sector financially healthy and sustainable. Organizations have had to adapt to everything from cancelled events to a workforce largely working out of home offices or at kitchen tables. These are unprecedented times, and the harsh reality is that even when the spread of COVID-19 abates, we are going to be dealing with the economic fallout for months, and even years, to come. Now more than ever, we need our nonprofit organizations to be able to continue their critical work.

There are over 1.5 million nonprofits in the United States, and each has its own unique mission and goals. This diversity is part of what makes this sector so invaluable, but it also makes it difficult for organizations to assess their practices and benchmark against peers. That's why we at The BDO Institute for Nonprofit Excellence<sup>SM</sup> created **Nonprofit Standards**, our annual benchmarking survey for the sector. The survey, now in its fourth year, is intended to help nonprofit leaders make decisions that balance both a nonprofit heart and a business mindset, and enable them to continue to make the world a better place.

*"We hope this survey arms you and your organization with data and information you can use as you continue to push your mission forward."*



**Adam Cole**  
Co-Leader of BDO's Nonprofit & Education practice



**Andrea Wilson**  
Co-Leader of BDO's Nonprofit & Education practice

## About the 2020 *Nonprofit* *Standards* Survey

*Nonprofit Standards* is a national benchmarking survey of 200 nonprofit organizations across a variety of sectors, including health and human services, higher education, public charities and private and community foundations. The survey was fielded by Market Measurement, a market research consulting firm.

*Nonprofit Standards* includes drilldowns by annual revenue, so readers have access to data from a narrower peer group. While intended to provide a valuable baseline analysis for organizations of all sizes and types, it would be impossible to capture the variety and diversity of the entire nonprofit sector.

**For the purposes of this survey, nonprofits are categorized in three groups according to annual revenues:**

- ▶ **Midrange organizations:**  
Annual revenues under \$25 million
- ▶ **Upper-Midrange organizations:**  
Annual revenues between \$25 million and \$75 million
- ▶ **Large organizations:**  
Annual revenues of \$76 million or greater

Data specific to each revenue segment is highlighted when significant differences between them occur.

This report also features additional data around the impacts of the COVID-19 pandemic, which was gathered from over 1,700 participants during a BDO webinar on March 26, 2020, as well as over 860 participants during a BDO webinar on May 28, 2020.

For more information, visit  
**The BDO Institute for  
Nonprofit Excellence**<sup>SM</sup>  
**Resource Center.**



## State of the Sector: Clarity in Crisis

When the coronavirus started to proliferate in the United States, it quickly upended daily life and the key functions of every industry. Nonprofits, which were often on the front lines of combatting the virus and dealing with the socioeconomic fallout, were no exception.

In late March and late May of 2020, we polled hundreds of nonprofit professionals during webinars on crisis management. Looking at this data in conjunction with our benchmarking information (collected from February-early March 2020) paints a picture of a sector at a key point of inflection.

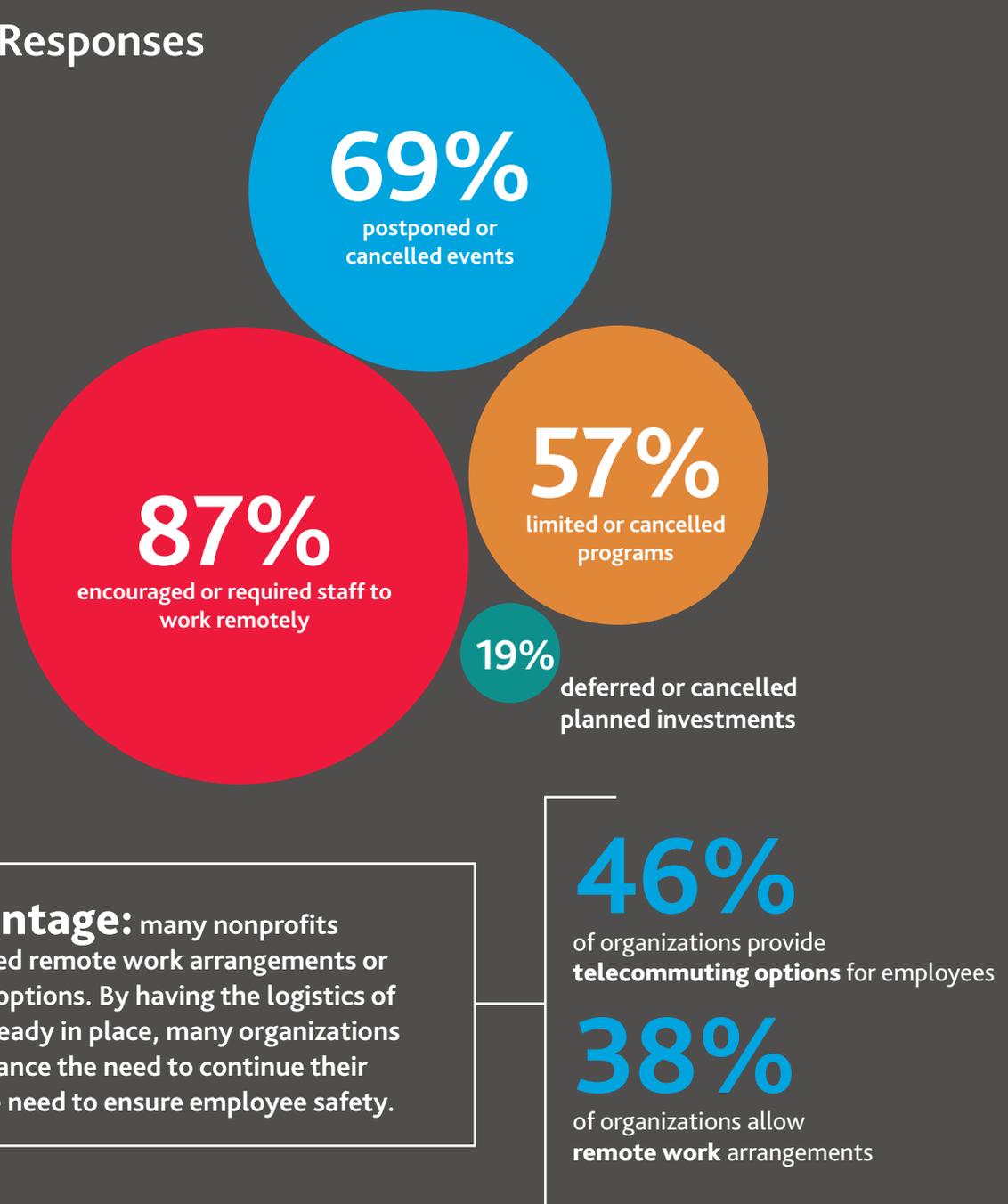
The work of nonprofit organizations has never been more important, but neither has the importance of organizations balancing what we call a [nonprofit heart and a business mindset](#). In order to continue to do good, it's critical that the nonprofit sector focuses not only on mission, but also on its own long-term sustainability, especially in times of economic turmoil.

## CORONAVIRUS ROCKS THE INDUSTRY

From feeding communities to protecting workers to continuing to educate students, nonprofits provide many of the boots on the ground that keep communities going in times of crisis. But at the same time, they are far from impervious to disruption. In the weeks following the onset of COVID-19 in the U.S., organizations took swift action to ensure the safety of employees and other stakeholders.

### COVID-19 Immediate Responses

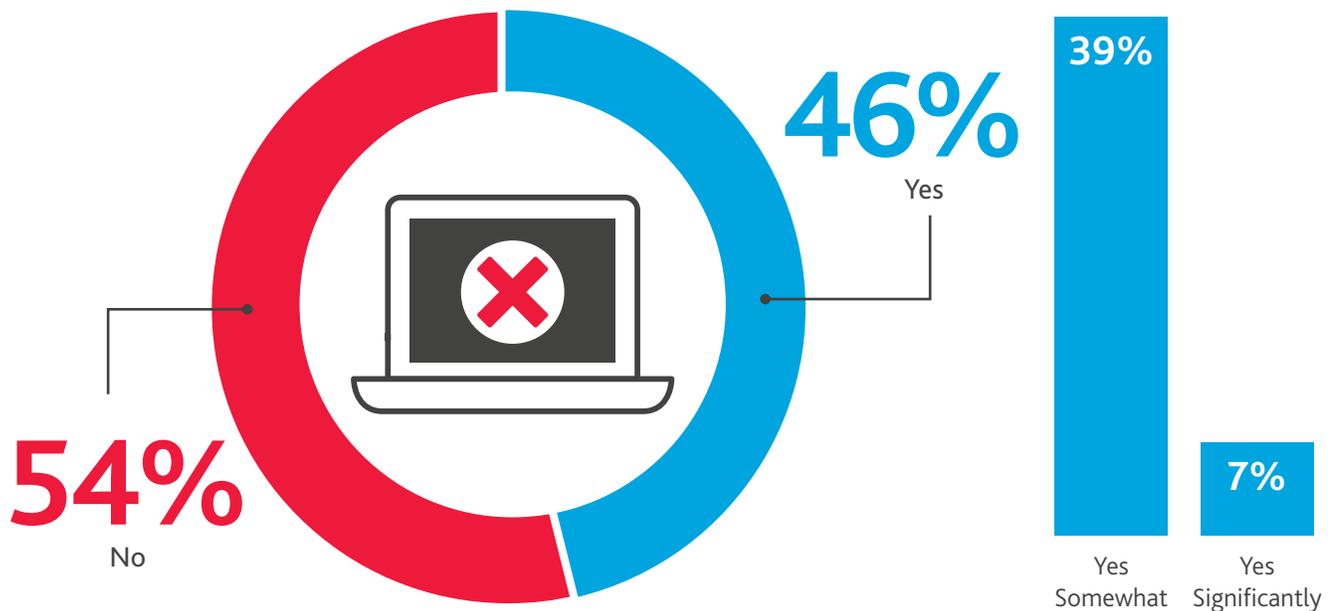
(as of March 26, 2020)



## TECHNOLOGY HELPS ORGANIZATIONS ADAPT IN CRISIS, BUT COMES WITH ADDED RISKS

In order to react quickly to a crisis like COVID-19, organizations need to have adequate technology capabilities to shift the way they operate and deliver programming and services, as well as their back-office functions. While the majority of nonprofits don't feel that technology restricted their ability to respond to COVID-19, nearly half believe it limited them in some way.

### Did technology limitations restrict your ability to respond to COVID-19?



The good news is that most organizations we surveyed plan to invest in new technology this year. If they do so effectively, especially in areas that can improve their overall efficiency, they will be better equipped to manage current challenges and those that may emerge in the future.

**64%** of all organizations are planning to invest in **new technologies** this year



**47%**

Midrange organizations

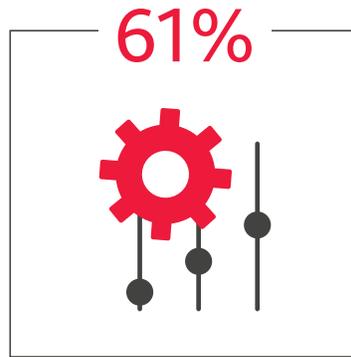
**59%**

Upper-Midrange organizations

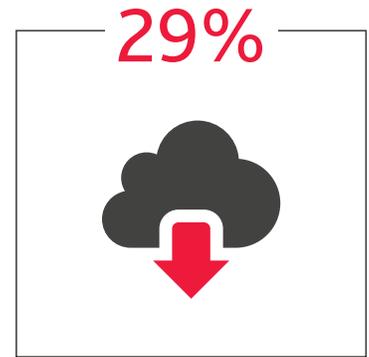
**80%**

Large organizations

Top Goals of Tech Investments



1. Improve Operational Efficiency



2. Improve the Delivery of Programs and Services

But as organizations increase their investments in technology enablers, and more employees are working from home, nonprofits may be increasingly vulnerable to cyberattacks. There have already been numerous reports of COVID-19 spear-phishing attacks, and “Zoom-bombing” is making headlines. For organizations that often underestimate their potential to be cyber targets, and that have limited resources to invest in IT infrastructure, the coming months could be a perfect storm.



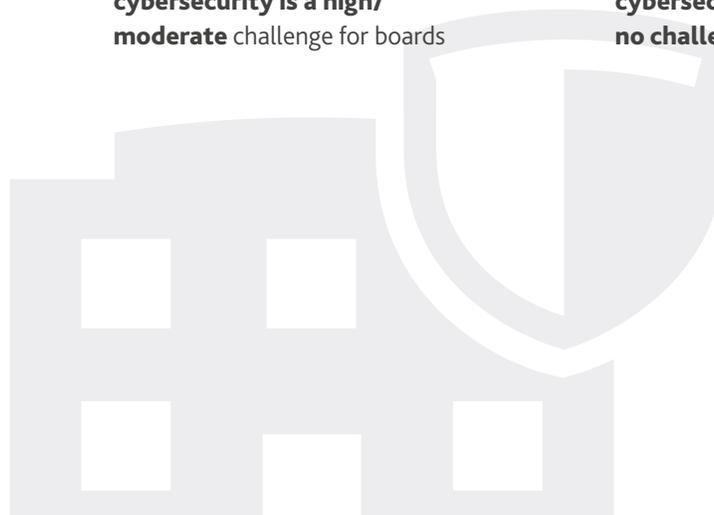
51%

of organizations say **cybersecurity is a high/moderate** challenge for boards



73%

of midrange nonprofits say **cybersecurity is a low/no challenge**



## NONPROFITS' FINANCIAL OUTLOOK DARKENS AS RECESSION BEGINS

While nonprofits undoubtedly rose to the occasion during the COVID-19 pandemic, the crisis exposed many of their existing weak points. As the urgency of the pandemic threat lessens, nonprofits are left facing an even bigger challenge: prolonged economic downturn. Those who can't adapt to change, or who have no safety net, risk not being able to continue their missions.

Prior to the emergence of COVID-19, many organizations were already concerned about an economic slowdown, despite relatively optimistic financial results and projections for the year ahead. Complicating matters, many organizations report limited liquidity, leaving them with a lack of financial flexibility.



**43%**

said a potential **economic downturn** would be a high/moderate challenge this year



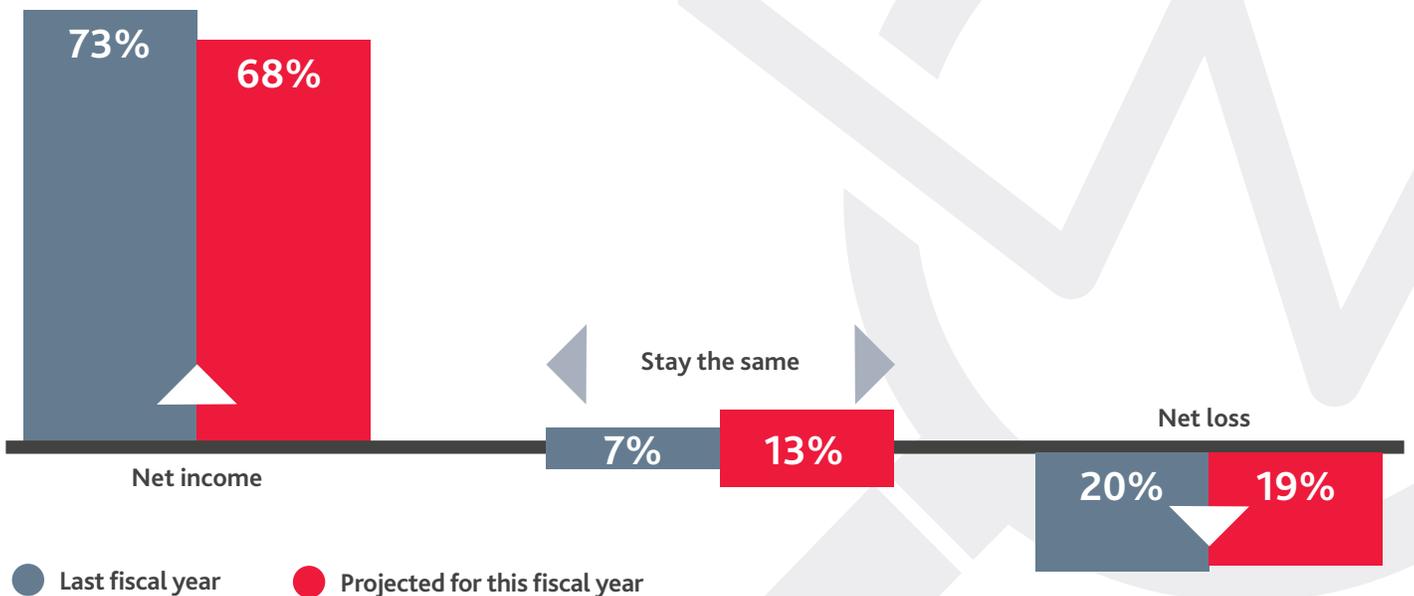
**30%**

have 4 months or less of **operating reserves**

As organizations began to understand the extent to which the coronavirus would upend "business as usual," those rosy projections took a sharp turn.

**IN OUR MAY 28 WEBINAR, 75% OF ORGANIZATIONS REPORTED CONCERN OVER THEIR FINANCIAL HEALTH.**

### Financial Results and Projections (pre-COVID-19)



## How concerned are you with your organization's financial health? (late May)

Very concerned

21%

Somewhat concerned

54%

Not concerned

16%

Can't assess at this point

9%

Nonprofits have good reason to be worried. According to a recent [study](#) by the Center for Effective Philanthropy, only a third of nonprofits have recession plans in place, but 64% believe that a recession would lead to an increased demand for nonprofit services. The National Bureau of Economic Research recently announced that we entered into a recession in February. The real question now is what the extent of the long-term damage to the economy will be and how long it will take to recover. The nonprofit sector, facing the catch-22 of financial stress and growing demand, is likely to be altered in the process.

*"In past economic downturns, it's typically taken nonprofits around five years to fully rebound, and often some organizations don't make it at all. The situation we're in now is totally unprecedented, and while no one knows how quickly things will turn around, the value of nonprofit organizations has never been more evident. Organizations should be seeking any type of financial relief they can, whether through federal stimulus programs or via flexibility from their own funders. Now is the time for nonprofits, who are constantly seeking to help others, to get comfortable with asking for help themselves."*

Andrea Wilson, Partner and  
Co-Leader of BDO's Nonprofit &  
Education practice



# Political Tensions

Amid all of the coronavirus disruption, nonprofit organizations are also contending with the impact of turbulent political times. Many are still navigating the fallout of federal tax reform, which over a third of respondents believe led to fundraising drops. With the 2020 election on the horizon, organizations are trying to plan for any scenario come November.

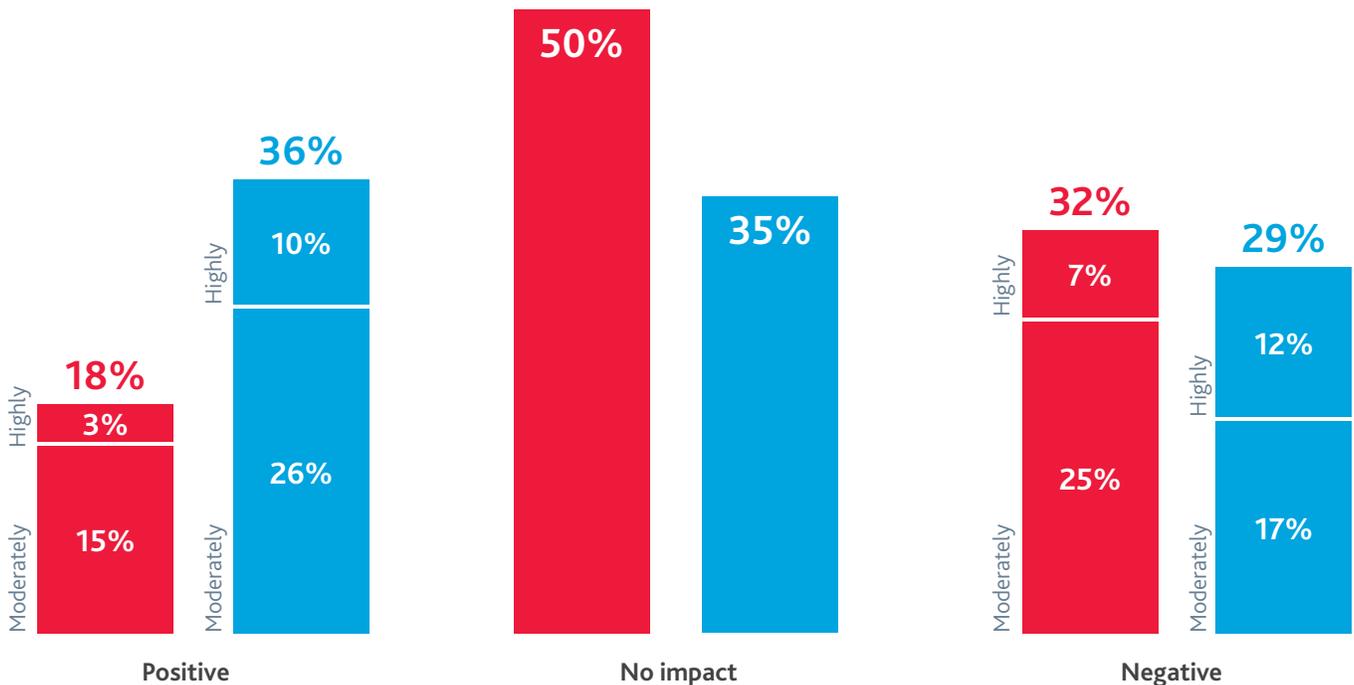


# 37%

of organizations believe federal tax reform caused a **decline in fundraising results.**

## 2020 ELECTION

How will your revenues be affected by the results of the 2020 presidential election?



Republican is elected



Democrat is elected

## SECRETS OF NONPROFIT “THRIVERS”

It's not overstating to say that the nonprofit sector is likely to be challenged in the coming months and, potentially, years. Organizations that are unable to adapt to the current environment and prepare for the next crisis risk having to close their doors and abandon their mission, while those that can stay resilient in the face of uncertainty will be able to forge ahead into our collective “new normal.”

We asked nonprofits to self-assess their performance and extracted some of the key characteristics of self-described “Thrivers.”

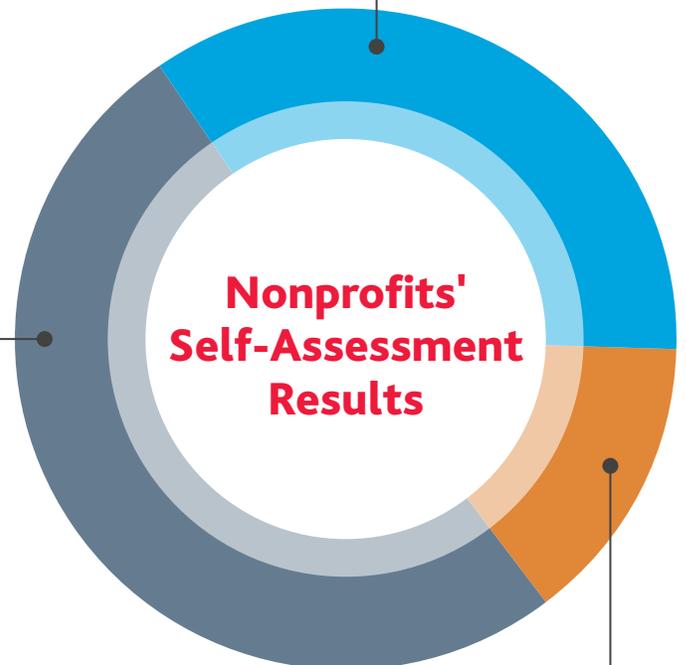
### Thriving



### Sustaining

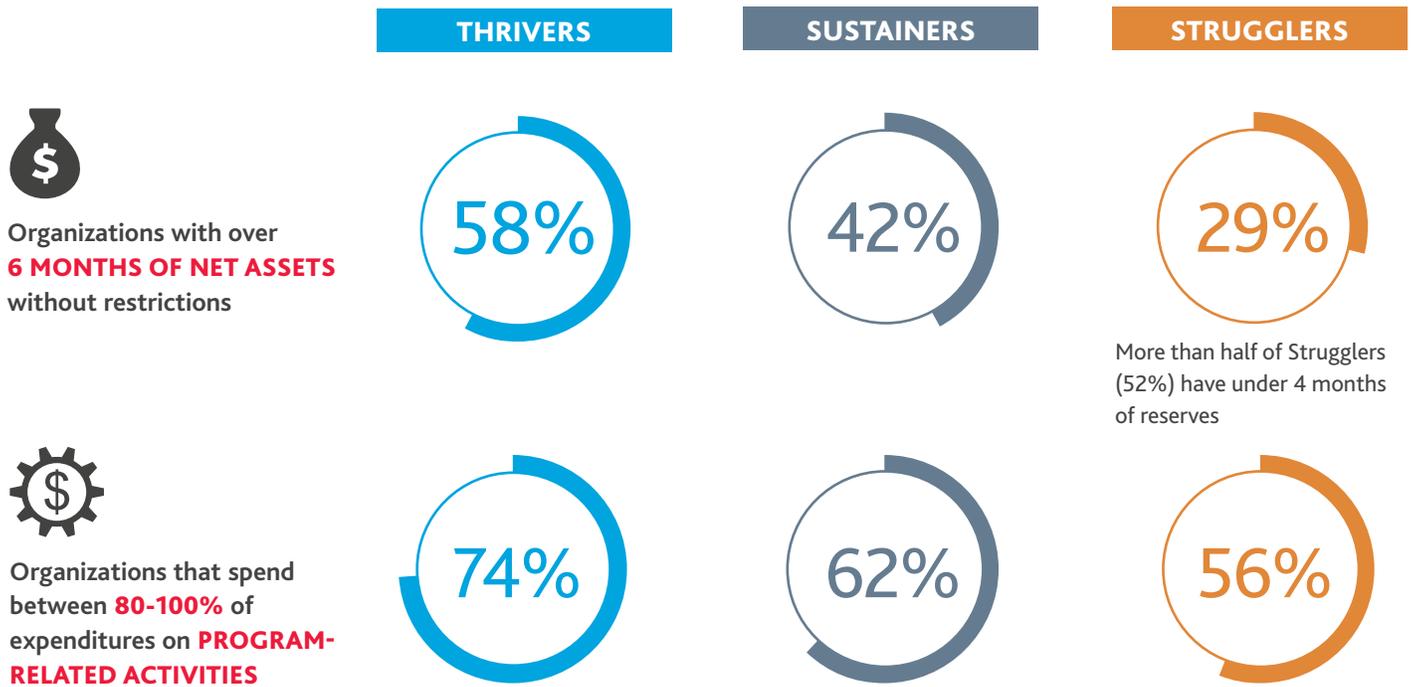


### Struggling

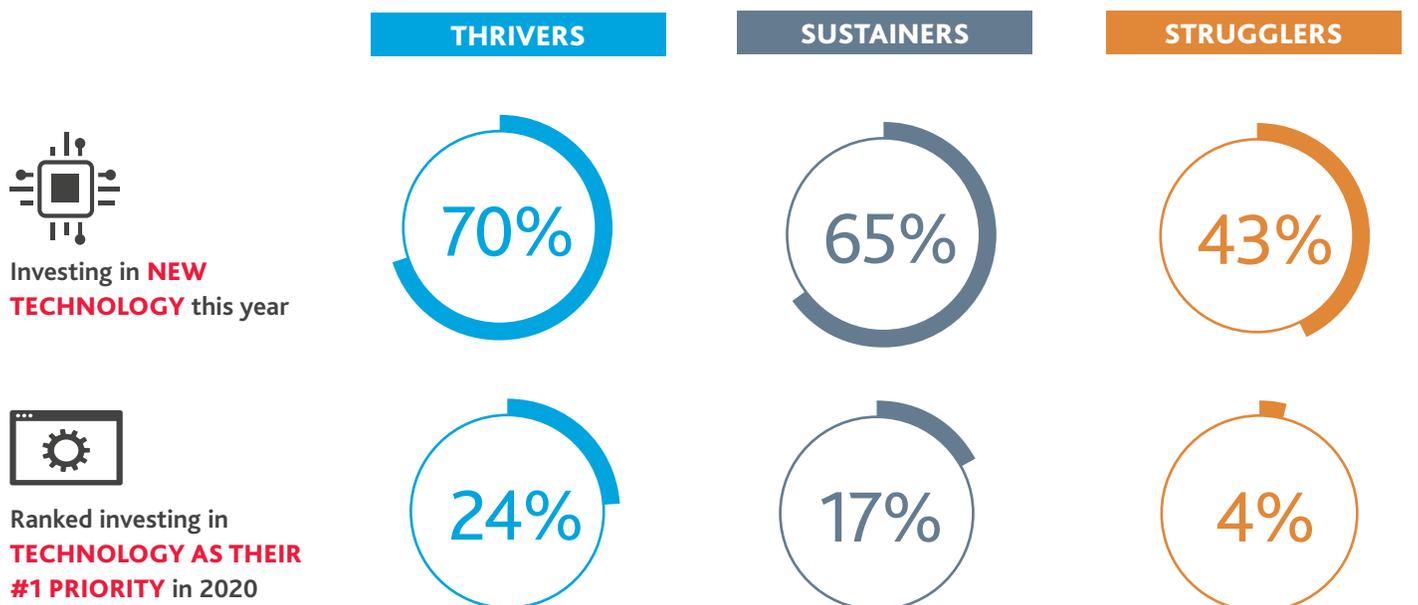


While every organization's path forward will differ, these are valuable qualities to keep in mind and use in your own self-assessment.

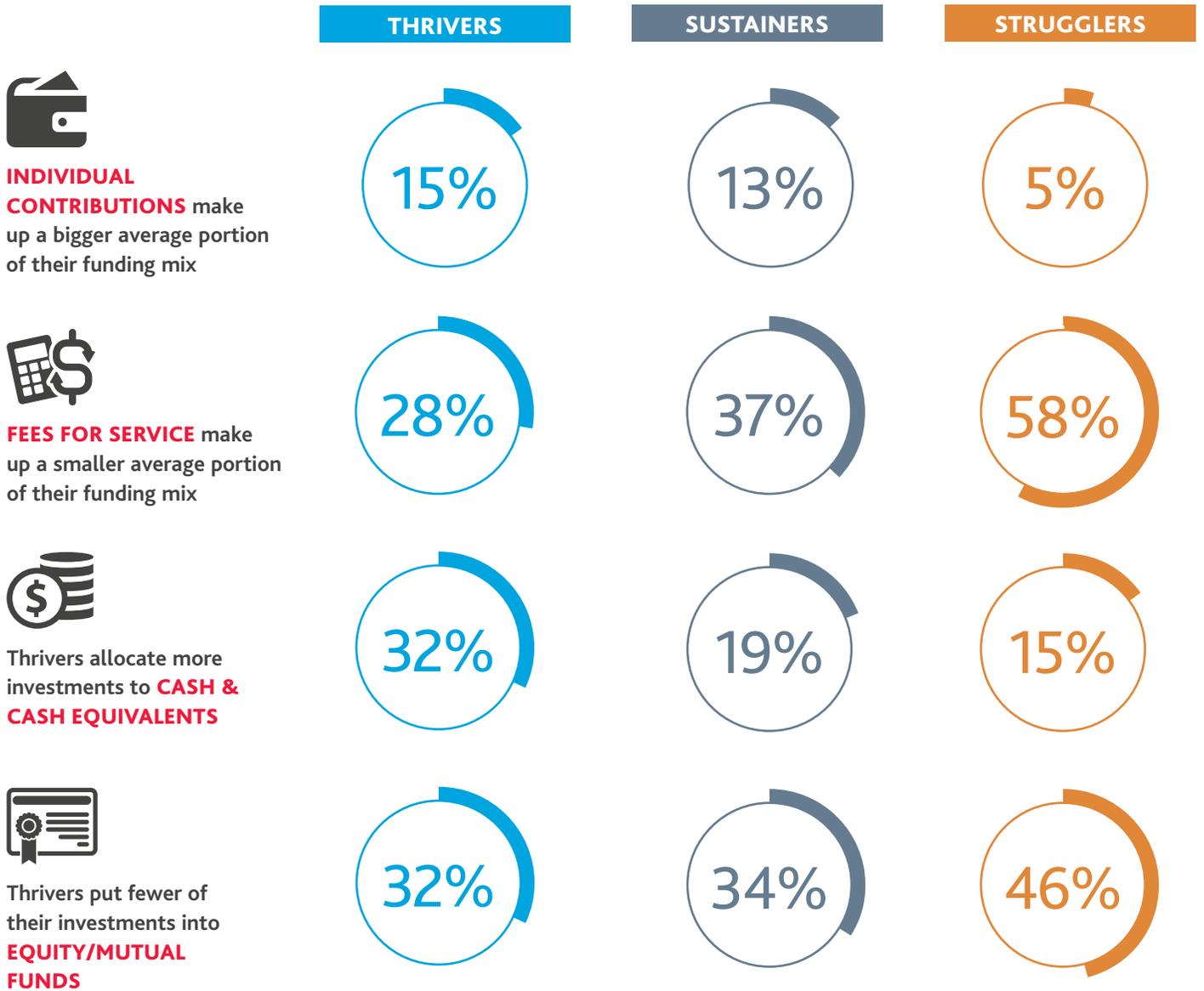
**They balance a nonprofit heart and a business mindset.**



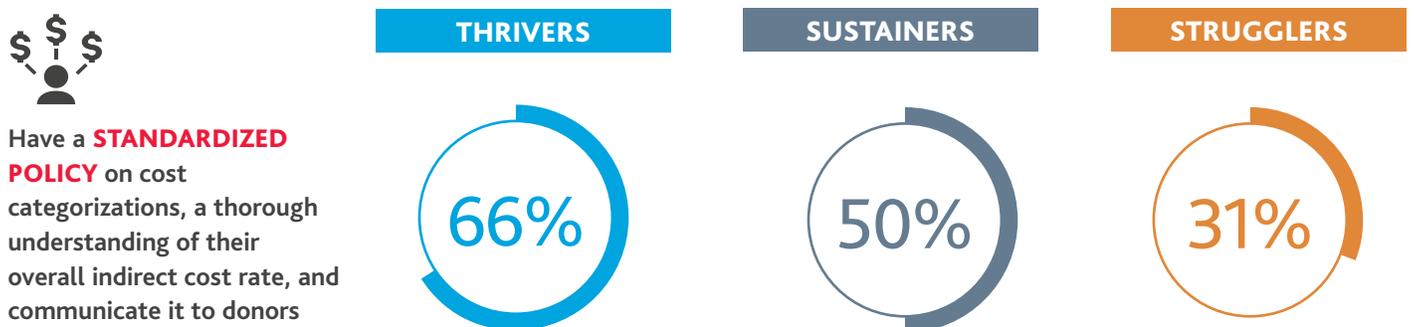
**They're prioritizing technology.**



## They vary their funders and investments.



## They understand their own indirect costs.



# Strategic Planning

## TOP CHALLENGES

In the face of increased demand for services, economic uncertainty and a global health crisis, it's no surprise that nonprofits are beset by a widespread variety of challenges. Funding concerns, however, rise to the top for nearly three quarters of the organizations we surveyed. When looking at the revenue breakouts, some key differences emerge.

### Top Challenges – All Organizations

-  Variability in revenue/funding | **73%**
-  Staff retention/recruitment | **66%**
-  Investing in technology | **66%**
-  Maintaining donor engagement | **62%**
-  Regulation and legislation | **60%**
-  Rising overhead costs | **60%**
-  Potential economic slowdown | **56%**
-  Decreasing margins | **55%**
-  Attracting quality leadership and board members | **54%**
-  Securing capital for infrastructure improvements | **46%**
-  Indirect cost coverage | **39%**
-  Adequate liquidity | **37%**
-  Inability to meet demand | **35%**

### TOP 3 CHALLENGES

#### Midrange Organizations

- 1.** Variability in revenue/funding | **78%**
- 2.** Maintaining donor engagement | **72%**
- 3.** Potential economic slowdown | **70%**

#### Upper-Midrange Organizations

- 1.** Variability in revenue/funding | **72%**
- 2.** Investing in technology | **67%**  
Regulation and legislation | **67%**
- 3.** Staff retention/recruitment | **66%**

#### Large Organizations

- 1.** Investing in technology | **74%**
- 2.** Variability in revenue/funding | **72%**
- 3.** Staff retention/recruitment | **71%**

## PROGRAMMING

Many nonprofits have had to adapt the logistics of their delivery to meet the demands of the current situation, and often this results in changes to programming. When asked about their plans for programming this year, most organizations said it was likely they would expand their programming offerings, but that was before the COVID-19 pandemic. In our May webinar, 71% of respondents said there was uncertainty around whether their programs could continue.

### How likely is your organization to take the following actions?

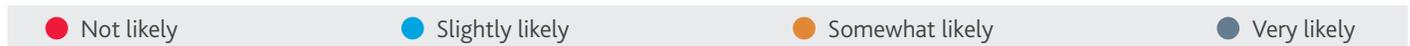
Introduce new programs without eliminating others



Introduce new programs and eliminate some current programs



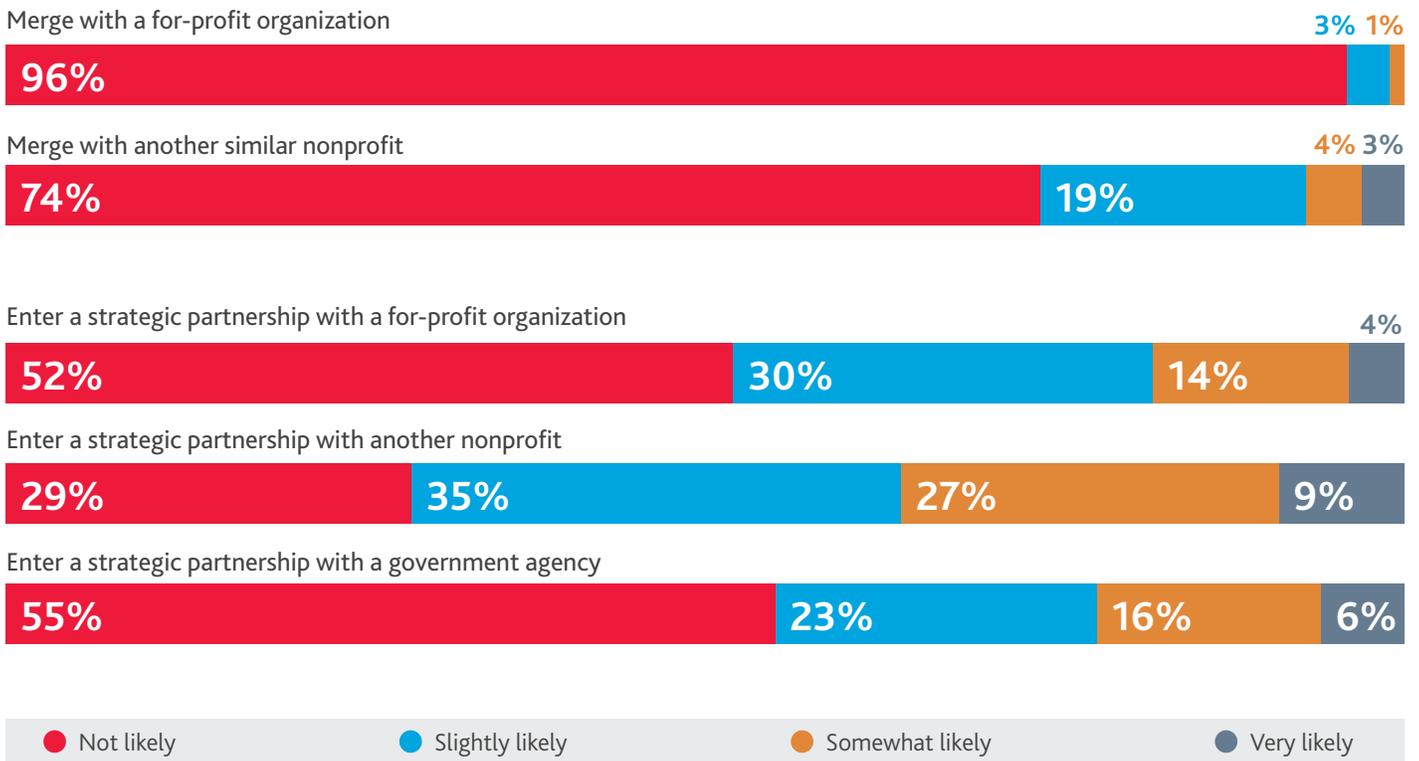
Eliminate some current programs but not add others



## OUTLOOK FOR MERGERS & PARTNERSHIPS

Despite concerns around funding levels and overall economic performance, just 2% of organizations say pursuing a merger, acquisition or strategic partnership is their top goal this year. While there has been talk about an impending wave of nonprofit mergers and acquisitions (M&A) for years, we just haven't seen that come to fruition, and our survey results suggest that nonprofits are far more likely to be interested in strategic partnerships than outright mergers.

### How likely is your organization to take the following actions?



*"While most nonprofits weren't considering mergers or acquisitions prior to the coronavirus pandemic, many may now be reexamining their plans. Organizations should take an honest look at both their finances and their programming to assess if a strategic partnership of some kind could help them manage financial pressures, improve efficiency and sustain their mission to persevere beyond the crisis."*

Adam Cole, Partner and Co-Leader of BDO's Nonprofit & Education practice



## M&A ALTERNATIVES

All nonprofits are committed to their mission, and many believe that no other organizations could do what they do. This is partially driving the lack of M&A in the space. However, in recent years organizations have found creative alternative options to traditional mergers and acquisitions that allow them to increase efficiency and impact.



### PROGRAM REALIGNMENT

Organizations will assess which of their programs are toughest for them to run effectively, and will pass off select programming completely to other organizations that may be better equipped to execute them. We're seeing this occur frequently in the social services space.



### FEDERATION MODELS

Nonprofit organizations that share a common mission, but are spread geographically, may choose to enter a federated structure, in which affiliates to member organizations maintain individual autonomy while sharing some centralized resources to achieve economies of scale.



### JOINT VENTURES

A nonprofit may also choose to undertake some economic activity with another nonprofit or for-profit entity, and could create a separate legal entity in order to share capital, expertise or resources in their efforts.

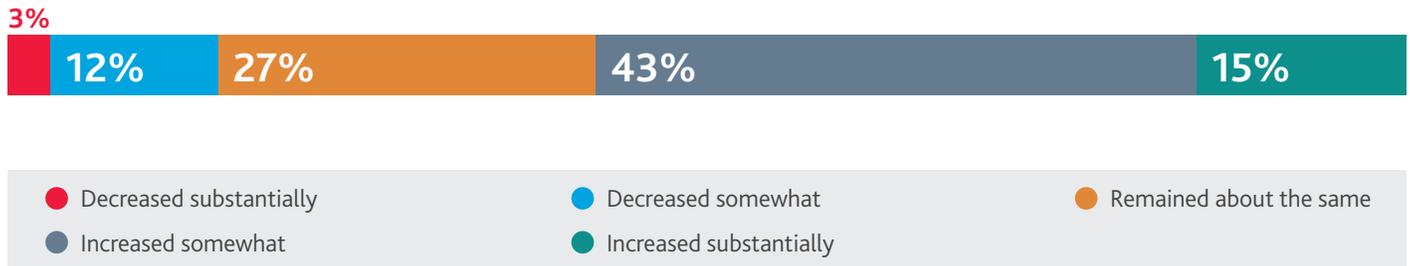
# Operations



## FINANCIAL RESULTS

Despite persistent threats of an economic downturn, most organizations reported experiencing increases in their revenues during the last fiscal year. However, variability in revenues and funding was still named the top challenge for nonprofits this year and, given the current economic upheaval, organizations are right to be concerned about expecting similar results this year. For many nonprofits, success in the next year will be determined by their ability to adapt and overcome uncertainty, including around their financial results.

### How did your revenues change in your most recent fiscal year?



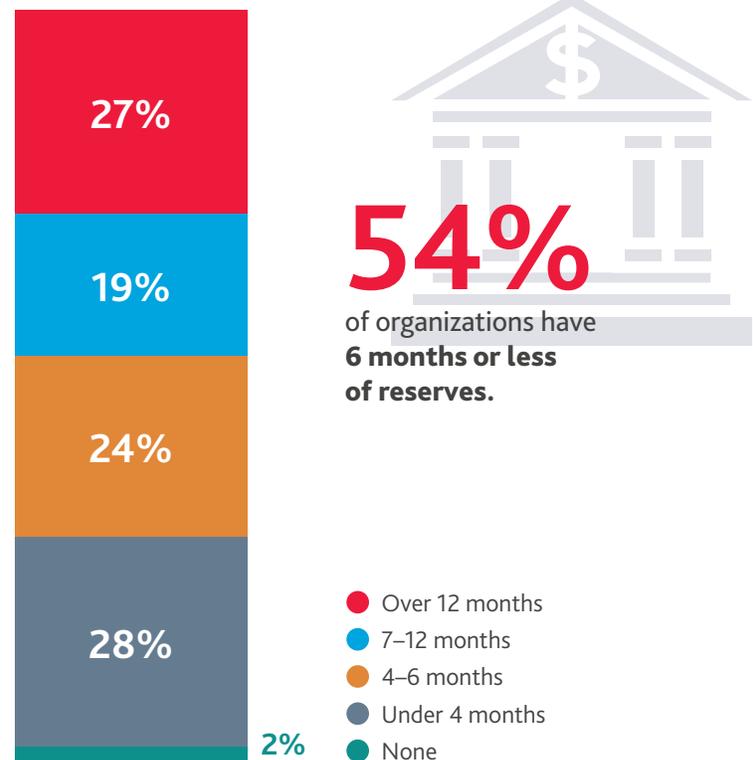
## LIQUIDITY

Liquidity in a crisis is imperative. We've long stressed that, while there is no one size fits all liquidity metric for nonprofits, it's advisable to maintain liquid unrestricted net assets to cover at least six months of operating costs. In these uncertain times, organizations need to be able to counteract the impact of unforeseen slowdowns and unbudgeted costs. Our findings, in keeping with previous years, suggest that many nonprofits may not have the cash on hand to do so.

In the short-term, nonprofits should consider what immediate options could be used to increase liquidity, including:

- ▶ Reducing variable costs
- ▶ Halting nonessential purchases
- ▶ Negotiating longer payment terms with suppliers
- ▶ Negotiating a debt service holiday or covenant relief
- ▶ Applying for a low-interest government loan

### How many months of operating reserves does your organization maintain?



## SPOTLIGHT: INDIRECT COSTS

Closing the gap between grant funding and the actual costs of nonprofit operations is an industry-wide challenge. When it comes to indirect costs—costs not directly attributable to programming—the issue is twofold. First, many foundations lack clarity on how indirect costs contribute to the overall health of the organizations they fund. Complicating matters, there’s a wide diversity in practice (both between and within organizations) on what is considered an indirect

cost, and many organizations lack an understanding of their true indirect cost rate. All of this leads to a persistent “lower is better” mentality that leaves many organizations operating on razor-thin margins unsuited to weather economic volatility. While over half of organizations surveyed believe they are on top of their indirect costs, all organizations should consider how to achieve greater indirect cost coverage, especially in the current economic environment.

### How would you describe your understanding of your indirect costs?

We have a standardized policy on cost categorizations, a thorough understanding of our overall indirect cost rate and we communicate it to donors

53%

We generally use the suggested indirect cost rate provided by donors

13%

We have little understanding around our indirect costs

10%

None of these

24%

### Top Challenges in Indirect Cost Coverage

24%



1. Negotiating rates covered by donors

22%



2. Truly understanding the organization's indirect costs

17%



3. Developing a standard policy for cost categorizations

## FUNDING SOURCES

A nonprofit's funding mix can be as individual as its mission. But although there is no ideal funding mix for nonprofits, it's important that they seek to maintain a healthy variety of funding sources in order to respond to any potential disruptions. In the current climate, it's possible any funding sources could be in jeopardy, but organizations that receive a significant portion of their funds from investment, conferences or fundraising events may be particularly challenged.

About what percentage of your organization's funding came from each of the following sources?



Fee for Service	Mean
<b>All organizations</b>	<b>37.0%</b>
Under \$25M	21.6%
\$25-\$75M	41.0%
\$76+	40.3%



Foundation Grants	Mean
<b>All organizations</b>	<b>8.9%</b>
Under \$25M	17.6%
\$25M-\$75M	7.4%
\$76M+	6.0%



Government Grants	Mean
<b>All organizations</b>	<b>20.2%</b>
Under \$25M	16.0%
\$25M-\$75M	24.4%
\$76M+	17.1%



Fundraising/Special Events	Mean
<b>All organizations</b>	<b>5.6%</b>
Under \$25M	8.1%
\$25M-\$75M	6.2%
\$76M+	3.5%



Corporate Contributions	Mean
<b>All organizations</b>	<b>7.1%</b>
Under \$25M	8.3%
\$25-\$75M	5.9%
\$76+	7.7%



Conferences/Meetings	Mean
<b>All organizations</b>	<b>1.4%</b>
Under \$25M	2.0%
\$25M-\$75M	1.5%
\$76M+	0.9%



Individual Contributions	Mean
<b>All organizations</b>	<b>12.3%</b>
Under \$25M	16.9%
\$25M-\$75M	10.1%
\$76M+	12.1%



Publications	Mean
<b>All organizations</b>	<b>0.2%</b>
Under \$25M	0.2%
\$25M-\$75M	0.2%
\$76M+	0.3%



Investments	Mean
<b>All organizations</b>	<b>11.9%</b>
Under \$25M	20.1%
\$25M-\$75M	7.1%
\$76M+	13.7%



Membership Dues	Mean
<b>All organizations</b>	<b>2.4%</b>
Under \$25M	3.8%
\$25-\$75M	3.2%
\$76+	0.7%

## INVESTMENTS

The nonprofits we surveyed reported receiving, on average, around 11.9% of their overall funding through investments. The majority of respondents (52%) say those investments fund under 5% of their operating budget, and nearly a quarter (23%) fund none of their operations via investments.

While it may seem like investment returns are not critical to an organization's financial health, in times of economic volatility, investment values can fluctuate significantly. Similar to their overall funding mix, organizations should seek to craft a varied investment portfolio to help ride out the storm.

One segment in particular, midrange organizations, may be at risk under current conditions. Nearly a quarter (24%) of midrange organizations fund 15% or more of their operations through investments. With their high levels of investment in equity/mutual funds, those organizations could be in trouble given recent market turmoil.

### About what percentage of your investments are allocated to each of the following?



Equity/Mutual Funds	Mean
<b>All organizations</b>	<b>35.2%</b>
Under \$25M	29.2%
\$25M-\$75M	38.7%
\$76M+	33.8%



Alternative Investments	Mean
<b>All organizations</b>	<b>7.6%</b>
Under \$25M	6.8%
\$25M-\$75M	4.1%
\$76M+	12.5%



Bonds/Fixed Income	Mean
<b>All organizations</b>	<b>20.5%</b>
Under \$25M	14.0%
\$25M-\$75M	21.6%
\$76M+	22.6%



Certificates of Deposit	Mean
<b>All organizations</b>	<b>5.5%</b>
Under \$25M	2.8%
\$25M-\$75M	5.5%
\$76M+	7.0%



Cash or Cash Equivalents	Mean
<b>All organizations</b>	<b>22.3%</b>
Under \$25M	34.0%
\$25M-\$75M	19.5%
\$76M+	19.7%



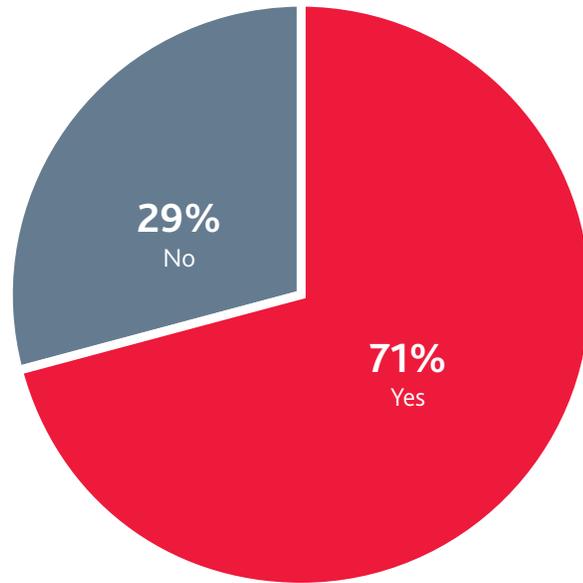
Other Investments	Mean
<b>All organizations</b>	<b>6.1%</b>
Under \$25M	7.7%
\$25M-\$75M	5.2%
\$76M+	6.5%



## SPENDING

How organizations spend their investment earnings is just as important as their asset mix. While the vast majority of organizations have a formal spending policy, the type of policy varies.

Do you have a spending policy?



What best describes your spending policy?

Percentage model



Make a judgement each year



Weighted average or hybrid model



Previous year's rate, plus inflation



Other



## Most Common Percentage-Based Spending Models

Spend a percentage of the moving average

**74%**

Meet the IRS minimum of 5% spending for private foundations

**14%**

Spend a percentage of current income

**10%**

Other

**2%**

## Spending Rate from Most Recent Fiscal Year

Rate	All Organizations
6%+	7%
Over 5% to 6%	7%
Over 4% to 5%	41%
Over 3% to 4%	19%
Over 2% to 3%	13%
1%-2%	4%
<1%	6%
Other	3%



# Scope and Impact

Aligning closely with our findings in the 2019 survey, most organizations did not expand their scope in the past year. While this was potentially due to concerns around an economic downturn, it may have positioned organizations to not be overextended in this challenging period.

**73%**

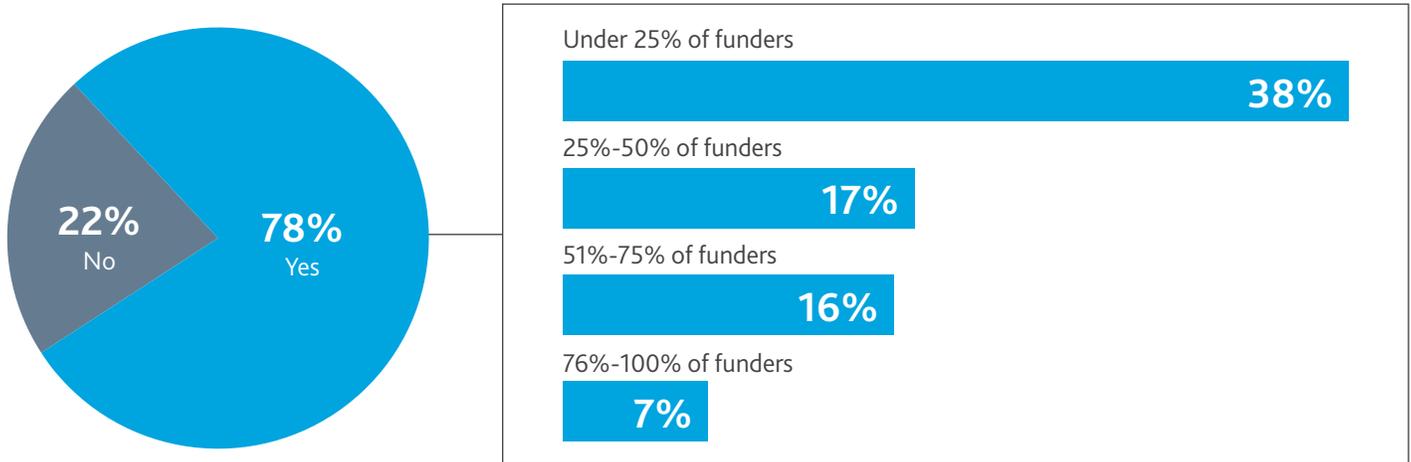
of organizations **did not expand their scope** last year



## IMPACT REPORTING

Communicating impact is one of the most important ways a nonprofit organization tells its own story and, with the majority of organizations reporting that funders are asking for more information on outcomes, it's important that nonprofits get it right.

**During your most recent fiscal year have funding sources requested more information on outcomes and impacts than they previously required?**



Regardless of how an organization reports on impact, they should follow best practices including:

- ▶ **Tailor the report** to fit the audience, be it individual donors or foundations
- ▶ **Be candid** about your progress and about the challenges you face in the year ahead
- ▶ **Highlight individual stories** that help demonstrate the value of your organization's programs and services
- ▶ **Use compelling data** visualizations that bring your metrics to life

### 5 Most Common Impact Reporting Challenges

-  **Not enough human resources to gather data on impact | 56%**
-  **No consistent framework for measuring impact and reporting it | 51%**
-  **Lack of adequate technology to gather information on impact | 49%**
-  **Inadequate financial resources | 43%**
-  **Lack of clear program objectives and/or key performance indicators | 39%**

*Ranked High/Moderate*

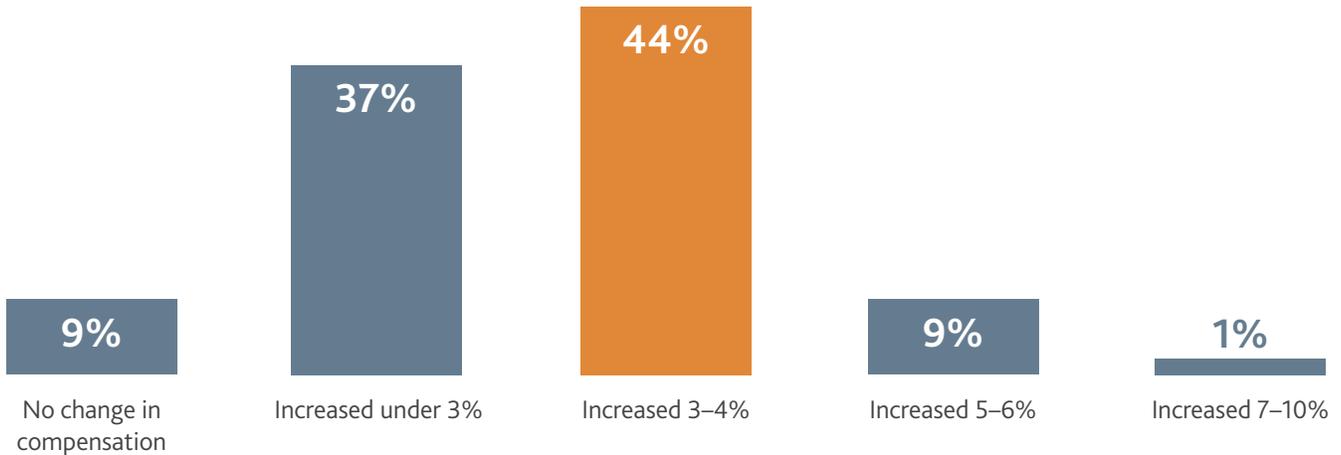
# Human Resources

The driving force behind nonprofit organizations has always been the passion of their people. Employees of nonprofit organizations are typically driven by the mission, brought together by a common purpose that supersedes monetary gain. But with their reliance on enthusiastic staff, nonprofit organizations need to continue to prioritize their satisfaction.



While nonprofit work is typically considered to be less lucrative than for-profit careers, it does seem like most organizations are increasing salaries at a standard rate. According to the [Society for Human Resource Management](#), the average American salary increased 3.2% in 2019, in line with the highest portion of our survey respondents.

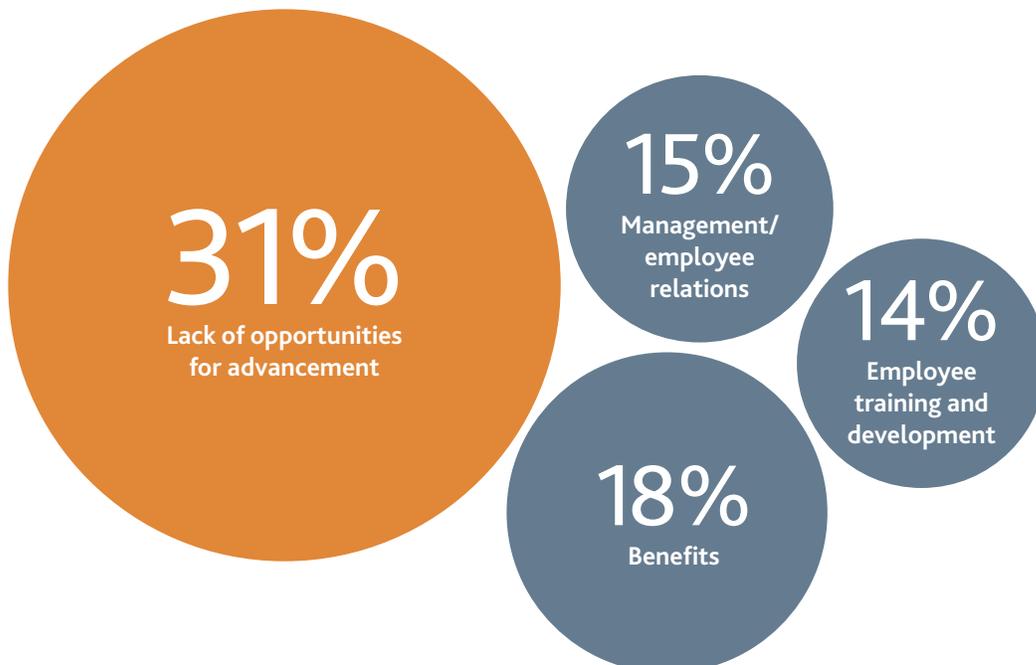
### During the most recent fiscal year, what was the average change in employee compensation?



## EMPLOYEE SATISFACTION

Previous years' surveys consistently found compensation to be the top employee satisfaction issue at nonprofits. This year, we asked what outside of compensation is posing a challenge and lack of upward mobility within organizations rose to the top.

### Top Employee Satisfaction Issues (Outside of Compensation)



# Governance

It's likely times will continue to be rocky for the nonprofit sector. In periods of uncertainty, the value of effective leadership at the board level cannot be understated, but finding and retaining members is often easier said than done.

**54%**  
of organizations say that attracting quality leadership, including board members, will be a moderate/high challenge this year.



In order to rise to the widespread challenges facing nonprofit organizations, boards need to have the variety of expertise and skills needed to navigate the key issues organizations face today, and the ones that will emerge long term.

## BOARD EXPERTISE

### Most Important Area of Expertise for Board Members



## BOARD CHALLENGES

### Top Board Challenges – All Organizations



### TOP 3 BOARD CHALLENGES

#### Midrange Organizations

1. Internal resource constraints | **72%**
2. Succession planning | **58%**
3. Managing growth and Planning for an economic downturn | **49%**

#### Upper-Midrange Organizations

1. Internal resource constraints | **65%**
2. Succession planning | **60%**
3. Loss/decline in a major revenue stream | **55%**

#### Large Organizations

1. Succession planning | **68%**
2. Cybersecurity | **67%**
3. Managing growth | **55%**

## BOARD PRACTICES BY REVENUE RANGE

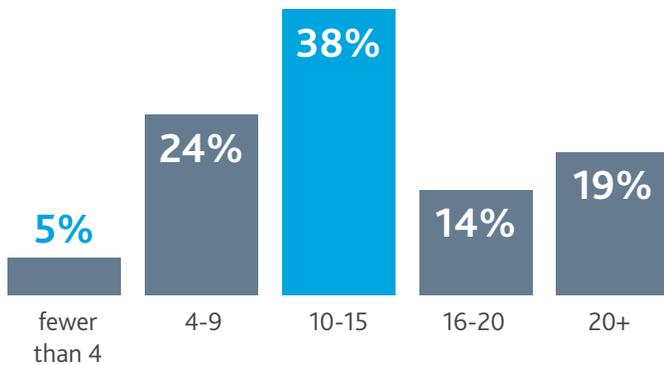
Effective leadership at the board level is crucial for the success of all nonprofits, and there are some best practices, like enacting term limits for board members, that all organizations should consider.

However, how boards function in practice can vary widely depending on a number of factors including the revenue range of the organization. In this section, we'll profile the typical practices of boards within each of our three revenue groups.

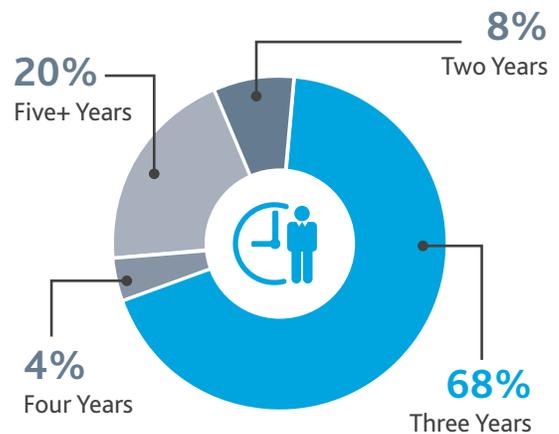
### 65% OF ALL ORGANIZATIONS HAVE TERM LIMITS FOR BOARD MEMBERS

#### MIDRANGE ORGANIZATIONS (<\$25M)

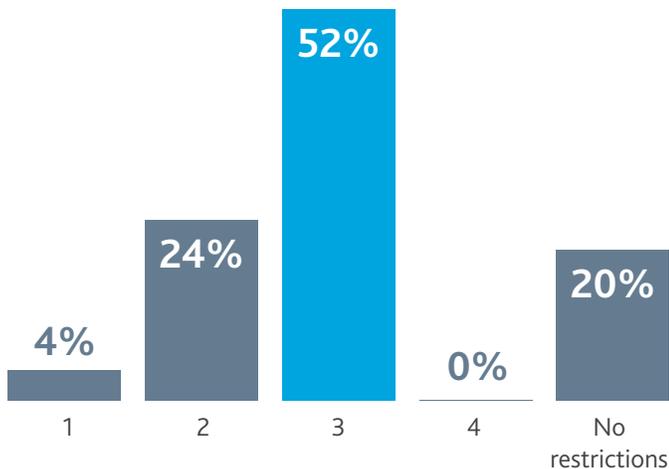
How many members serve on your board?



What is the term limit for board members?



How many terms can a board member serve?



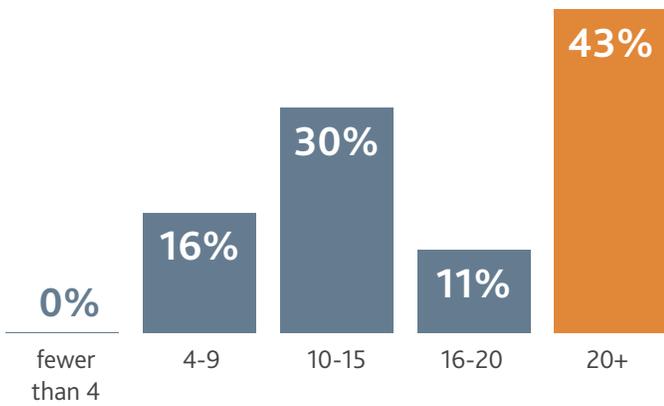
**62%** host less than **six board meetings** per year



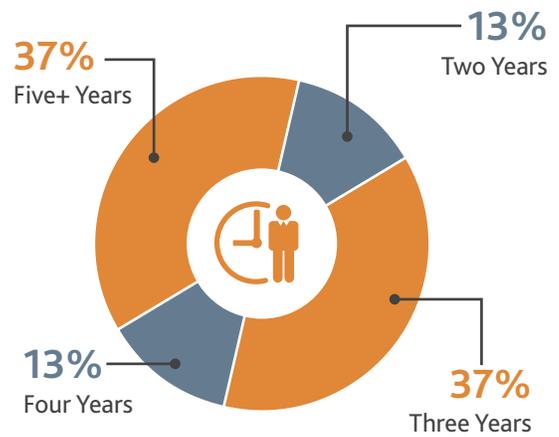


## UPPER-MIDRANGE ORGANIZATIONS (\$25M-\$75M)

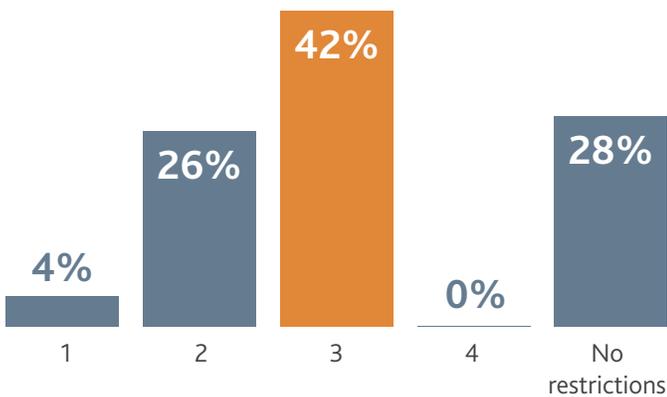
How many members serve on your board?



What is the term limit for board members?



How many terms can a board member serve?



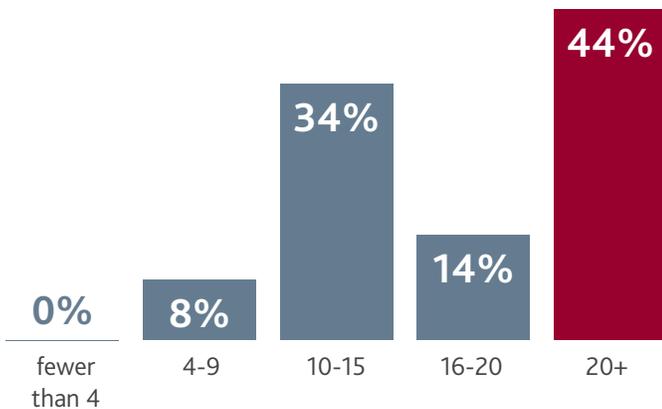
**61%** host less than **six board meetings** per year



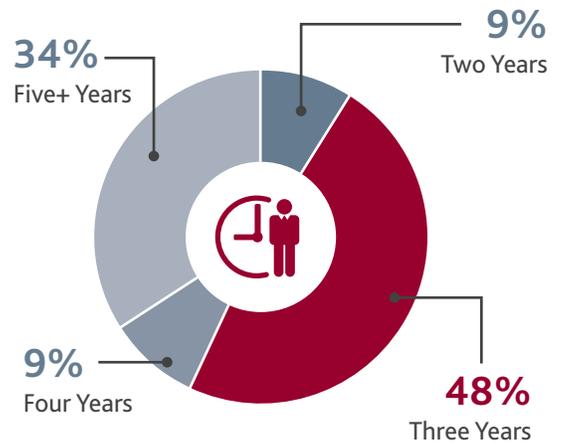


## LARGE ORGANIZATIONS (\$76M+)

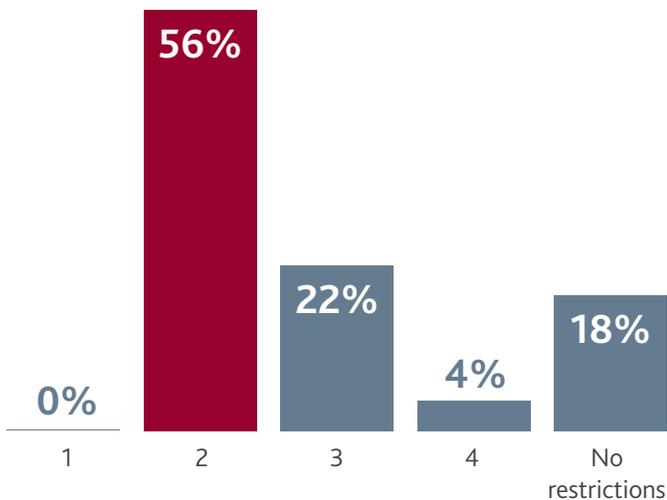
How many members serve on your board?



What is the term limit for board members?



How many terms can a board member serve?



**71%** host less than **six board meetings** per year



## FRAUD PREVENTION

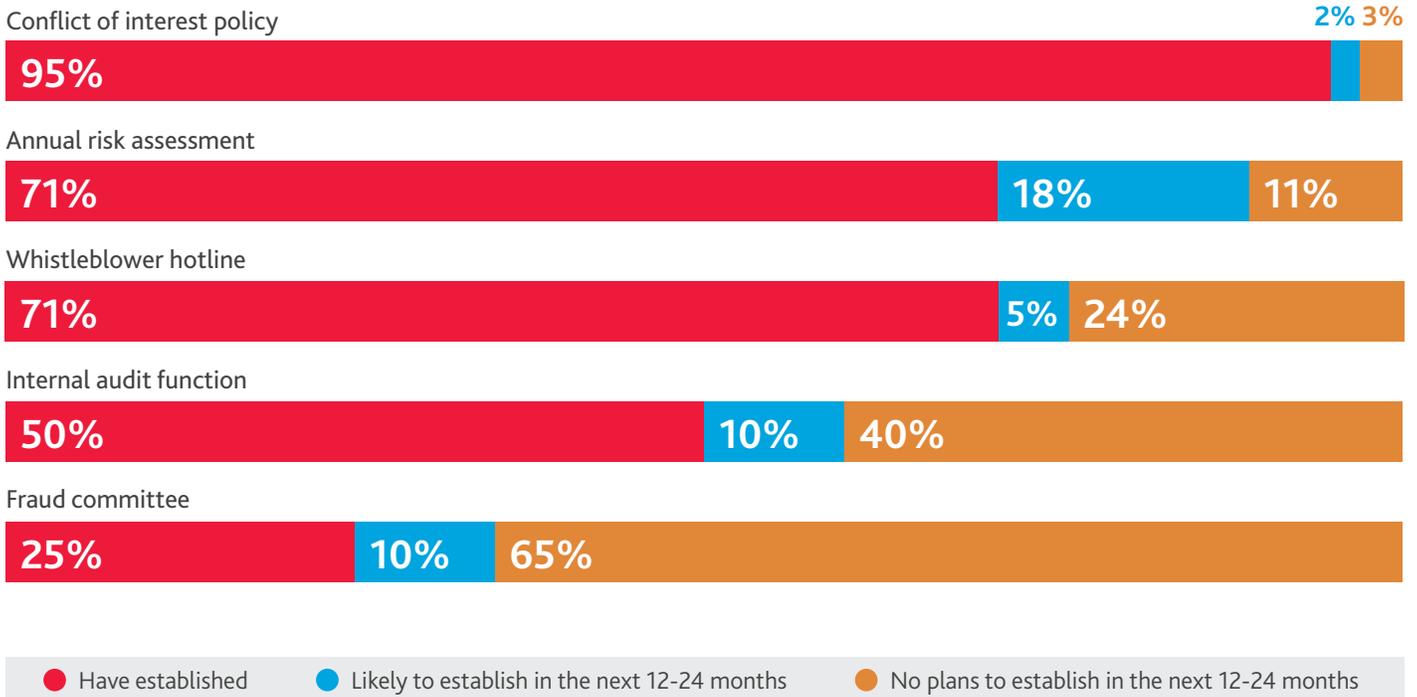
During times of socioeconomic upheaval, there is often an increase in fraud, perpetrated by both internal and external actors. Any organization that fails to protect itself appropriately from fraud should expect to become a victim sooner rather than later.

Nonprofits often underestimate their potential to be the targets of fraud, particularly from their own employees. Generally, nonprofit employees are passionate about their jobs and share a sense of altruism that brings them together. But the reality is that nonprofits are no more immune from

fraud than any other entities. The good news is that there are many affordable fraud prevention measures organizations can use to protect themselves from financial losses and reputational damage.

Our survey found that while a majority of organizations are leveraging some kind of fraud prevention measures, they may not be prioritizing security enough. Now is a good time to reexamine what measures you have in place and assess what you may need to change in light of the current environment.

### Anti-fraud Tactics



**ONLY 15% OF ORGANIZATIONS RANKED FRAUD RISK AS A HIGH/MODERATE CHALLENGE FOR THEIR BOARD (67% SAY IT'S A LOW CHALLENGE, AND 18% SAY IT IS NO CHALLENGE)**



# Conclusion

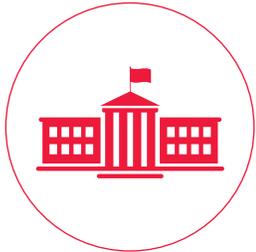
*"This survey was borne of a desire to help nonprofit organizations thrive. Now more than ever, the sector is crucial to solving the world's most pressing problems. We hope you can use this as a tool to balance your nonprofit heart with a business mindset, so you can continue your important work for the world."*

Laurie De Armond,  
Executive Director, BDO Institute for Nonprofit Excellence<sup>SM</sup>



# Methodology & Respondents

## Sectors



**26%**  
Colleges & Universities



**29%**  
Health and Human  
Services Providers



**22%**  
Grantmaking and Giving  
Organizations



**23%**  
Other

## Revenue

Under \$25M	18%
\$25M-\$50M	30%
\$51M-\$75M	17%
\$76M-\$99M	9%
\$100M-\$200M	13%
Greater than \$200M	13%

## Assets

Less than \$5M	10%
\$5M-\$9.9M	5%
\$10M-\$24.9M	8%
\$25M-\$49.9M	13%
\$50M-\$99.9M	14%
\$100M-\$199.9M	21%
\$200M or more	29%

## Scope of Organizations' Work

Local	29%
Regional	38%
National	13%
International	20%

## Title or Position

CFO/Chief Financial Officer	48%
CEO/Executive Director	28%
Director of Finance	6%
Report directly to one of these executives	6%
Controller	4%
CIO/Chief Information Officer	3%
COO/Chief Operations Officer	3%
Treasurer	1%
General Counsel	1%

People who know  
Nonprofits, know BDO.



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