

20



CERINI & ASSOCIATES, LLP | CERTIFIED PUBLIC ACCOUNTANTS PRESENTS

2024 NONPROFIT TRENDS REPORT

4

See the full report: <https://online.flipbuilder.com/rmyw/aoiw/>



JUDY SIEGEL, ESQ.

SENIOR STAFF ATTORNEY
PRO BONO PARTNERSHIP

There are several significant issues facing the nonprofit sector: (1) increased need for services; (2) staffing shortages and retention; (3) delay in payment to nonprofits for the services being provided; (4) more and more nonprofits chasing fewer and fewer dollars/funding.

*The Sector needs to implement several processes to minimize risk and maximize the ability to provide services. First, the Sector needs to take meaningful steps to quantify the additional services it will need to provide. Then, each nonprofit needs to realistically assess its individual capacity to provide these services. It's not enough to project that the need for services will increase by 17%, the nonprofit has to determine if its **Certificate of Incorporation (COI)**, the legal document that describes the work the nonprofit is legally allowed to perform, permits the type of work that is being contemplated. If not, the COI will need to be amended, which takes time. The nonprofit must ask itself if it has the capabilities to address this additional need from a staffing, resource, and infrastructure perspective. The nonprofit should also determine if it is best suited to provide the services needed. **Should it partner with another organization, or refer a particular type of work to a different nonprofit?** By performing a thorough self-assessment, the nonprofit will reduce the risk of unexpected, negative financial impact.*

*The nonprofit community also needs to advocate for itself. Many nonprofits contract with local and state government to provide social services that fill gaps where the government falls short. In exchange, nonprofits are paid under the terms of a contract. The nonprofit sector needs to advocate for timely payment under the contract and utilize contracts with enforceable penalty provisions if the government fails to perform its job (**funding**) under the contracted terms. In addition, the Sector needs to ensure that wages within contracts reflect the actual, complete cost of providing the services (**yes, overhead should be included in the cost of services**) to ensure workers make a living wage. To mitigate risk within government contracts, the Sector needs to place a priority on understanding the deliverables it has promised — **how will the nonprofit be required to report back on its works? Does it have the necessary data and data-tracking systems to ensure that it will be able to provide the requested data?** If not, it may find the monies it receives are **"clawed back"** by the government for failure to satisfy the terms of the contract.*

*Finally, the Sector needs to prepare budgets that realistically reflect their financial position, and also contemplate a **"worst case"** scenario. This comprehensive budget should be accompanied by a strategic plan that identifies what programs/services will be shrunk or eliminated, impact on staff hours and applicable employment law considerations, and re-assignment of roles and responsibilities.*



JOHN MILLER

CHIEF EXECUTIVE OFFICER
GUIDE DOG FOUNDATION/
AMERICA'S VETDOGS

*As we transition from 2023 into 2024, the most significant issues the nonprofit sector is facing are fundraising in times of uncertainty (**the economy and the upcoming congressional and presidential elections year**) and talent management and the shifting nature of work, including the continued rise of remote and hybrid models.*

Over the last couple years, fundraising has been challenging, and current economic and political conditions don't bode well for nonprofit fundraising in the short term. With economic uncertainty, rising costs, and domestic and international upheaval, people are holding onto their money. To mitigate these challenges, nonprofits must proactively diversify their revenue streams and find ways to better partner with their donors.

*Talent procurement and management continues to be a significant issue for all businesses, and with nonprofits traditionally on the lower end of the wage scale, it is an even more significant issue. In the upcoming year, organizations in general need to look at employee engagement strategies, salaries, and benefits to ensure competitiveness in the evolving market. In addition, with the shift in the workforce from Boomers to Gen Z, organizations need to retool their leadership. The best chance for success for a nonprofit leader is to have clear goals, intentional and empathetic communication and be yourself... **"Authentic Leadership"**.*