

Nonprofit Organizational Health Study

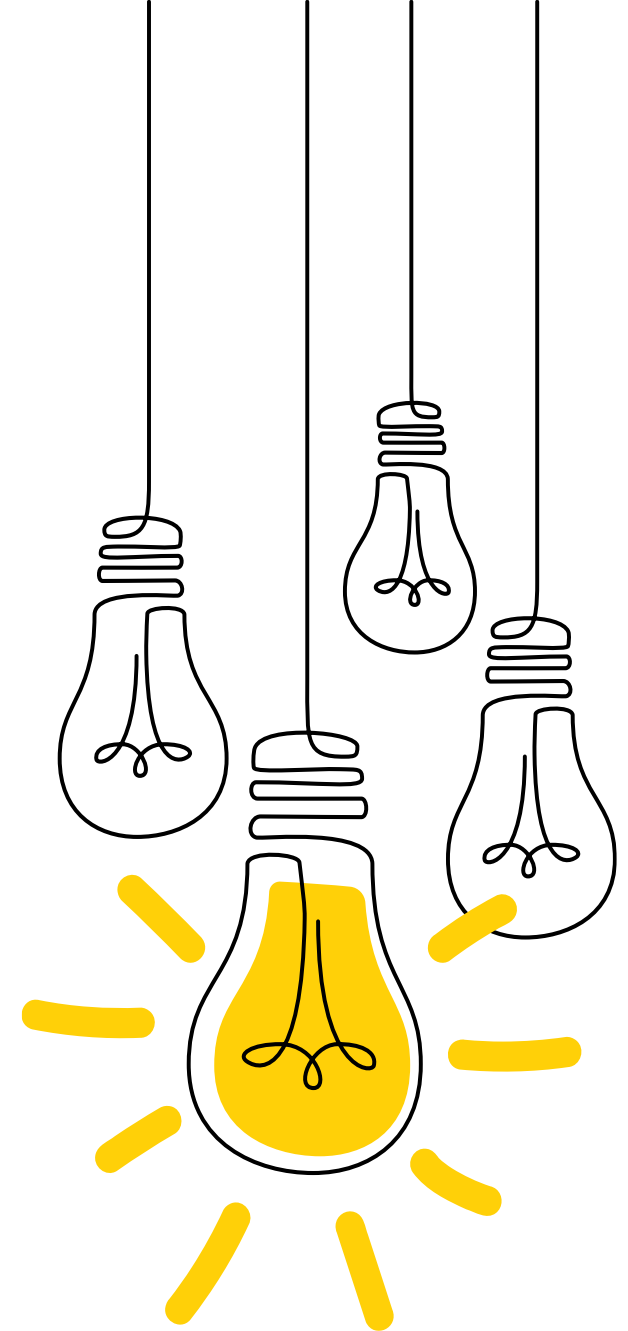
*Understanding the current landscape
of nonprofit organizations in the
Greater Washington, DC Region*

March 2026

Powered by:



Co-Sponsored by:



Purpose

The nonprofit sector is the backbone of many communities in the DMV. With a rapidly shifting funding and economic environment, we wanted to understand how the sector has shifted and what it needs from funders, capacity builders, and the community at large.

Partnership & Collaboration

The survey was developed and distributed by Brighter Strategies, Maryland Nonprofits, the Community Foundation of Northern Virginia, and Nonprofit Prince George's County to their network of nonprofits in the DMV.

The data was collected between December 2025 – January 2026 and analyzed by Brighter Strategies, LLC.



Contents

Impact on Revenue	5-9
Staffing Stability & Volunteer Engagement	10-13
Current State of DEIB	14-17
Nonprofit & Community Needs, & Resilient Strategies	18-21

Impact on Revenue

It has been a financially challenging year for nonprofits in our region

Funding stability is the biggest current challenge:

- 66% said funding stability is their biggest operational challenge.
- Operating reserves are limited. 48% have less than two months of operating reserves. Of those, 20% have none.

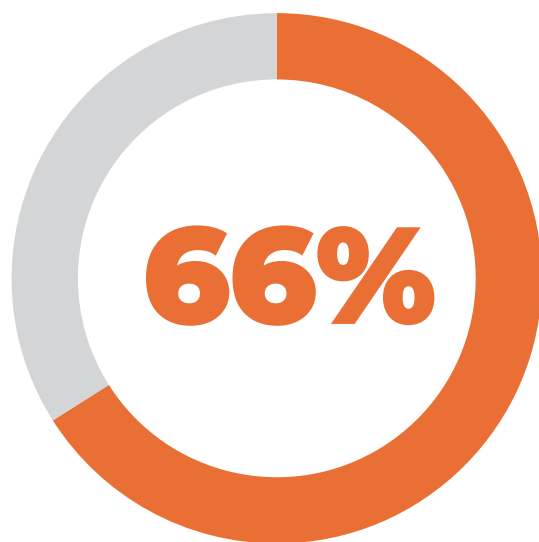
Both federal and local policy and funding priorities had a negative impact, but most are expecting a more positive outlook in 2026 in funding from other sources:

- 67% were impacted by federal funding priorities, and 49% were impacted by local funding priorities.
- Respondents are expecting a more positive revenue forecast in 2026 across most sources.

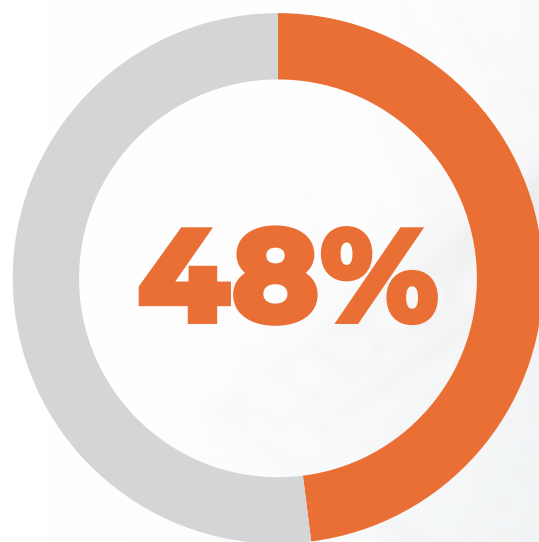
While funding is dropping, the cost and demand for services are increasing:

- Over the past 12 months (2025), demand for services increased by 63%.
- Costs are increasing; 62% report increased operational costs as one of the top challenges.

Funding Stability is the Biggest Current Challenge

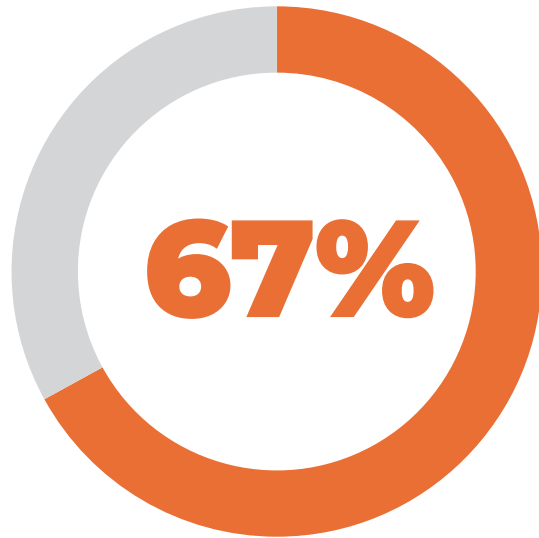


of organizations report funding stability is their top challenge currently

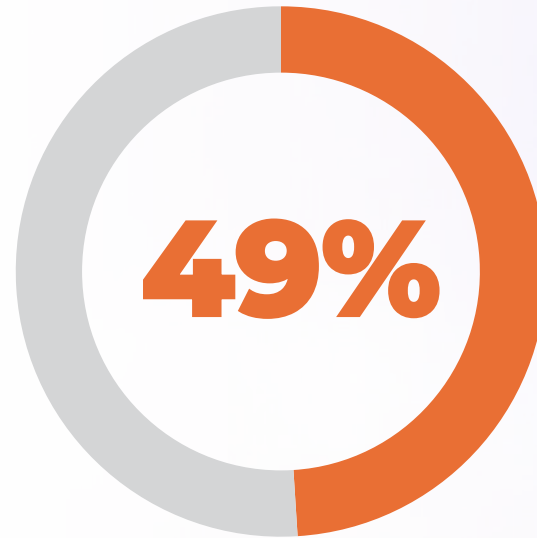


of organizations report having less than two months of operating reserves

Both Federal & Local Policy & Funding Priorities Had a Negative Impact

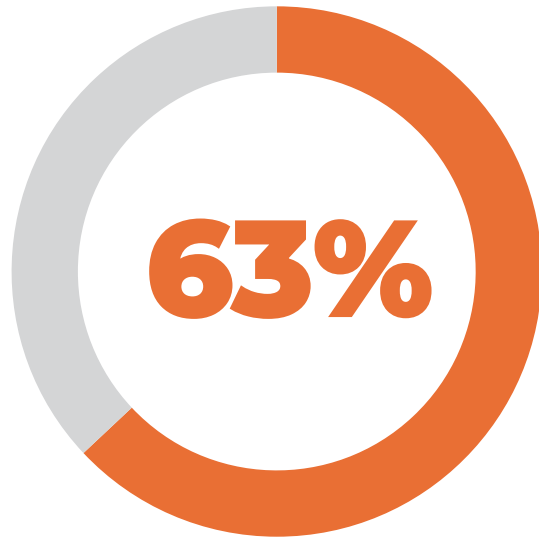


of organizations report they were impacted by federal funding priorities



of organizations report a negative impact of recent changes in local government funding priorities

While Funding is Dropping, the Cost & Demand for Services are Increasing

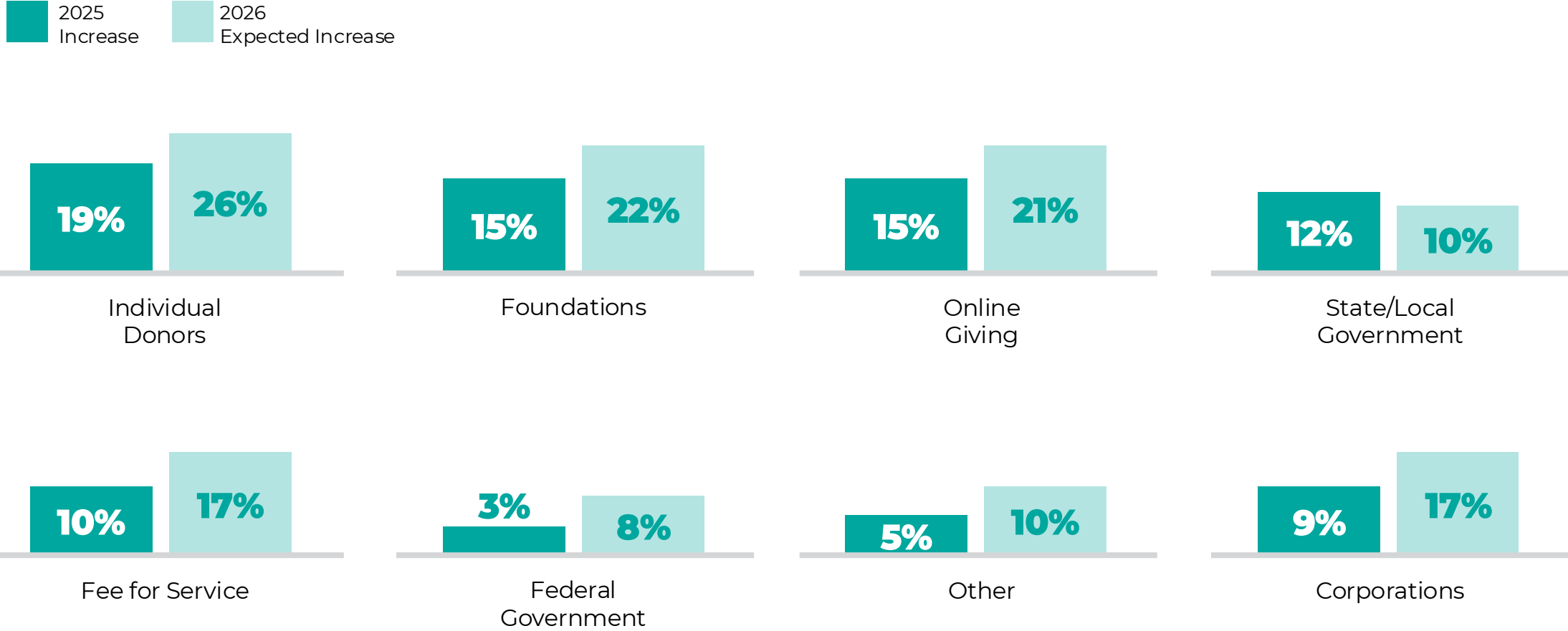


Demand or program participation has increased by 63% over the last month



62% of organizations report an increase in operational costs

Respondents are Expecting a More Positive Revenue Forecast in 2026 Across Most Sources



Staffing Stability & Engagement

Staffing levels are expected to increase:

- 23% experienced staff reductions due to layoffs or attrition in 2025.
- Looking ahead 24% expect an increase in staffing levels in 2026.

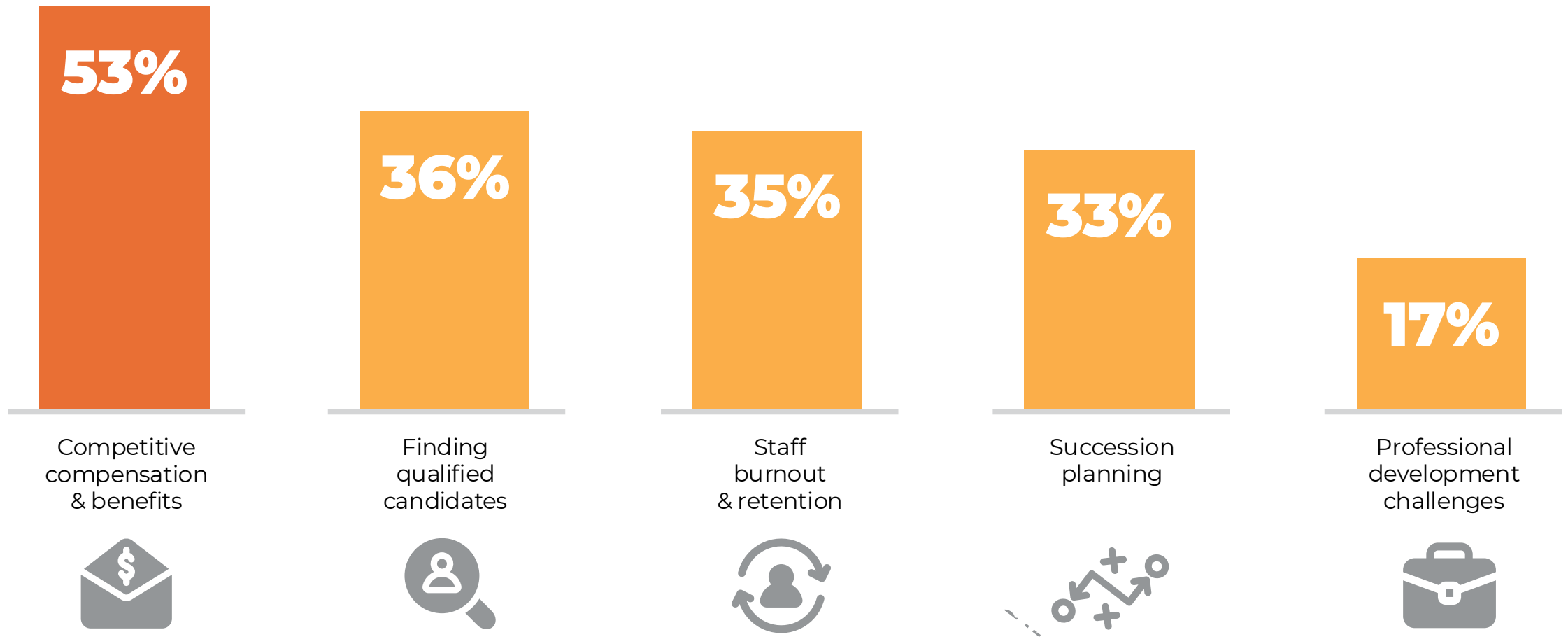
Staffing challenges:

- 53% report competitive compensation/benefits as the greatest staffing challenge.

Volunteerism has largely remained stable:

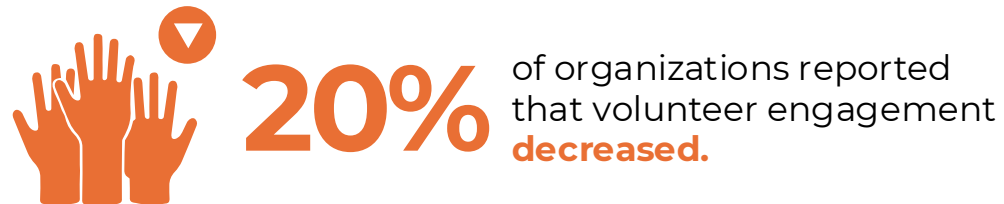
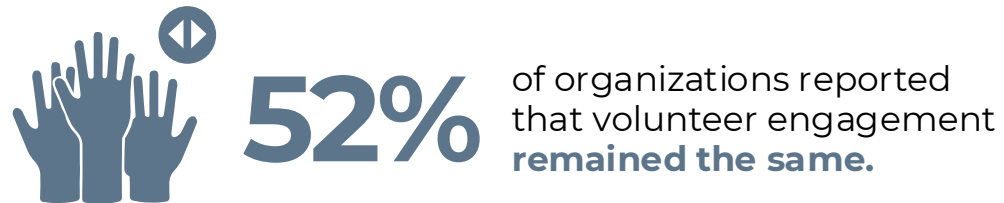
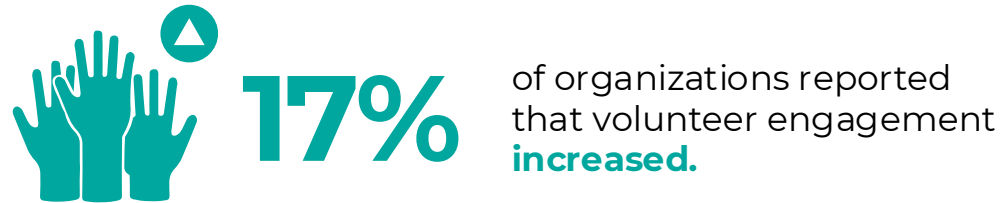
- 52% report volunteer engagement stayed the same in 2025.
- Over the next 12 months, 32% expect a moderate increase in volunteerism.

Compensation is the Top Staffing Challenge

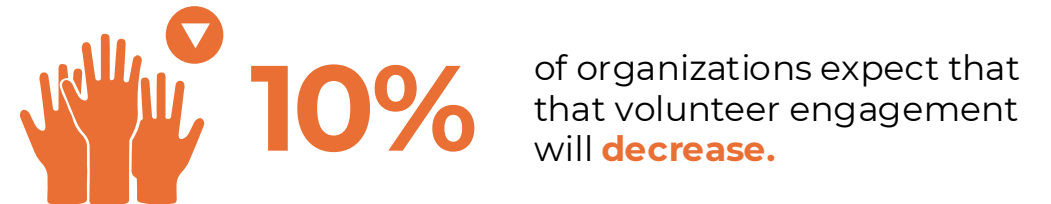
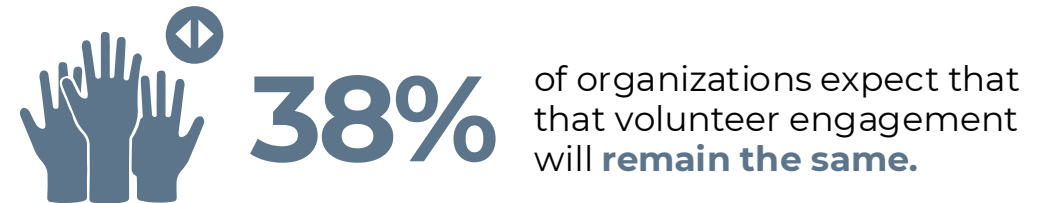
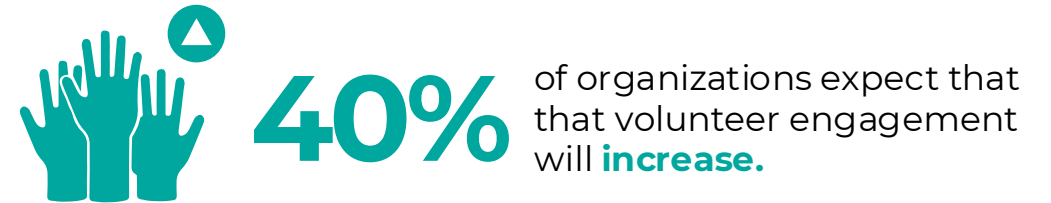


Volunteerism Has Largely Remained Stable & is Expected to Grow

Over the past 12 months...



Looking ahead for the next 12 months...



What is Happening With DEIB*?

Most organizations feel equipped to serve diverse communities and are aligned in the racial composition of those they serve.

- Success: 89% agree staff are well equipped to work with diverse populations.
- 72% report that for the organization as a whole, the composition closely aligns with the racial composition of the people/communities they serve.

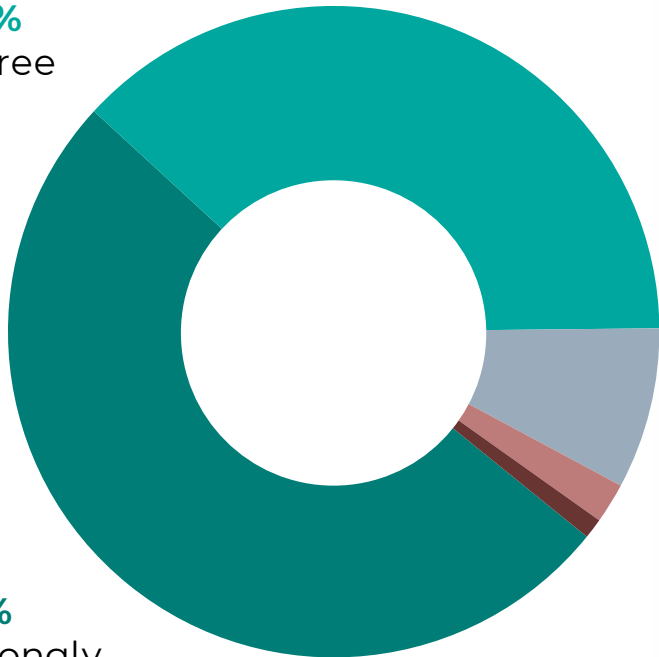
DEIB work continues across organizations in the region.

- 41% of organizations report taking concrete steps to address racial and equity gaps in the past 12 months.
- 65% report having regular, inclusive conversations about racial equity and social justice.
- 48% maintained or improved their existing DEIB efforts, 13% have paused or stopped their effort due to the political climate or funding reasons.

*DEIB: Diversity, Equity, Inclusion, and Belonging

Nearly All Organizations Are Well-Equipped to Work With Diverse Populations

38%
Agree



51%
Strongly Agree

8%
Neither agree
nor disagree

2%
Disagree

1%
Strongly
Disagree

More than Half of Leadership & Staff Align With the Racial Composition of the People/Communities They Serve



DEIB Practices Continue



41%

of organizations report taking concrete steps to **address racial and equity gaps** in the past 12 months



65%

of organizations report having **regular, inclusive conversations** about racial equity and social justice



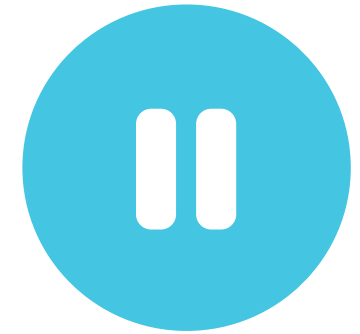
55%

maintained or improved their existing DEIB efforts, or completed a comprehensive assessment



10%

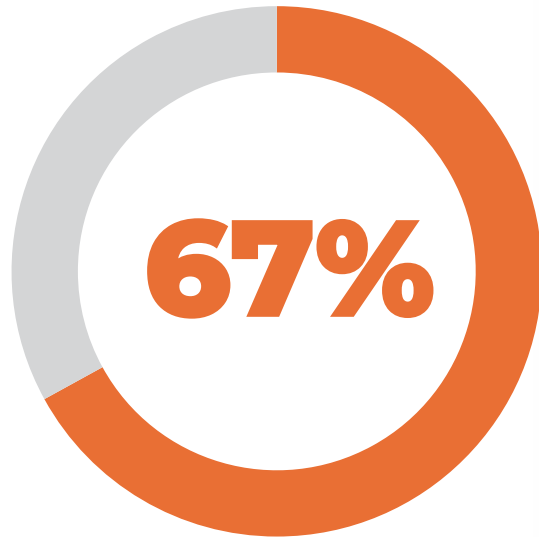
have **intentions to evaluate, address DEIB** in the next 12 months



13%

have **paused or stopped** their effort due to the political climate or funding reasons

DEIB Practices Continue



of organizations reported making **no changes** or only made minor modifications to DEIB Approaches



of organizations reporting making **major or moderate changes** to DEIB efforts

What Nonprofits & Communities Need & What is Working

What organizations needs:

- Fundraising strategy development (47%), marketing and communications support (46%), and board development and governance training (44%) are the top types of capacity building support organizations believe would benefit their organizations the most.

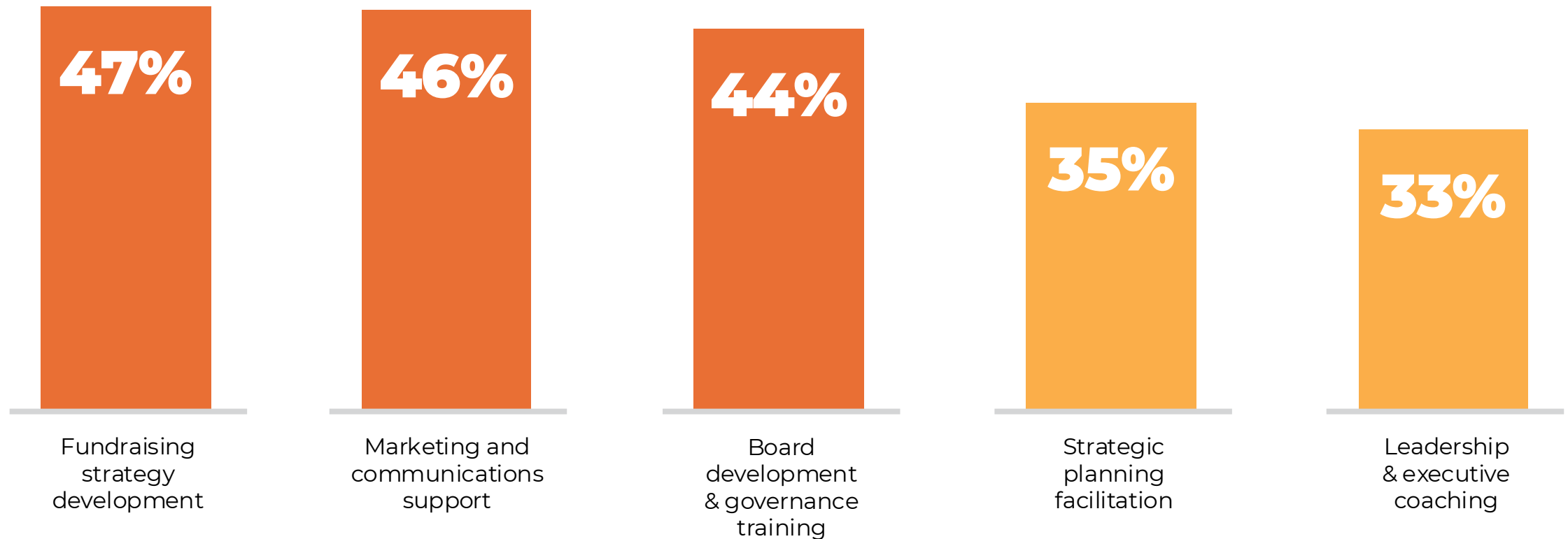
What communities need:

- 84% reported that there are unmet community needs:
 - Housing instability and homelessness
 - Food insecurity and basic needs
 - Funding loss and financial strain
 - Education and youth services gaps
 - Healthcare and mental health access

Resilient strategies that work:

- Financial resilience through reserves and diversified revenue
- Strategic planning and scenario-based decision-making, including contingency planning
- Cost control and operational efficiency efforts
- Staff support, retention, and workforce development
- Organizational restructuring and cross-training

Top 3 Capacity Needs: Fundraising, Marketing/Communications, & Board Development/Governance



What Communities Need

Housing instability and homelessness (n=17): Affordable housing, shelter shortages, emergency and permanent housing, rental and utility assistance, housing navigation, and case management are the most frequently cited unmet needs. Respondents consistently report that demand for shelter and housing assistance far exceeds available resources, with seasonal economies, rising costs, and insufficient permanent housing options compounding instability for individuals and families.

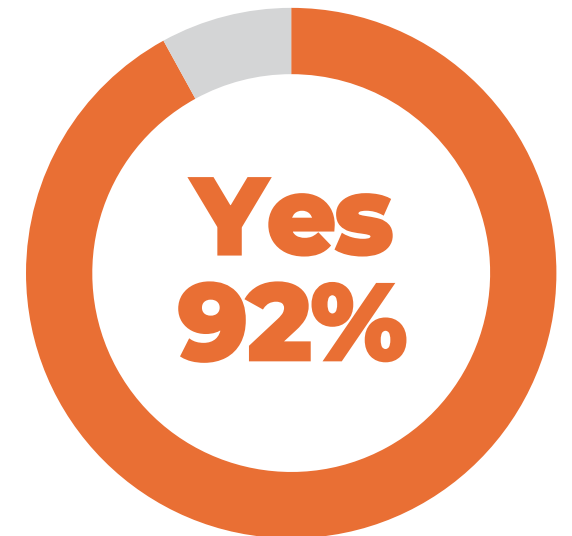
Food insecurity and basic needs (n=13): Many organizations report sharp increases in food insufficiency, first-time food recipients, and overall demand for food assistance that outpaces organizational capacity. Reduced funding for food programs, rising costs of living, and broader economic pressures are intensifying basic needs insecurity across communities.

Funding loss and financial strain (n=13): Respondents frequently cite lost foundation funding, inconsistent or reduced government payments, and overall resource scarcity. These funding contractions affect both nonprofit operations and the ability to provide direct assistance such as emergency rental, utility, medical, and food support, creating systemic strain across services.

Education and youth services gaps (n=12): Unmet needs include early STEM education, afterschool and tutoring programs, enrichment opportunities, refugee and foster youth support, postsecondary access, and out-of-school-time programming. Budget cuts, affordability barriers, and policy changes are limiting access, with youth needs growing faster than available services.

Healthcare and mental health access (n=10): Respondents note gaps in healthcare access, including cancer support services, insurance coverage and waiting periods, eye care, mental health primary prevention, and medical financial assistance. Continued cuts to healthcare funding and capacity are disproportionately impacting vulnerable populations with complex health needs.

Are there unmet service needs or gaps in the communities you serve?



Nonprofit Organizations Shared the Following Strategies to Build Organizational Resilience

Financial resilience through reserves and diversified revenue (n= 45): The most common resilience strategy is strengthening **financial stability by building reserves, creating endowment or program funds, and diversifying revenue streams**. Organizations report investing in unrestricted reserves, blended funding models (grants, donations, earned revenue, fee-for-service), membership and major gift campaigns, and high-interest savings to buffer against funding volatility and economic uncertainty.

Strategic planning and scenario-based decision-making, including contingency planning (n= 36): Many organizations emphasize intentional strategic planning as a core resilience tool, including updated strategic plans, contingency planning tied to financial benchmarks, business and operating plans, and frequent board-level strategy conversations. Planning is often explicitly focused on navigating current or anticipated funding disruptions and positioning organizations for long-term sustainability.

Cost control and operational efficiency efforts (n= 30): Organizations report actively managing expenses through hiring freezes, reduced overhead, staff restructuring, service streamlining, vendor reviews, and lean operating models. These strategies aim to maintain mission delivery while adjusting organizational size and cost structures to align with available resources.

Staff support, retention, and workforce development (n= 27): A significant number of respondents cite investing in staff wellbeing as a resilience strategy, including competitive pay and benefits, mental health support, burnout prevention, sabbaticals, leadership and people-manager training, and professional development. Maintaining a stable, motivated workforce is seen as critical to adaptability during periods of change.

Organizational restructuring and cross-training (n= 22): Many organizations have restructured internally to improve resilience, including cross-training staff, moving from siloed to integrated staffing models, shared leadership approaches, outsourcing administrative functions, and reorganizing departments. These approaches increase flexibility and reduce single points of failure.

Thank You!

Nonprofit Organizational Health Study

*Understanding the current landscape
of nonprofit organizations in the
Greater Washington, DC Region*

Powered by:



Co-Sponsored by:

