

# Top 10 Trends in the Nonprofit Industry

By Laurie De Armond, CPA and Adam Cole, CPA

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The nonprofit industry is anything but static. Many outside factors impact their daily operations. Following is a list of what we see as the top 10 trends that are currently impacting nonprofit organizations.

## **Protecting Nonprofit Nonpartisanship**

The current political environment has created a lot of uncertainty. This affects everything from legislation, such as tax reform, to federal funding and government shutdown that in turn impacts nonprofits. This is a struggle that nonprofits are trying to navigate. Nonprofits are focused on providing their services and focusing on their missions and are hopeful that the current political environment does not impact their missions.

## **Budget Cuts – Federal, State and Local Governments**

Over the course of several years many nonprofit organizations have been faced with budget cuts that impact their programs at all levels of government. These budget cuts have put many organizations in financial hardship, particularly in the social services subsegment. The uncertainty of future budget cuts makes it difficult to prepare budgets and cash flow projections for the future. Many organizations are faced with more demand for their services and increased cash requirements for infrastructure while facing uncertainty in their funding sources from government entities. As a result, many are looking to expand their revenue streams to rely less on government funding.

## **Mergers, Partnerships and Joint Ventures**

Many organizations are looking at the potential for a merger, or establishing a partnership or joint venture to accomplish their missions. Many organizations have historically tried to conduct all of the programs on their own. This has caused them to expand their operations into areas that are not their core strengths. Demographic and technology shifts have made it more expensive and more difficult to be successful. As a result many are looking to form partnerships or joint ventures to continue

this work successfully. Other organizations are finding that mergers with either another nonprofit or a for-profit may be the best way to continue to serve their constituents.

## **Technology – Augmented Reality, Automation, Crowdfunding**

There is a large push to increase technology used by organizations. The use of these technologies can save the organization money and resources in the long run but do require investment up front. Organizations are trying to implement these technologies but are faced with balancing this with potential decreases in funding.

## **Cybersecurity**

This is a continued focus for all organizations – both large and small. The increasing complexity in the world of cybersecurity and the increased sophistication of cybersecurity breaches challenges many entities. The need to protect data, especially for health and human services organizations who maintain large amounts of personal data, is critical.

## **It's All About Engagement**

How nonprofits engage their constituents and donors is more important than ever. Changes in technology and the way in which individuals absorb information are requiring nonprofits to be creative in the way that they use social media. Many organizations struggle to develop a constant stream of content to engage constituents and donors. With the proliferation of crowdfunding, engaging constituents on a regular basis and creating a sense of community are critical.

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## Changes in Charitable Giving Paradigm

With so many worthy nonprofits and the proliferation of crowdfunding platforms there are a lot of demands for donor dollars. As the charitable giving paradigm continues to evolve, nonprofits must monitor how their core donor base is changing and how they might be affected by these shifts. The good news for now is that the change in the tax law did not seem to have a large impact in 2018 as some had predicted, but some believe the major impact may occur in the coming year once people see the impact of the tax law changes on their tax situation and the charitable contributions they made.

## Employee Engagement – As Retention Tool

Nonprofits find that employees are very interested in making an impact in the world. They have joined the organization to specifically make an impact. Employees who don't see this coming to fruition are likely to leave. Organizations who regularly link employee performance to mission impact may well be more successful at employee retention.

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## Board Members as Advocates/Developers

An age-long debate — should your board members be fundraisers? The board should be comprised of various members who bring different skill sets to the board. If board members are only selected because they can provide funds or act as fundraisers this can cause issues. However, it is important for many organizations that board members be contributors and assist with fundraising efforts.

## Not-for-profit Sustainability in the Social Services Space

Demand for services provided by social service organizations continues to increase. In addition, the evolution and sophistication of services is greater, such as the ability to see a health care provider electronically. These evolutions in how services are provided are demanding more resources, making organizations look closely at how they can fund these changes to keep pace with these changes.

*For more information, contact Laurie De Armond, Partner, at [ldearmond@bdo.com](mailto:ldearmond@bdo.com) or Adam Cole, Partner at [acole@bdo.com](mailto:acole@bdo.com). Or contact CapinCrouse at [info@capincrouse.com](mailto:info@capincrouse.com).*

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