

EXECUTIVE SUMMARY

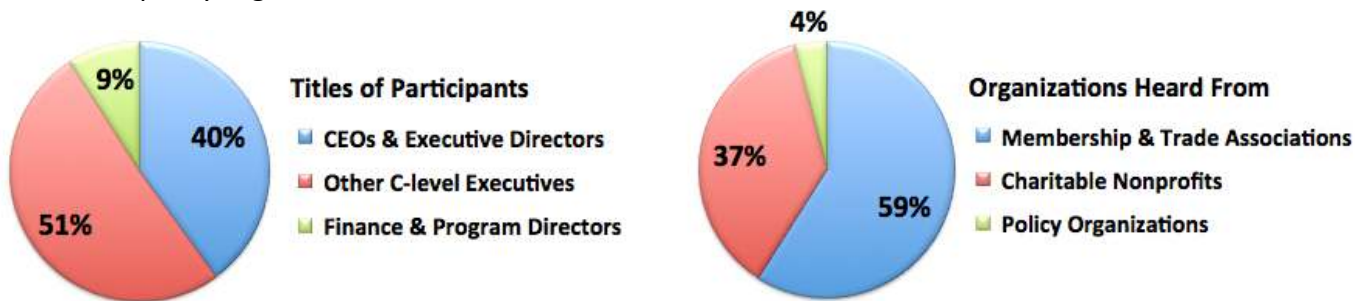
NONPROFIT FINANCIAL OUTLOOK FOR 2013

Veris Consulting and Brittenford Systems conducted a research study on the *Nonprofit Financial Outlook for 2013* among senior leaders in nonprofits – providing nonprofit executives and boards with valuable insights on the financial outlook as well as the trends in top priorities and challenges facing nonprofits in 2013.

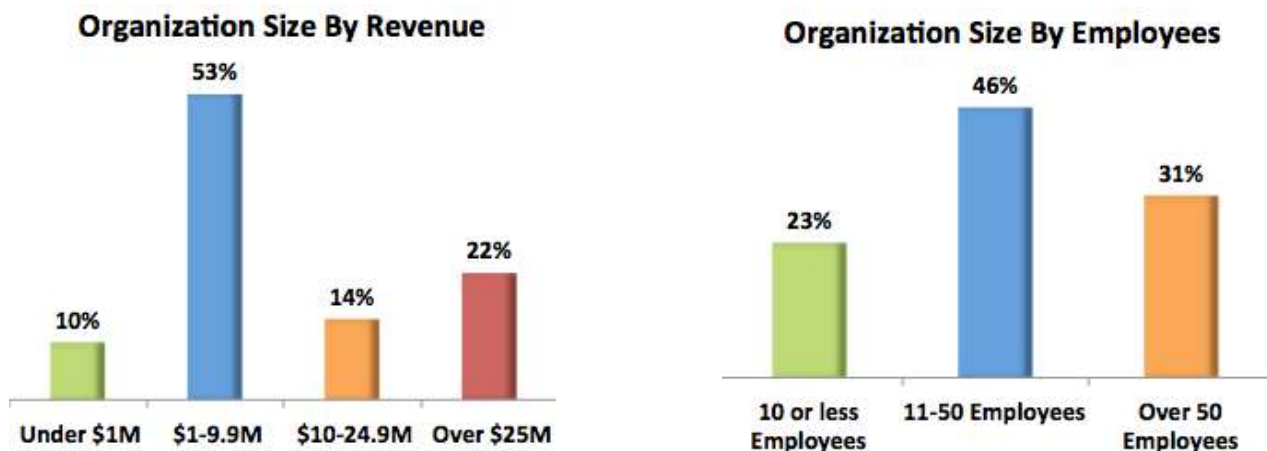
Enclosed is a summary of those results providing vital insights into the trends and steps nonprofit leaders must take to ensure success in 2013. The online survey was distributed by email, through social media and online forums to leaders in charitable nonprofits and associations. Survey responses from senior leaders in national nonprofits were collected in late 2012 through early 2013.

PROFILE OF PARTICIPANTS

This survey taps insights into senior nonprofit leaders, including 40% CEOs and Executive Directors, 51% other C-level Executives (COOs, CFOs, CDOs) and 9% Finance and Program Directors. We heard from these 501(c)(3) and 501(c)(6) organizations: 59% membership and trade associations, 37% charitable nonprofits and 4% policy organizations.



Over half of these organizations (53%) have \$1-9.9M in annual revenue, 14% have \$10-24.9M, 22% have more than \$25M, while only 10% have less than \$1M. Nearly half (46%) of participants had 11-50 employees, 31% had over 50 employees, while only 23% had 10 or less employees.



According to the *National Council of Nonprofits*, 82% of nonprofits filing 990s had revenues of \$1M or less—interestingly, the organizations surveyed are larger with 90% with revenues of \$1M or more.

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NONPROFIT FINANCIAL OUTLOOK FOR 2013

SENIOR NONPROFIT LEADER PRIORITIES, CHALLENGES & TRENDS FOR 2013

Most senior nonprofit leaders approach 2013 focused on rethinking revenue, improving programs results and expanding development initiatives with most top-tier nonprofits focused on a more strategic approach to operations and development in 2013.

TOP OPERATIONAL & FINANCIAL PRIORITIES

- Rethinking Revenue Model & Income Generation (46%)
- Improving Program Results & Metrics (46%)
- Expanding Development Initiatives (44%)

TOP OPERATIONAL & FINANCIAL CHALLENGES

- Improving Revenue Consistency & Forecasting
- Creating New Non-Dues Revenue Streams
- Expanding Revenue & Fundraising Successes
- Maintaining Programs with Fewer Resources
- Identifying New Funding Sources

MANAGEMENT & BOARD REPORTING

- Issue Financial Statements (94%)
- Include Actual vs. Budget/Prior Year Reports (93%)
- Use Key Financial Metrics Reports (48%)
- Use Key Operational Metric Reports (40%)
- Use Real-time, Dashboard Reporting (27%)

Frequency Reports Distributed

- Quarterly (42%)
- Monthly (53%)
- Upon Request (4%)

CLOUD COMPUTING USAGE

- Currently Use Cloud Computing (49%)
- Exploring Use in the Coming Year (21%)
- No Plans to Use in 2013 (28%)

HIRING OUTLOOK IN 2013

- 40% Plan to Hire
 - 1-2 Staff (27%)—up from 25% in 2011
 - 3+ Staff (13%)—down from 15%

- 57% Plan to Maintain—up from 52%
- 3% Plan to Contract—down from 8%

The hiring outlook is stable. While fewer nonprofits are planning to reduce staff, the number of nonprofits planning to hire is at a similar level as in 2011.

GROWTH OUTLOOK FOR 2013

- 72% Plan to Grow—up from 69% in 2011
 - 57% Slow Growth (1-9%)—up from 29%
 - 15% Moderate Growth (10-20%)—down from 32%
 - 0% Rapid Growth (20%+)—down from 7%
- 22% Plan to Maintain
- 5% Plan to Contract—down from 8%

Optimism is slightly higher with a few more nonprofits forecasting growth but more predicting slow or no growth compared to 2011.

OPPORTUNITIES FOR THE COMING YEAR

- “Implement transformational strategic plan”
- “More strategic approach to non-dues revenue”
- “Pursue more innovative funding strategies”
- “Scaling through geographic & service expansion”
- “Growth through international initiatives”
- “Narrow our focus to 2-3 target audiences”
- “Improve financial & program reporting”
- “Deepen relationships through social media”
- “Enhance strategic alliances & partnerships”
- “Launch new programs focused on retention”
- “Tap external fundraising expertise”

The Bottom Line: 2013 will likely require nonprofits to pursue more comprehensive strategic planning, sophisticated development strategies, and laser-focused operations and execution.



VERIS CONSULTING specializes in outsourced financial management and survey research for nonprofits and social enterprises. Its Outsourced Accounting and Financial Management Practice draws upon specialized expertise to improve bottom line results and enable nonprofits to grow revenue and control costs. Veris provides objective, hands-on consultation through interim CFO services, outsourced accounting, financial assessments, and executive search—helping nonprofits take control of their finances and advance their missions. Its Survey Research Practice delivers valuable insights through benchmarking, compensation and satisfaction surveys as well industry trends and business intelligence studies.

HEADQUARTERS

11710 Plaza America Drive, Suite 300, Reston, VA 20190
www.verisconsulting.com • 703.654.1400

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Washington, DC • Jacksonville, FL • Miami, FL



BRITTENFORD SYSTEMS is a technology systems firm that implements and supports financial and CRM software systems for nonprofits and associations, including Microsoft Dynamics GP, Dynamics SL, Dynamics CRM and the cloud-based Intacct financial management system. We also offer CIO Advisory Services, Microsoft Dynamics training, staffing, cloud engineering services and application development.

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12359 Sunrise Valley Drive, Suite 130, Reston, VA 20191
www.brittenford.com • 703.860.6945