

A SECTOR IN CRISIS:

How Nonprofits and Foundations
are Navigating Challenge



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PHILANTHROPY'S ROLE IN A NEW REALITY



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A SECTOR IN CRISIS:

How U.S. Nonprofits and Foundations are Responding to Threats



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BOARD BOOK INSERT

A SECTOR IN CRISIS:

How U.S. Nonprofits and Foundations are Responding to Threats

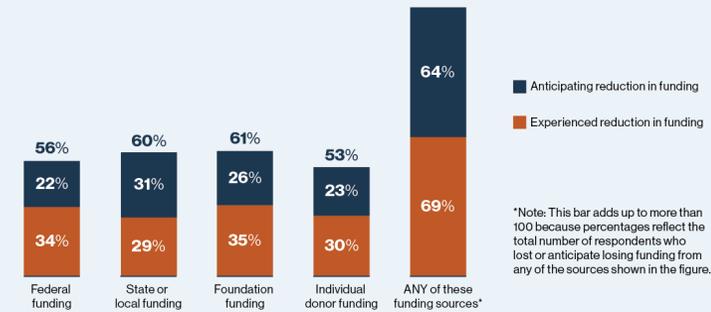
Key Findings:

1. Nonprofit leaders see this as a time of existential threat to their organizations.
2. Foundations have responded to the crises nonprofits are facing in a variety of ways.
3. Many foundation and nonprofit leaders believe foundations should be doing more.

1 Nonprofit leaders see this as a time of existential threat to their organizations and the communities they serve as they face both increased demand for their services and significant cuts to their funding.

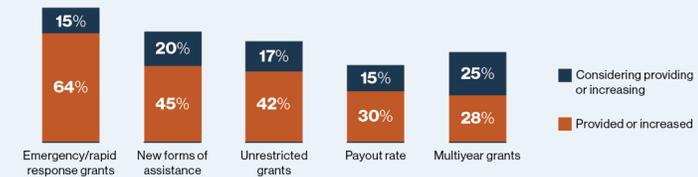
65% of nonprofits report increased demand for services in 2025 as a result of the current context

Nonprofit Funding Cuts by Funding Source as a Result of Current Context (N=404-406)



2 Many foundation leaders recognize the high stakes of the current context for nonprofits and have made changes to their grantmaking and processes in response.

Changes to Foundation Practice in Response to Current Context (N=216-222)



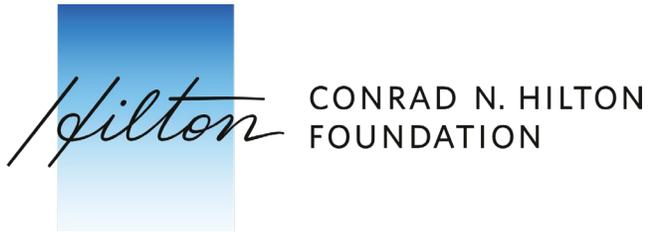
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PROJECT FUNDERS



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WHERE THE DATA COME FROM

NONPROFITS

Representative sample of U.S.-based nonprofit organizations that have received funding from foundations that give \$5 million or more annually

FOUNDATIONS

All U.S.-based independent, community, or health conversion foundations that give \$5 million or more annually

WHERE THE DATA COME FROM

DATA SOURCE	TIMING	# OF ORGANIZATIONS	RESPONSE RATE
Survey of nonprofit leaders	Aug – Sep 2025	408	46%
Survey of foundation leaders	Aug – Sep 2025	227	30%
Interviews with nonprofit leaders	Sep 2025	27	N/A
Interviews with foundation leaders	Sep 2025	31	N/A

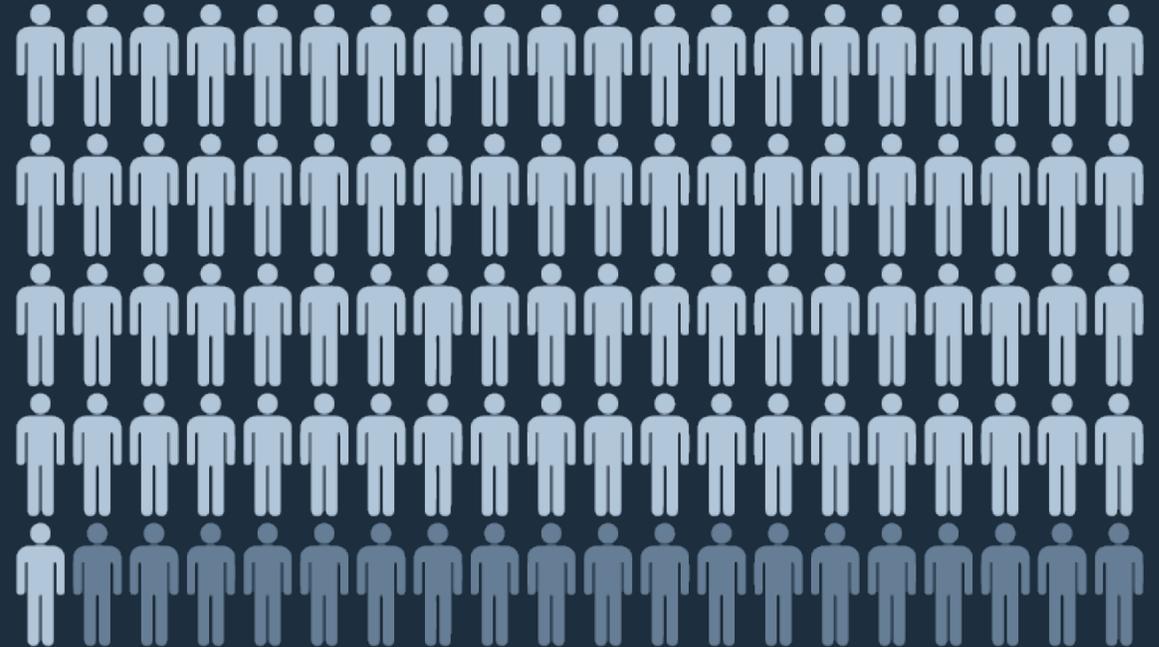
FINDING 1

Nonprofit leaders see this as a time of **existential threat** to their organizations and the communities they serve as they face both **increased demand** for their services and **significant cuts** to their funding.

MORE DEMAND, LESS FUNDING

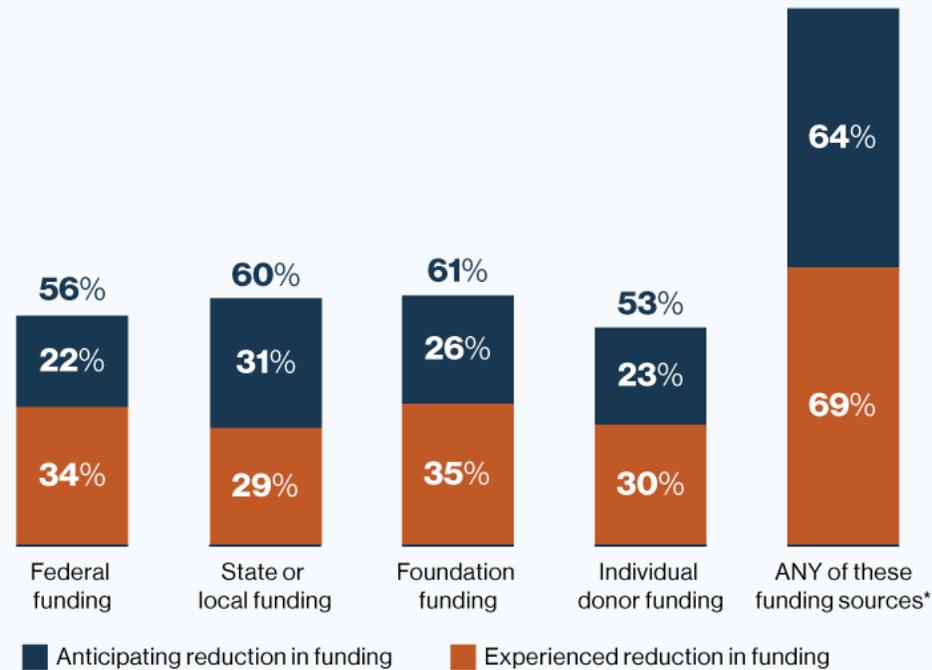
81%

of nonprofits have experienced
or anticipate experiencing
increased demand for services



MORE DEMAND, LESS FUNDING

Nonprofit Funding Cuts by Funding Source as Result of Current Context
(N=404-406)



*Note: This bar adds up to more than 100 because percentages reflect the total number of respondents who lost or anticipate losing funding from any of the sources shown in the figure.

“We have a food pantry, and we have seen **more use of our food pantry than at any other time** in our organization’s history. So we’re just seeing **increased need and increased anxiety** across the board — with **everyone** that we work with.”

— Nonprofit leader

THREATS TO NONPROFITS' WORK

71%

of nonprofit leaders are concerned about their organization's **financial stability**

68%

of nonprofits say that the current context has had a **negative impact on their ability to carry out work**

“Approximately 80 percent of our revenue is federal funds. Last year, **we were already anticipating facing the fiscal cliff** because of the end of COVID funding. Our revenue last year was about \$17 million; it’s about \$10 million this year. I’m working on next year’s budget, and **if we lose the federal funds we have, we’ll be down to probably \$4 million.**”

— Nonprofit leader

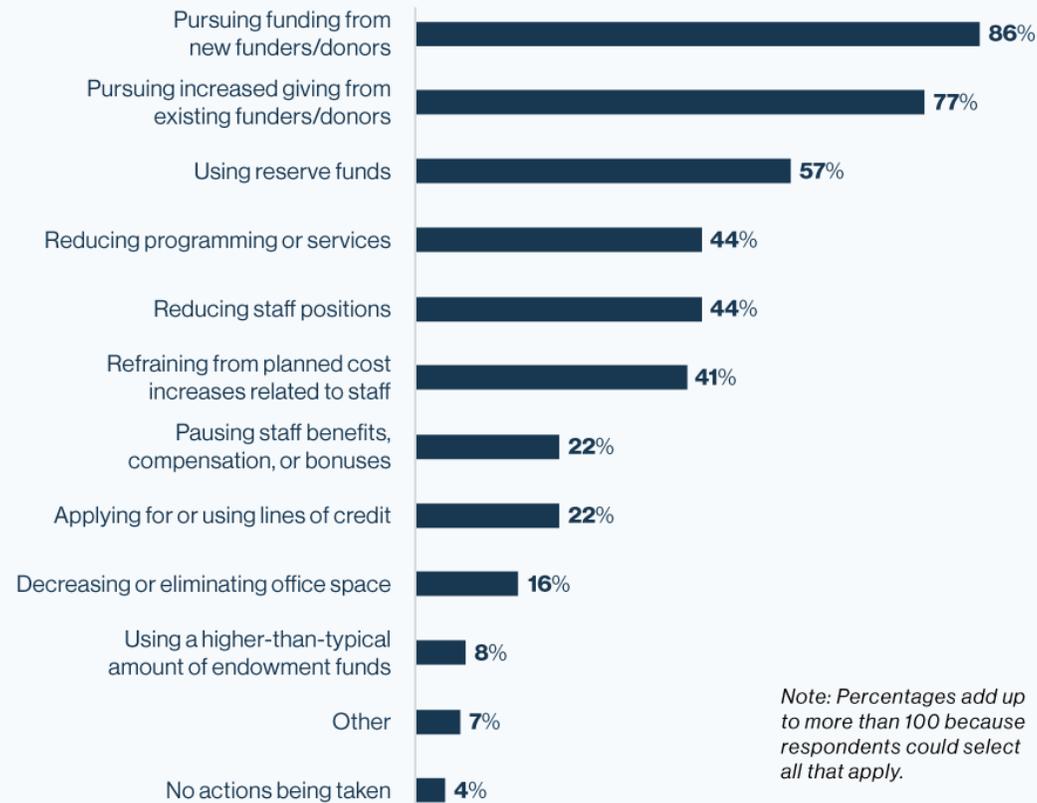
EXISTENTIAL THREAT

61%

of nonprofits say that the current context
poses **moderate to significant risk**
for them to continue to operate

ACTIONS NONPROFITS ARE TAKING IN RESPONSE

Actions That Nonprofits Have Taken or Are Considering Taking in Response to Funding Cuts (N=408)



Note: Percentages add up to more than 100 because respondents could select all that apply.

FINDING 2

Many foundation leaders recognize the **high stakes** of the current context for nonprofits and have made **changes to their grantmaking and processes** in response.

GREATER DEMAND FOR SUPPORT

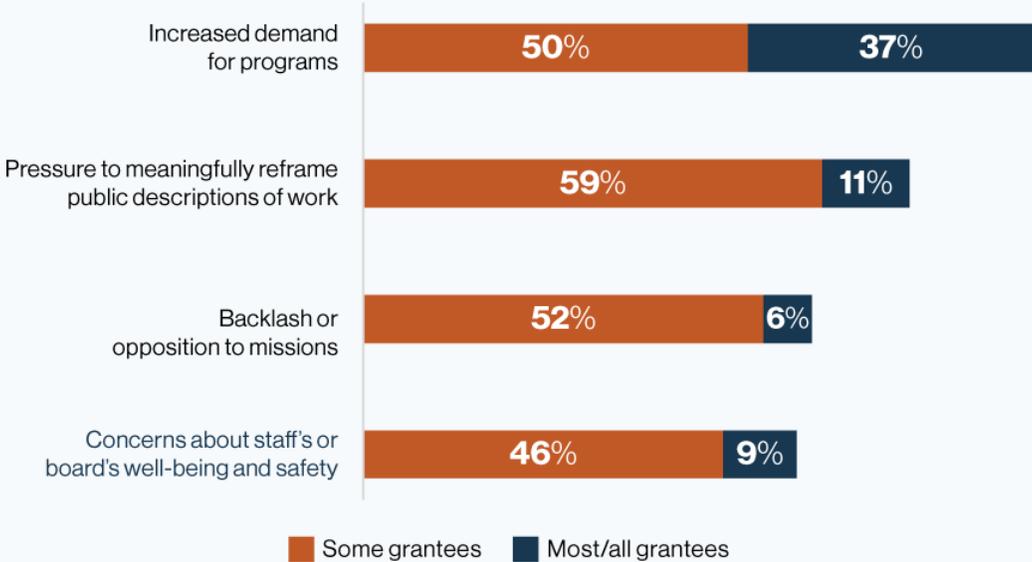
87%

of foundation leaders report **increased demand for funding** in 2025

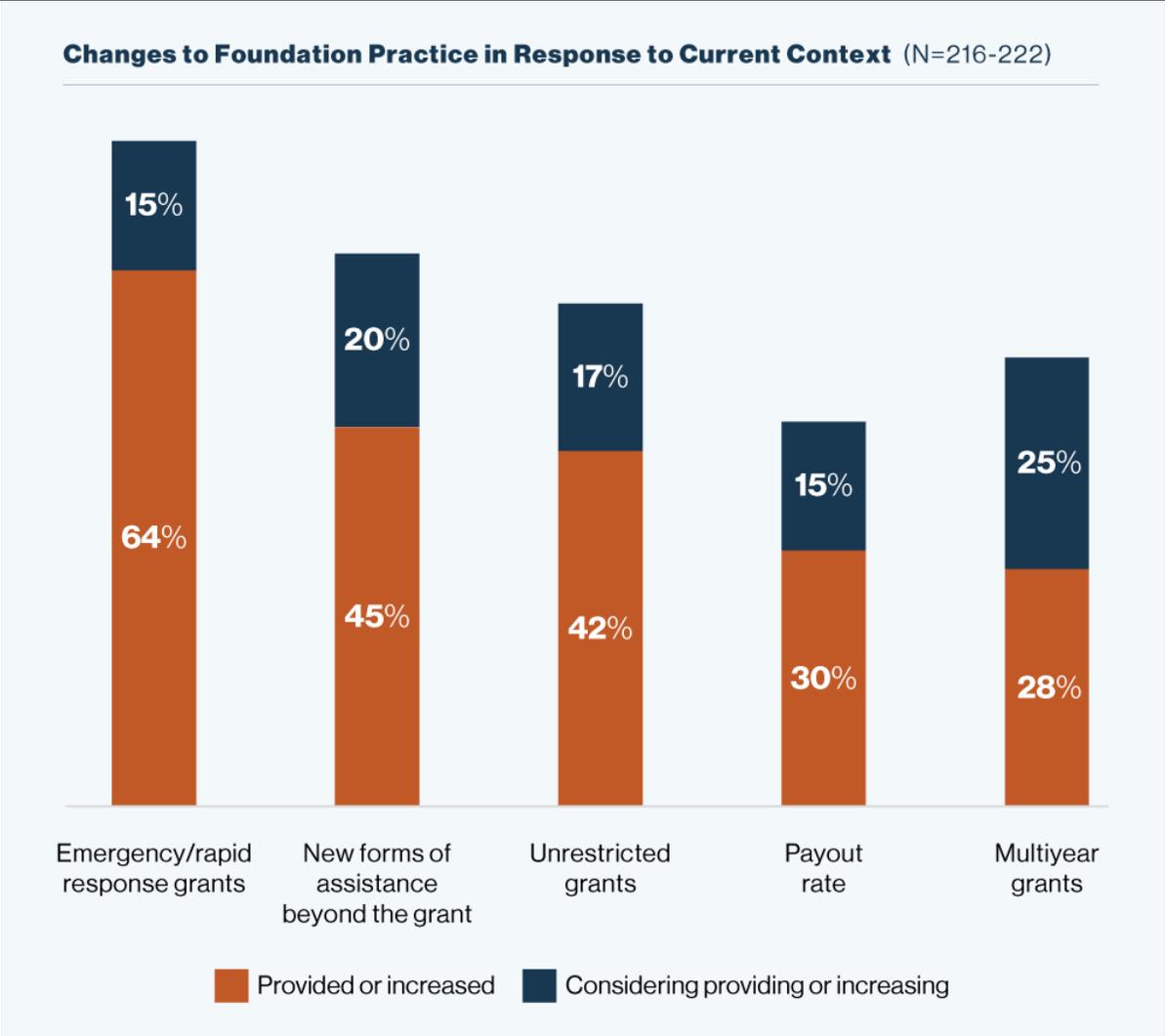
FUNDERS ARE AWARE OF GRANTEES' CHALLENGES

Foundations' Awareness of Effects of Current Context on Grantees in 2025

(N=222-223)



FUNDER RESPONSES



“I think, for any organization, **how you show up in moments of challenge really defines you**. That was one of the rationales we went to with our board. Yes, five percent is a floor. But it’s always been set at 5 percent. Our framework and criteria for when we consider **giving more should not just be when we’re able to**. It should be based on the needs of the community. First and foremost, **we are here to serve the community.**”

— Foundation leader

“We basically **backed away from reporting requirements** so that grantees wouldn’t have to adhere to the reporting requirements if they wanted to just tell us over the phone how things were going. We wanted to give them **as much flexibility as possible.**”

— Foundation leader

ASSISTANCE BEYOND THE GRANT

New Forms of Assistance Beyond the Grant Foundations Are Providing (N=99)



Note: Percentages add up to more than 100 because respondents could select all that apply.

“We have focused on **building up leaders in our community** — recognizing their talents and gifts — so they can meet this moment. Right now, this is **just as important as money**: seeing these leaders, affirming their worth, and letting them know we believe in them. **It matters.**”

— Foundation leader

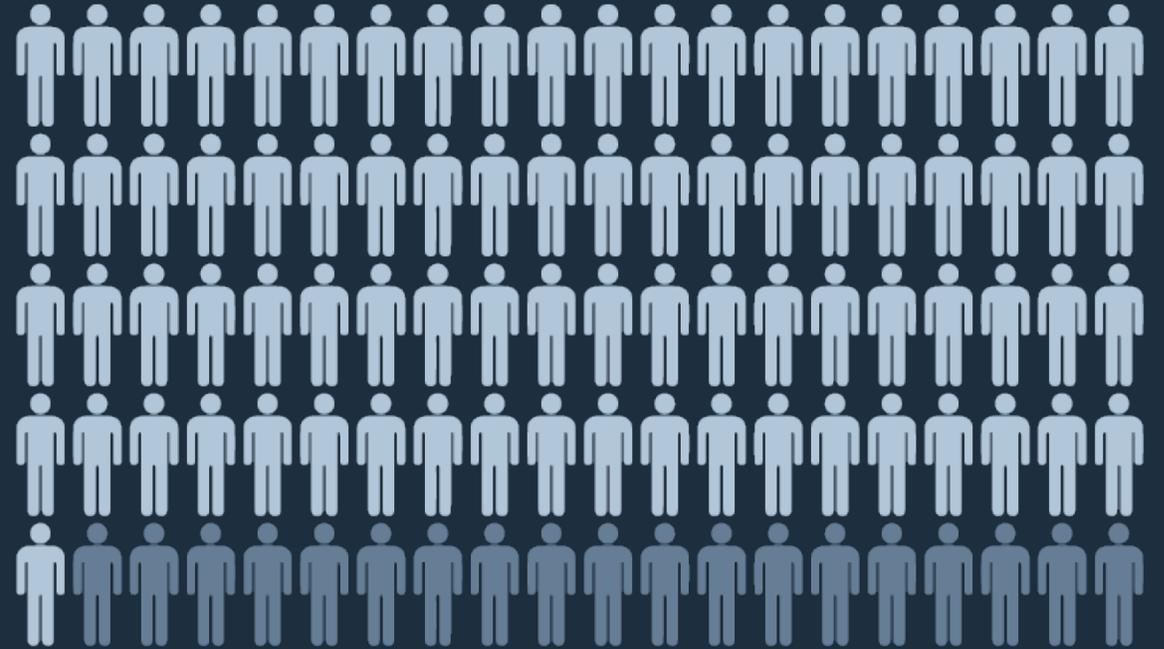
FINDING 3

Many foundation and nonprofit leaders believe that **foundations have an even larger role to play** in supporting nonprofits during this time, and many suggest that **foundations could and should be doing more.**

MOST FUNDERS BELIEVE IN SUPPORTING THE NONPROFIT SECTOR

81%

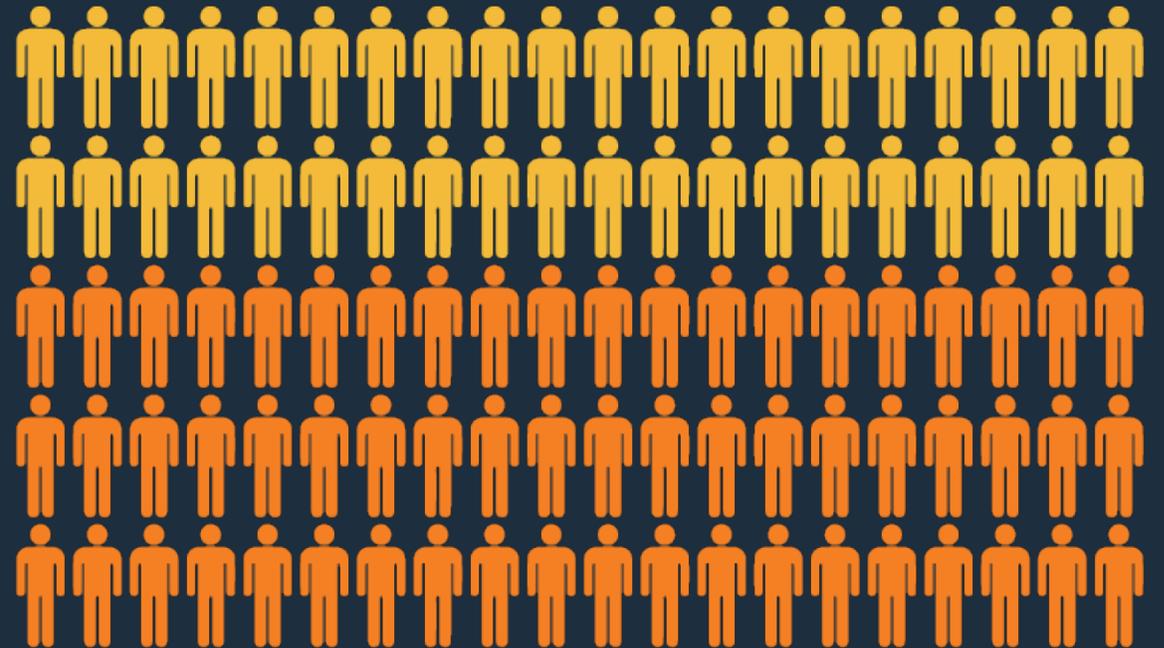
of interviewed foundation leaders believe foundations have a significant role to play in supporting the nonprofit sector



BUT SOME FUNDERS DISAGREE

20%

of interviewed foundation
leaders **do not** believe
foundations have much
responsibility to help nonprofits
navigate the current context



“Regardless of this or any other shortfall, nonprofits have to understand that **it’s not the requirement of the foundation to make sure they have enough operational funding**. If they try to grow beyond their means, it’s just like household funding. You have to grow to an extent that you can take care of yourself. And **don’t expect somebody to give you money** because you want it.”

— Foundation leader

DISSATISFACTION WITH FUNDER RESPONSE

42%

of interviewed **foundation leaders**

93%

of interviewed **nonprofit leaders**

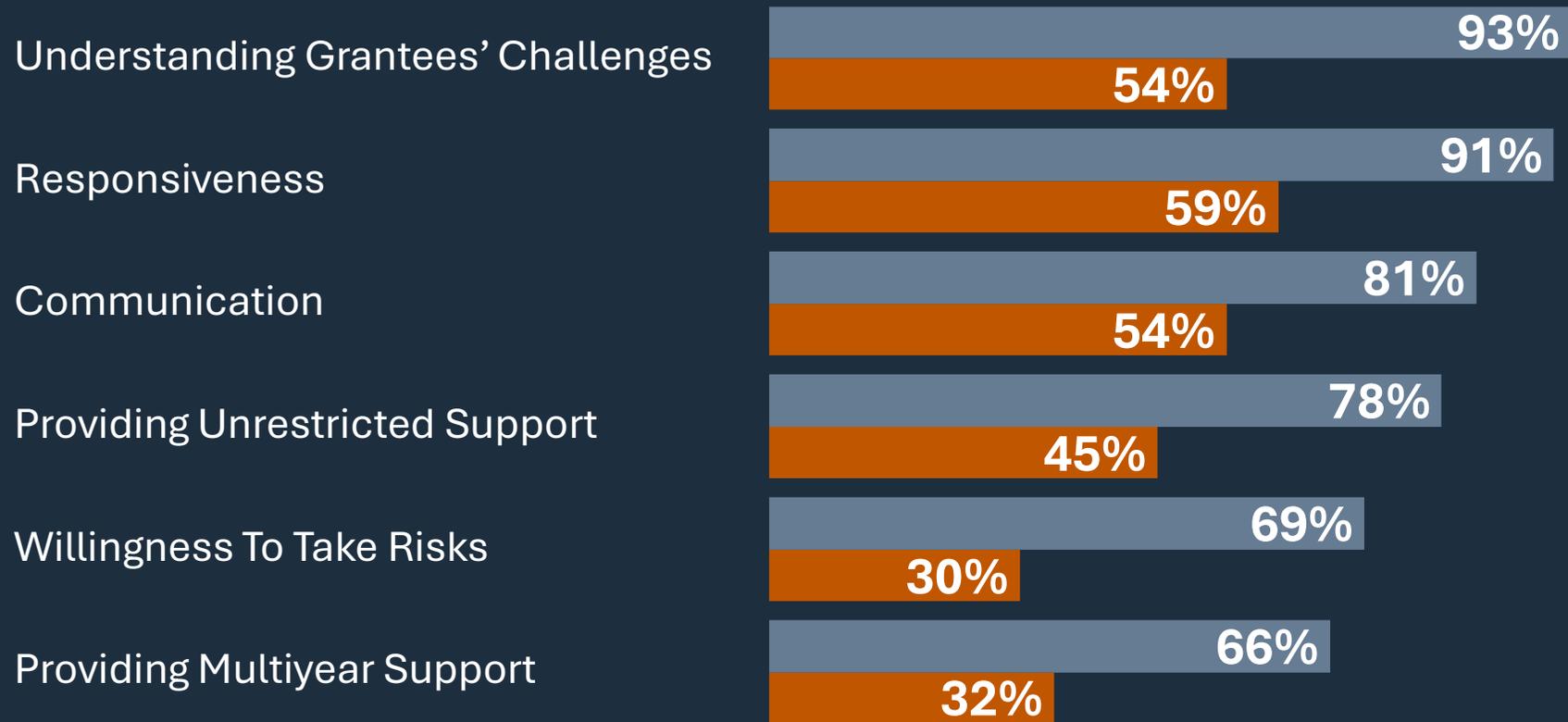
are dissatisfied with foundations'
response to the current context

“In this time I’ve really been **questioning the value and utility of institutional legacy philanthropy**. I see institutional philanthropy, which has never been the boldest of players, moving more and more towards so-called **noncontroversial areas of work**.”

— Foundation leader

NONPROFITS SEEKING MORE ACTION FROM FUNDERS

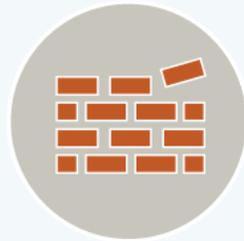
Proportion of Leaders Rating Foundation Response as Moderately/Very Effective (N=221-401)



■ % OF FOUNDATION LEADERS ■ % OF NONPROFIT LEADERS

HOW FOUNDATIONS CAN BE MOST HELPFUL

How Nonprofits and Foundations Believe Foundations Can Best Help Nonprofits Respond to the Current Context in 2026 (N=166-352)



Capacity-building support
(50% of nonprofits)



Better relational/interpersonal communications
(41% of foundations)

“**We [foundations] are part of civil society.** That is incredibly unique when we think about other countries. Private philanthropy, in particular, has enough independence and freedom to use our resources in ways that others cannot. We have a **responsibility to fight back and push back** in this moment, and to be **strategic.**”

— Foundation leader

CONCLUSION

- Nonprofits are facing **existential challenges** as they face both significantly **increased demand** and **decreased funding**.
- Funders have **already made changes to their grantmaking and other processes** – by taking steps like increasing payout, providing emergency grants, and giving more assistance beyond the grant dollar.
- However, most foundation and nonprofit leaders believe **foundations could and should be doing even more** to support nonprofits during this time.

WHAT'S NEXT?

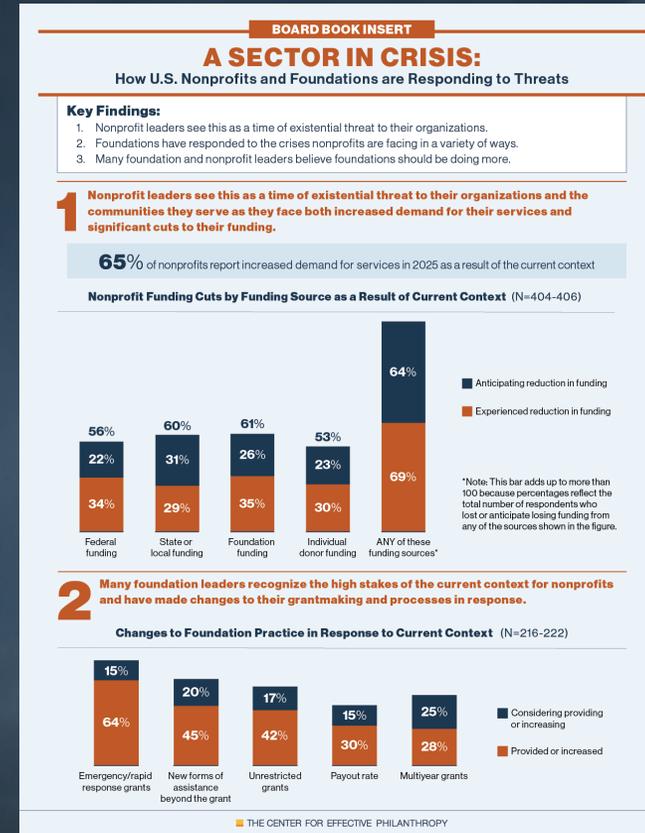
CEP will continue to collect data on how the social sector is responding to ongoing and new challenges throughout 2026.

DISCUSSION

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