

2024

Central Iowa Nonprofit Sector Survey



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Executive Summary

Nonprofit organizations are essential in central Iowa, creating a more equitable, thriving community and addressing community challenges as they arise. Nonprofits cultivate a sense of community and cooperation, bringing together volunteers, donors, leaders, and other stakeholders to collaborate on shared objectives.

Central Iowans are living in a time of profound change; the lasting effects of downturns and increasing economic volatility, shifts in work dynamics, and civic disengagement are contributing to uncertainty in many facets of our lives and our community. Nonprofits are encountering growing and diverse pressures as the public sector reduces investments in direct service, by default increasing the burden on the nonprofit and faith-based communities. It is more important than ever that our nonprofit sector is financially stable and supported so they can continue to provide the wide range of programs and services that our community depends on to weather the ever-changing dynamics and contribute to a positive quality of life for all.

In the spring of 2024, United Way of Central Iowa collaborated with Bravo Greater Des Moines and the Community Foundation of Greater Des Moines to distribute a survey to assess the state of nonprofits in central Iowa (Polk, Warren, and Dallas counties). More than 110 nonprofit organizations responded to the survey, ranging from volunteer-run operations to those with more than 700 employees and serving from 20 to 700,000 individuals per year.

The results of this survey present a committed, yet fragile, nonprofit sector that is very much in need of ongoing support to sustain and enhance its capacity to address the pressing problems facing our region. Addressing these complex issues requires a multisector, systems-level, community-based approach that includes government, business, nonprofits, the faith-based community, and the voices of our neighbors with lived experience. We must join forces across these various sectors to build a stronger, more resilient community capable of meeting the diverse needs of its members. This holistic approach ensures that the responsibility of addressing social challenges is shared and that sustainable solutions are implemented for the benefit of all.

FINDING 1

Demand is Increasing Faster than Resources

Nonprofit leaders are experiencing an increased demand for programs and services, yet the majority report they do not currently have the resources necessary to meet the current and anticipated future demand.

FINDING 2

Workforce Challenges Mount

Workforce Issues – including filling and retaining positions –are among the top challenges facing nonprofit leaders.

FINDING 3

Nonprofits Continue to be Resilient and Hopeful

Despite the many challenges they face, central Iowa nonprofits are both committed to meeting the increasing needs and optimistic for the future.

FINDING 4

Funding Streams Continue to Shift

The philanthropic landscape has undergone notable shifts in both overall giving and the dynamics between individual and corporate philanthropy in recent years. These changes reflect broader economic, social, and technological trends that have influenced how and why donations are made.

FINDING 5

Pressures are Compounding on Health and Human Services

While our entire nonprofit community is facing stress, health and human service nonprofits are under ever-increasing and compounding pressures to serve the foundational needs of a growing number of vulnerable community members.

Acknowledgements

In the spring of 2024, nonprofit leaders began hearing concerns from the community about the financial stability of several organizations. Concerned that these challenges might be pervasive, United Way of Central Iowa (UWCI) initiated a quantitative research project to gather concrete data through a survey of regional nonprofit leaders.

UWCI collaborated with Bravo Greater Des Moines and the Community Foundation of Greater Des Moines to design the survey and distribute it to their partner organizations, which spanned a wide range of sizes and focus areas. The survey was designed to capture various aspects of stability, including revenue streams, funding challenges, and operational capacity with the goals of assessing the financial health of local nonprofits and identifying common challenges they might be facing.

The response to the survey was significant, with more than 110 nonprofit organizations participating. The respondents represented a diverse cross-section of the nonprofit sector, ranging from small, volunteer-run operations to large organizations with more than 700 employees. These

organizations also varied significantly in scale, serving anywhere from 20 to 700,000 individuals annually. This diversity among respondents – from museums and social advocacy groups to healthcare providers and childcare centers – provided a comprehensive view of the sector, enabling UWCI to analyze financial stability across different organizational sizes and service capacities. The resulting data offers valuable insights into the challenges faced by nonprofits in central Iowa.

Thank you to the many nonprofits that completed the survey. Bravo Greater Des Moines, the Community Foundation of Greater Des Moines, and United Way of Central Iowa are committed to continuing to study these trends and explore efforts to ensure that nonprofits in central Iowa can continue making a lasting impact on our community.

FINDING



Demand is Increasing Faster than Resources

Nonprofit leaders are experiencing an increased demand for programs and services, yet the majority report they do not currently have the resources necessary to meet the current and anticipated demand in programming/services.

FINDING 1

Demand is Increasing Faster than Resources

The data indicates a significant strain on nonprofit organizations, driven by a sharp increase in demand for their programs and services. A striking 78% of respondents reported experiencing heightened demand. Increasing demand can have different implications for nonprofits based on their mission; an increase in demand for arts, culture, and heritage organizations, for example can be seen as a positive trend. For health and human services (HHS) and education nonprofits, an increase in demand may reflect a growing reliance on nonprofit services within our community. A surge may be attributable to various socioeconomic factors, such as rising economic instability, wages that have not kept pace with the increased cost of living, and greater social needs. Further exploration of this difference between HHS and other nonprofits may be found in *Finding 5: Pressures are Compounding on Health and Human Services*.

However, any nonprofit's capacity to meet increasing demand may be hampered by limited financial resources. The situation is exacerbated by the fact that many nonprofits typically operate on net zero budgets with limited reserves, making it challenging to scale up operations to meet increased demand without jeopardizing their financial stability.

Overall is your organization currently experiencing a change in demand for any program or services your organization typically provides?

78%

of organizations report an increase in demand for their services.

“ *The demographics are fairly static, but the overall volume increase has been tremendous and is not sustainable.* **”**

FINDING 1

Demand is Increasing Faster than Resources

Financial sustainability remains a challenge for nonprofits, as highlighted by the survey data. More than 3 out of 4 (78%) nonprofits have six months or less of cash on hand for operating expenses, with nearly half (46%) possessing a mere three months or less. This precarious financial footing means that any unexpected expenses or reductions in funding could have immediate and severe impacts on their operations.

Additionally, 27% of nonprofits reported being under their expected revenue, indicating a gap between their financial projections and actual income. This shortfall suggests that these organizations may be struggling to identify and secure the necessary funding, due to declined donations, grants, or other available revenue streams, to support their ongoing activities and growth, as addressed in *Finding 4: Funding Streams Continue to Shift*.

How many months of cash on hand do you have available for operating expenses?

22%
12+ Months

32%
6 Months

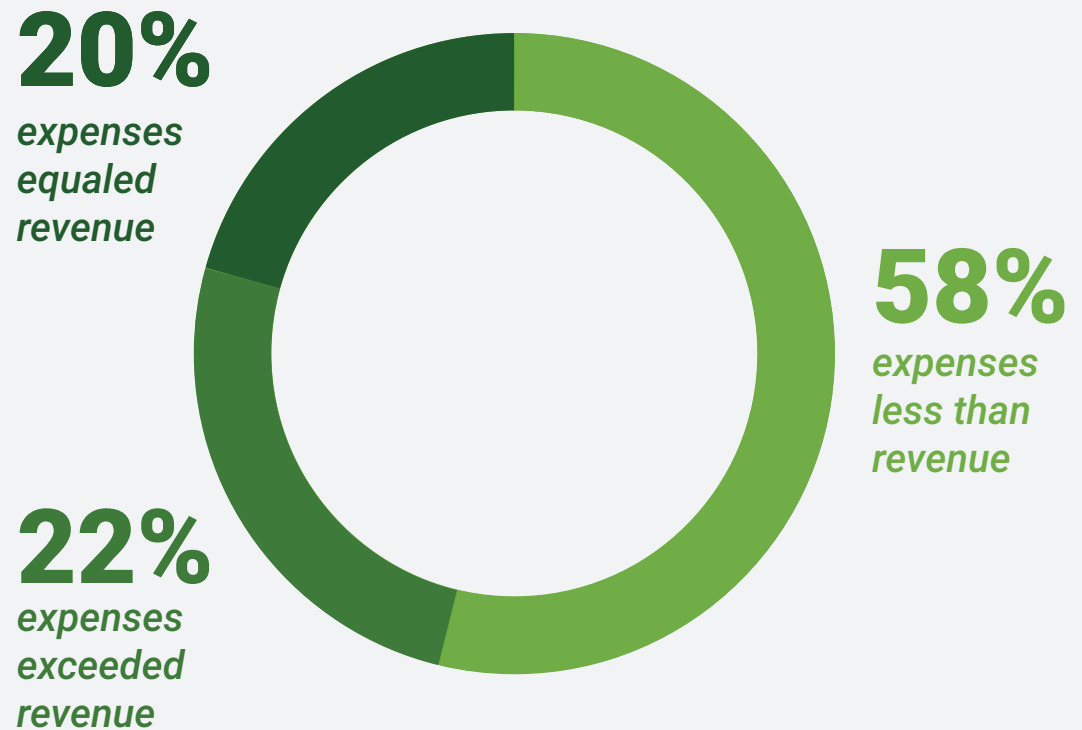
46%
3 Months or Less

FINDING 1

Demand is Increasing Faster than Resources

This financial instability is further compounded by the fact that 22% of nonprofits reported expenses exceeding their revenue. The inability to align expenses with revenue or to predict demand in a volatile environment can force nonprofits to make difficult decisions, such as reducing staff, scaling back programs, or even discontinuing operations, meaning fewer people are being served or some people are not receiving the services they need. These financial challenges may threaten not only the sustainability of individual organizations but also the broader social safety net they provide. Addressing these issues may require some combination of strategic fiscal management, innovations, and efficiencies in fundraising, and perhaps most critically, greater support from the public and private sectors to ensure nonprofits can continue to fulfill their vital roles.

Annual Expenses vs. Revenue *Percentage of Organizations*



“ [Our biggest challenge is] two-fold: (1) there is an increased demand for all of our services, but (2) we don't have the staff capacity to meet and sustain needs/demands. ”

FINDING

2

Workforce Challenges Mount

Workforce issues – including filling and retaining positions – are among the top challenges facing nonprofit leaders.

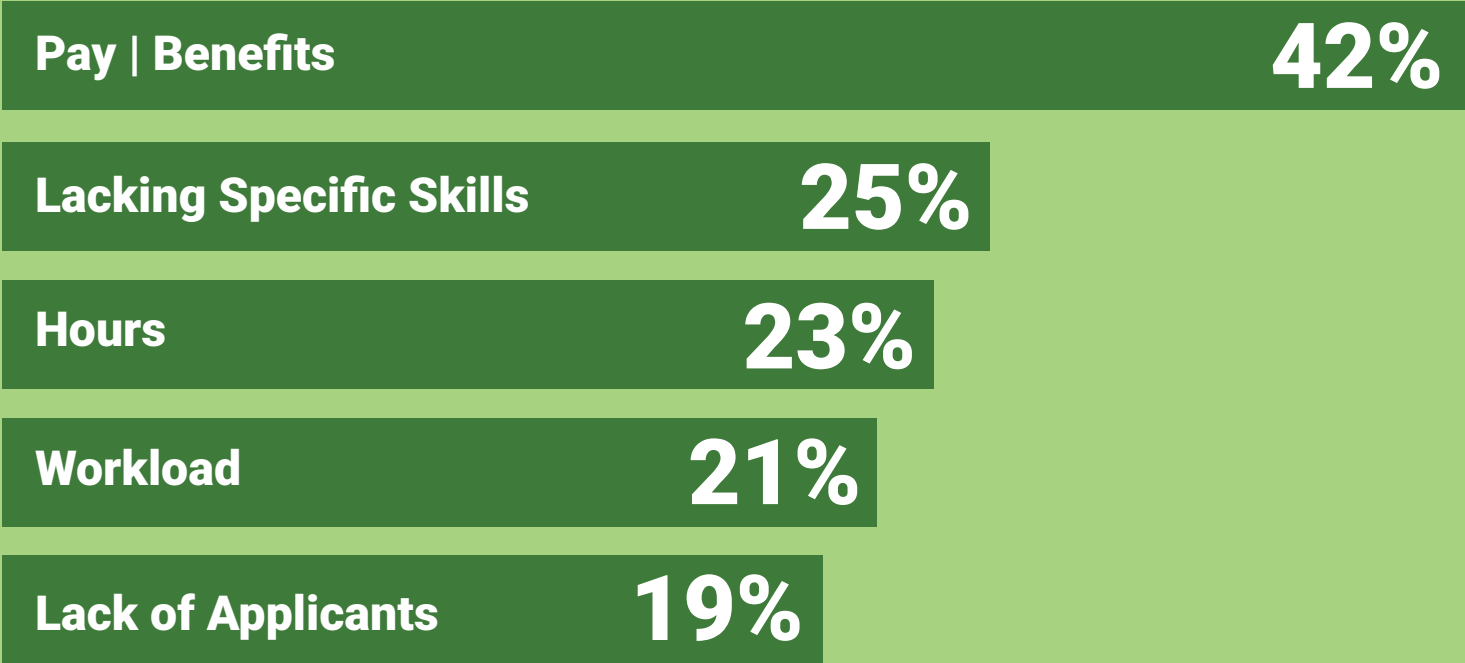
FINDING 2

Workforce Challenges Mount

The challenge of hiring and retaining staff is a significant issue for 50% of the nonprofit organizations that participated in the survey, reflecting broader trends in

the labor market and the unique pressures faced by the nonprofit sector. One of the primary reasons cited for this difficulty is low pay and limited benefits, which affects 42% of the organizations surveyed. Nonprofits often operate on tight budgets, limiting their ability to offer competitive salaries. This financial constraint puts them at a disadvantage compared to the private sector and even some public sector jobs, making it challenging to attract and retain qualified professionals who might opt for higher compensated opportunities elsewhere.

Reasons for having a hard time hiring and/or retaining staff:



FINDING 2

Workforce Challenges Mount

Additionally, 25% of nonprofits report difficulty in finding applicants with the specific skills required for their positions. This skills gap may be due to the specialized nature of many nonprofit roles, which often demand a unique combination of expertise, experience, and a commitment to the organization's mission. Nonprofits may need to invest more in training and professional development to bridge this gap, but again, limited budgets can constrain these efforts. Furthermore, 23% of organizations indicate that the hours required for positions are a barrier to recruitment and retention. Nonprofit roles often require long or irregular hours, including evenings and weekends, to meet the needs of the communities they serve, which can deter potential applicants seeking better work-life balance.

Workload and stress are also significant factors cited by 21% of respondents, underscoring the demanding nature of nonprofit work. Many roles in this sector involve high levels of responsibility, emotional labor, and/or the pressure of dealing with urgent and critical social issues. These stressors can lead to burnout, further complicating retention efforts.

Finally, 19% of nonprofits report a general lack of applicants, which may be influenced by broader labor market trends, including low unemployment rates and increased competition for talent. This overall shortage of applicants exacerbates the staffing challenges faced by nonprofits, forcing them to operate with fewer resources and potentially reducing their capacity to deliver essential services effectively.

“

We struggle to provide a living wage. Team members can make more money in retail and service industries with a lot less stress. We are often told to be creative in retaining team members. Our engagement surveys indicate 90% plus of our team love and appreciate our culture, feel supported at work, and want to continue to work with us. However, comments go on to indicate that they will likely need to leave so they can care for their own family.

”

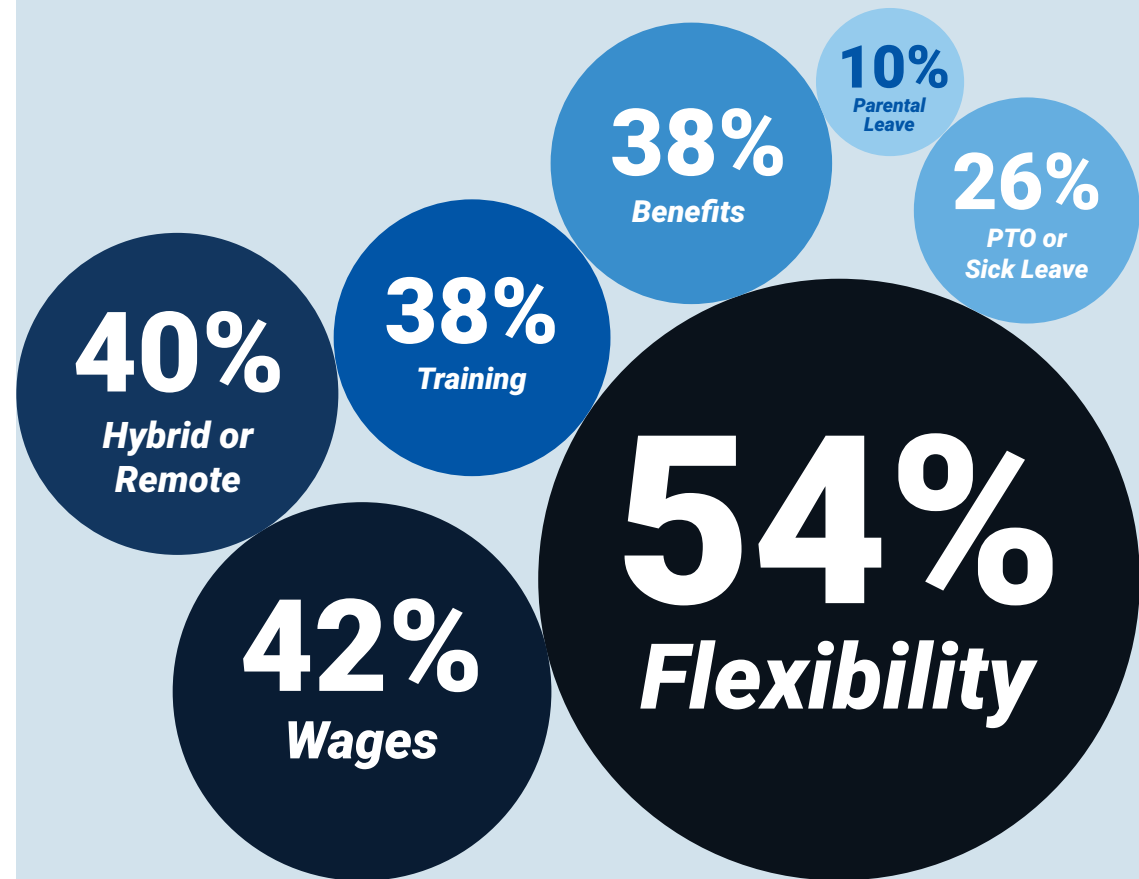
FINDING 2

Workforce Challenges Mount

In addressing these staffing challenges, many nonprofits are exploring innovative strategies to attract and retain talent. These might include offering more competitive salaries (when budgets allow), creating more flexible work environments to accommodate better work-life balance, and investing in comprehensive training programs to develop the necessary skills within their workforce. Fostering a supportive organizational culture that addresses workload and stress can help improve job satisfaction and retention.

To mitigate these challenges, some nonprofits have found success in offering more flexibility (54%), higher wages (42%), and hybrid/remote work opportunities (40%). These strategies help create a more appealing and supportive work environment, which can enhance recruitment and retention efforts. By adapting to evolving workforce preferences, nonprofits can better compete for talent and build a more resilient and capable workforce, and by tackling these issues head-on, nonprofits can better position themselves to meet the growing demands for their services and continue making a positive impact in their communities.

What types of benefits have you found that help retain staff?



“ Having competitive wages is always an issue. Talent is very hard to find – our pay scale doesn't match Des Moines businesses and the applicant pool is not career ready. ”

FINDING

3

Nonprofits Continue to be Resilient and Hopeful

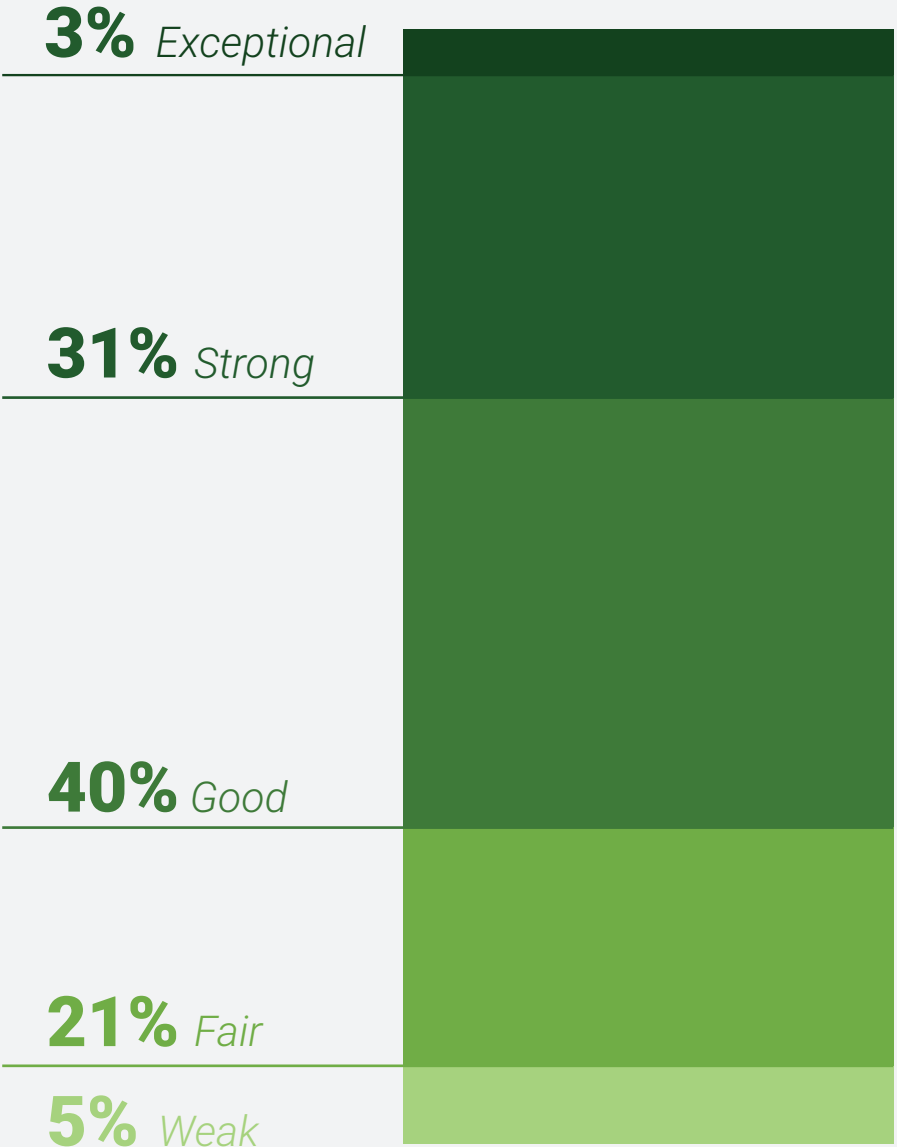
Despite the many challenges they face, central Iowa nonprofits are both committed to meeting the increasing needs and optimistic for the future.

FINDING 3

Nonprofits Continue to be Resilient and Hopeful

Nonprofit organizations report their financial stability in generally positive terms. In fact, 3% of nonprofits characterize their financial stability as exceptional, indicating that some organizations feel they are in an optimal financial position. This small group likely benefits from diversified funding sources, strong donor bases, and effective financial management practices that allow them to maintain and even expand their operations confidently. A larger segment of nonprofits (31%) considers their financial stability to be strong, and 40% describe it as good.

How would you characterize your organization's financial stability?



FINDING 3

Nonprofits Continue to be Resilient and Hopeful

A comparison of the data indicates that there may be a disconnect between respondents' perception of stability and what they reported as their financial situation. While 46% of nonprofits have less than three months of cash on hand (see Finding 1), only 26% rate their financial stability as either fair (21%) or weak (5%). These organizations are likely struggling with limited cash reserves and fluctuating revenue streams, which can impede their ability to respond to unforeseen expenses or changes in funding. But the discrepancy between the low cash on hand and their relatively positive characterizations of their financial stability may indicate that many nonprofits have become accustomed to running on shoestring budgets with little in reserve.

As a small organization, 3 months feels strong when you had previously been operating while worried you weren't going to make payroll.

FINDING 3

Nonprofits Continue to be Resilient and Hopeful

On another note, 22% of nonprofits report having more than 12 months of cash on hand, and 32% have six months of cash available. These organizations are better positioned to navigate financial uncertainties and plan for the future with a degree of security. The relative stability provided by having a year or more of cash reserves allows these nonprofits to invest in long-term projects, innovate in their service delivery, and maintain staff and program quality even during challenging times. For nonprofits with six months of cash on hand, while they are not as secure as those with a year's worth of reserves, they still have a buffer to manage short-term financial pressures. The difference in financial stability across nonprofits underscores the importance of strategic financial planning and the need for diverse and robust funding streams to enhance resilience across the sector.

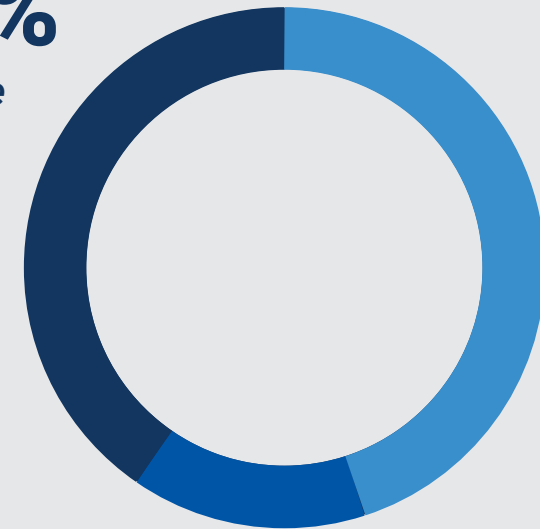
The outlook for financial stability among nonprofits shows a mix of optimism and practicality. Nearly half (47%) of nonprofits anticipate that their financial stability will improve over the next three years. This optimism could be driven by expectations of increased funding, successful fundraising campaigns, diversified revenue streams, or improved economic conditions (see Finding 4 for planned and successful strategies). However, 42% expect their

financial situation to remain the same, which may suggest that they foresee a continuation of current financial challenges and limited growth opportunities. Meanwhile, 11% anticipate their financial stability could worsen, indicating concerns about future economic conditions, potential funding cuts, or increasing operational costs. This mixed outlook underscores the importance of strategic financial management and diversification of funding sources to enhance resilience against economic fluctuations and ensure long-term sustainability.

As you look out over the next three years, do you anticipate your organization's financial stability to:

42%

Stay the same



47%

Get better

11% *Get worse*

FINDING

4

Funding Streams Continue to Shift

The philanthropic landscape has undergone notable shifts in both overall giving and the dynamics between individual and corporate philanthropy in recent years. These changes reflect broader economic, social, and technological trends that have influenced how and why donations are made.

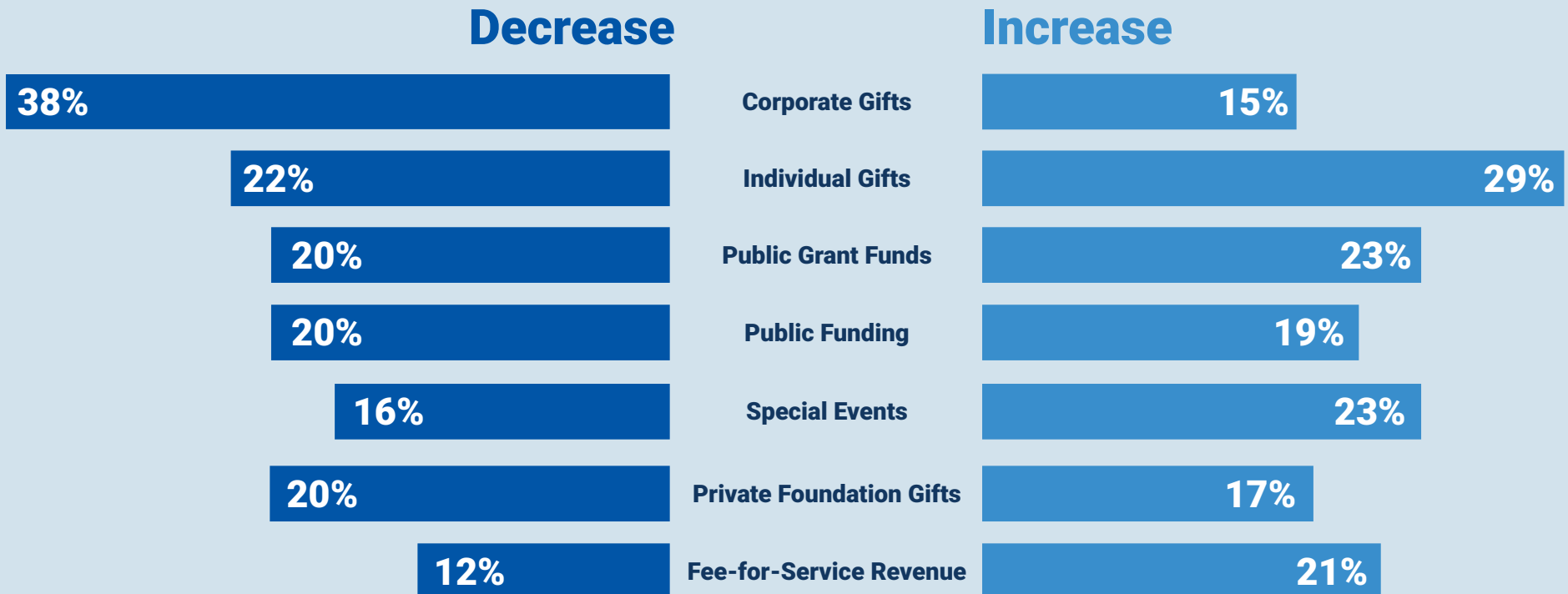
FINDING 4

Funding Streams Continue to Shift

The data points reveal a nuanced landscape of funding for nonprofits, characterized by both declines

and increases across various revenue streams. One of the most notable trends is the disparity in corporate gifts, where 38% of nonprofits reported a decrease compared to only 15% that reported an increase. This drop in corporate gifts suggests that businesses may be narrowing their philanthropic scope. Corporations may be giving larger gifts to fewer organizations, and several organizations noted a shift from operational funding to capital gifts. Changes in corporate giving can have a disproportionate effect on the sustainability of nonprofits and programs, as longer-term planning is more challenging when funding is uncertain.

Have you experienced a change in your organization's funding stream in any of the following ways in the past three years?



FINDING 4

Funding Streams Continue to Shift

In contrast, individual giving shows a more balanced picture, with 22% of nonprofits experiencing a decrease in individual donations, while 29% reported an increase. This variability indicates that while some nonprofits are struggling to attract individual donors, others are successfully engaging them. Factors contributing to this disparity could include the effectiveness of donor engagement strategies, the specific causes supported by the nonprofits, and the overall economic conditions affecting individuals' disposable income.

Public and private funding sources also exhibit mixed trends. For public funding, 20% of nonprofits reported a decrease, whereas 19% saw an increase. Similarly, private foundation giving

decreased for 20% of nonprofits and increased for 17%. These figures highlight the volatility and perceived competitive nature of securing grants and foundation support. The declines in public and private funding suggest that nonprofits face heightened competition for limited resources, potentially driven by factors such as reduced government funding or more stringent foundation criteria.

Lastly, the data on special events and fee-for-service revenue present a mixed scenario. While 16% of nonprofits saw a decrease in special events donations, 23% reported an increase, indicating that some organizations have innovated and diversified their event strategies. Similarly, fee-for-service revenue decreased for 12% of nonprofits but increased for 21%, suggesting that demand for certain services may be growing, but not across the board, and other economic conditions may impact participants' ability to pay.



We received less in grants and donations in FY23. We lost corporate sponsors due to shifting priorities (we no longer fit their grant criteria) and the amount of funds received were significantly less than requested.



Nonprofits Are Actively Seeking Ways to Diversify Funding

Successful Strategies

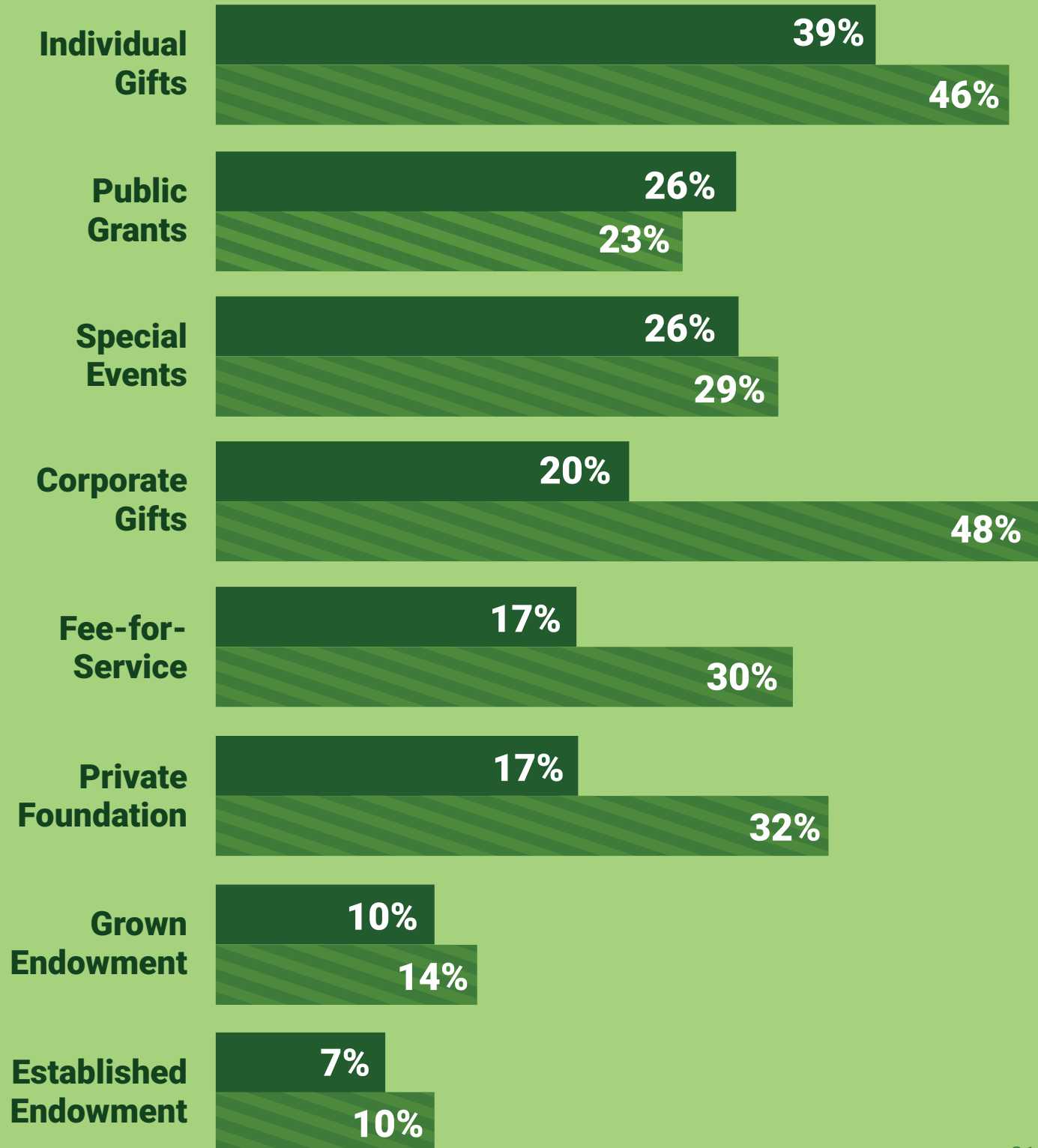


In what areas have you successfully diversified revenue streams and enhanced the financial stability of your organization?

Planned Strategies



In what areas are you actively developing a plan to diversify revenue and enhance the financial stability of your organization?



FINDING

5

Pressures are Compounding on Health and Human Services

While our entire nonprofit community is facing stress, health and human service nonprofits are under ever-increasing and compounding pressures to serve the foundational needs of a growing number of vulnerable community members.

FINDING 5

Pressures are Compounding on Health and Human Services

Nonprofit organizations in all areas of service are essential to create an equitable and thriving community, and the previous findings reflect the central Iowa nonprofit sector as a whole. While interested in our entire nonprofit community, we must also dig deeper to acknowledge the ever-increasing and compounding pressures put upon our Health & Human Services (HHS) nonprofits serving the foundational needs of our most vulnerable community members and the importance of understanding the strengths and weaknesses specific to this subsector.

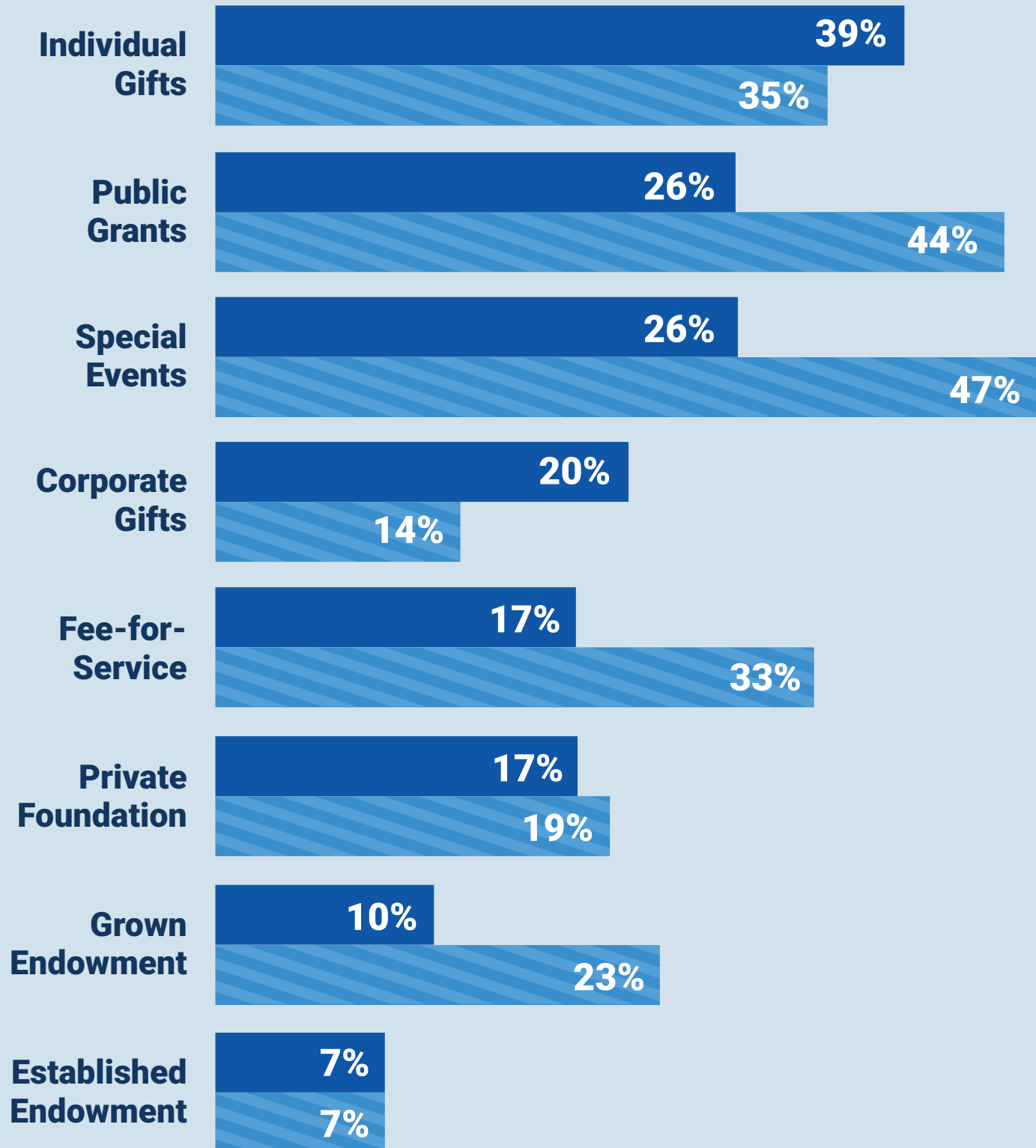
Perhaps now more than ever, central Iowa needs a strong HHS (including education-focused nonprofits) infrastructure. The community looks to these nonprofits to meet the immediate needs of the most vulnerable, but the organizations themselves are facing mounting challenges. Data indicates that HHS organizations are in an even more precarious state than other nonprofit organizations across multiple dimensions. Many of the data discrepancies between HHS and other organizations can be attributed to their substantially different revenue models and funding streams. For example, economic conditions affect all subsectors, but HHS organizations typically see an increase in demand during economically challenging conditions. Another example in the response data is that HHS organizations have seen success through diversification of corporate and individual gifts, while other types of organizations more often reported increases in special events and public grants.

“

The greatest opportunity that makes us excited is our partnerships and community outreach. We believe in the power of surrounding ourselves with organizations that can provide wrap around services to our clients that will continue to bring them closer to self-sufficiency.

”

In what areas have you successfully diversified revenue streams and enhanced the financial stability of your organization?

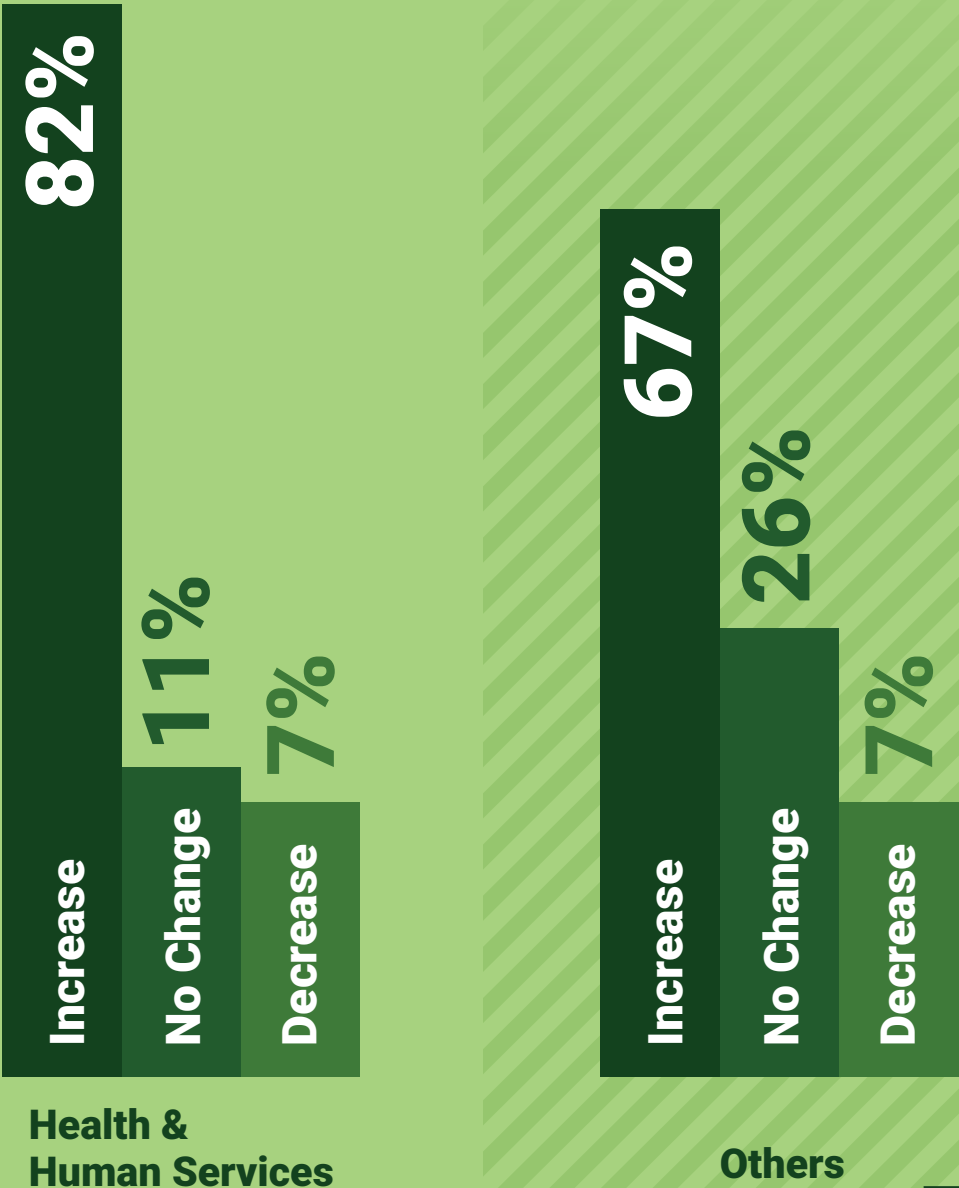


FINDING 5

Pressures are Compounding on Health and Human Services

HHS organizations have reported a greater increase (82%) in demand for services than the balance of the respondents (67%). This heightened demand for HHS services underscores the nature of the needs they address, such as healthcare, housing, and social services. The increasing reliance on HHS organizations highlights the essential role they play in supporting vulnerable populations, increasing the pressure on their already limited resources.

Overall is your organization currently experiencing a change in demand for any program or services your organization typically provides?



FINDING 5

Pressures are Compounding on Health and Human Services

Resource constraints further illustrate the disparity between HHS and other respondents. A substantial 69% of HHS organizations report lacking the resources necessary to meet the current demand, whereas this figure is 44% for the other types of nonprofits. The difference reveals that HHS organizations are struggling to bridge the gap between demand and capacity. The inability to meet demands can lead to reduced service availability, increased strain on existing resources, and potentially worsening conditions for those relying on these services.

Does your organization currently have the resources necessary to meet the demand in service/programming?

Health & Human Services

31%
answered yes

69%
answered no

Others

56%
answered yes

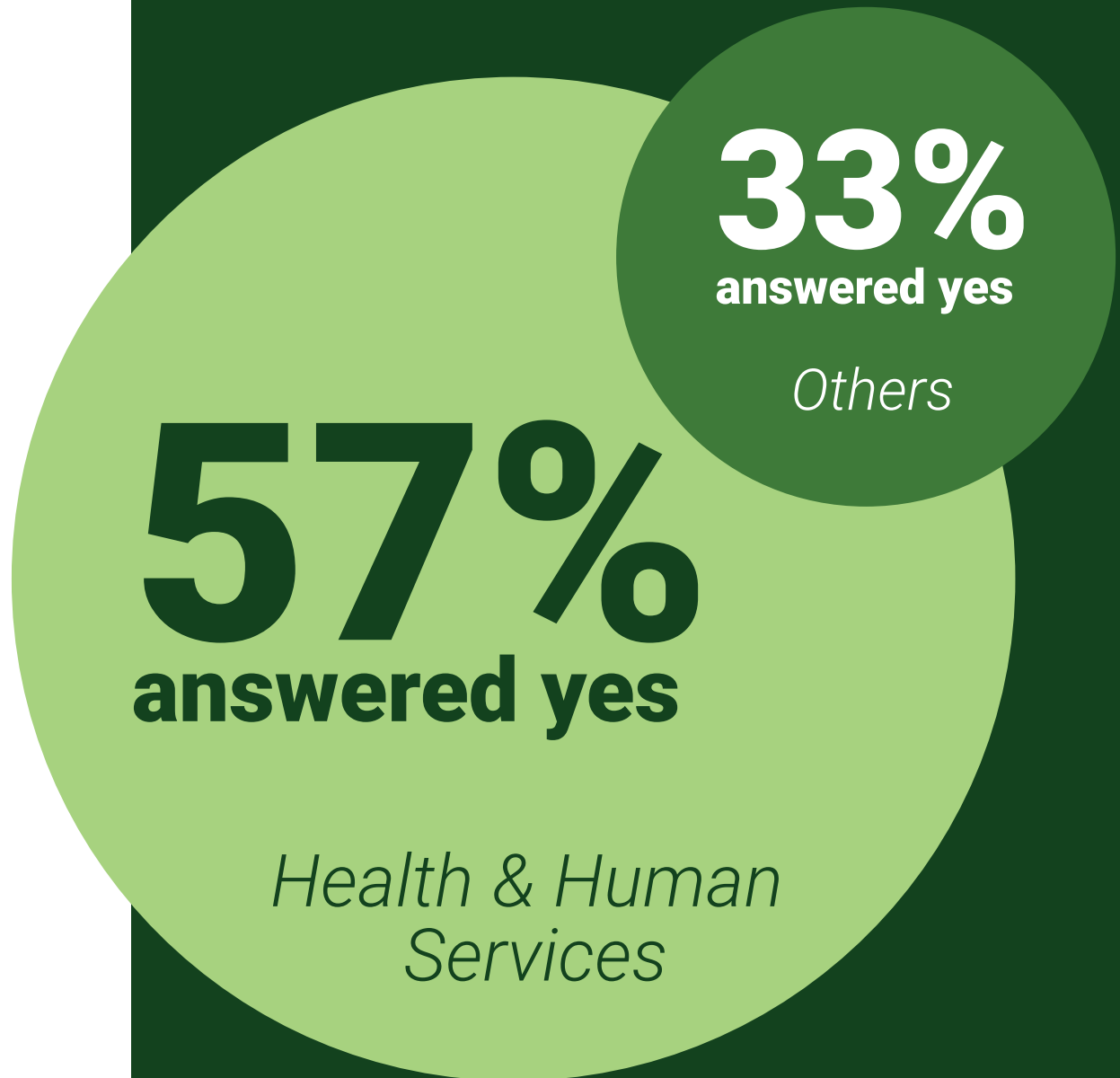
44%
answered no

FINDING 5

Pressures are Compounding on Health and Human Services

Staffing issues compound the challenges faced by HHS organizations. A notable 57% of HHS organizations report difficulties in hiring and retaining staff, compared to 33% for all others. The high turnover and recruitment difficulties in HHS can be attributed to factors such as job stress, low pay, and the work's demanding nature. While not unique to HHS organizations, these staffing challenges may hinder their ability to operate effectively and meet growing service demands.

Are you having a hard time hiring and/or retaining staff?

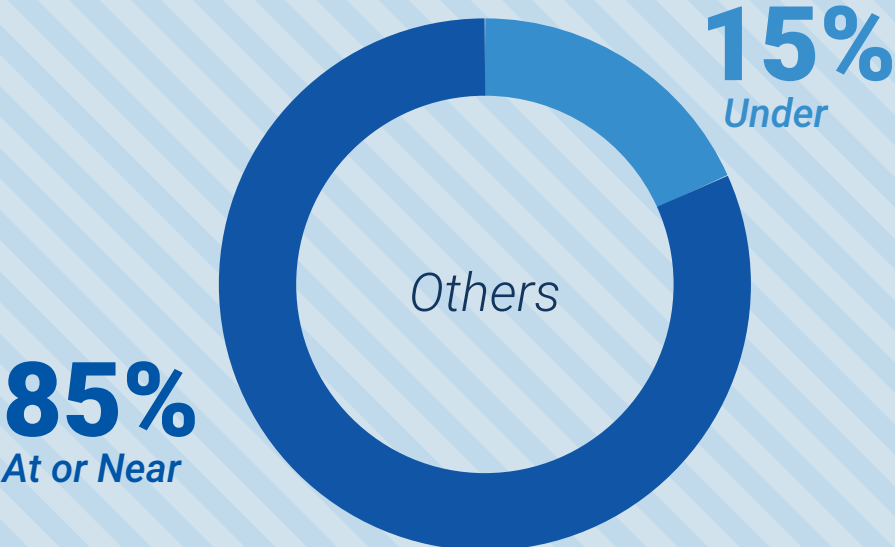


FINDING 5

Pressures are Compounding on Health and Human Services

The financial outlook for HHS organizations is strained, with 66% at or near revenue expectations compared to 85% of all other respondents. This contrast highlights the financial vulnerability within the HHS subsector, making it difficult to sustain operations and invest in necessary resources. Furthermore, 85% of HHS organizations have six months or less of cash on hand and 34% of HHS organizations characterize their financial stability as fair or weak, underscoring the financial risks facing HHS organizations. Stability is a concern throughout the nonprofit sector, but for HHS organizations, only 15% have 12 months or more of cash on hand, while other types of nonprofits have nearly double that at 28%. HHS organizations continue to have thinner margins of success and remain more vulnerable to economic and social conditions.

Revenue Expectations *Percentage of Organizations*



How many months of cash on hand does your organization have available for operating expenses?

85%

of Health & Human Services have 6 months or less of cash on hand

72%

of other types of organizations have 6 months or less of cash on hand

How would you characterize your organization's financial stability?

Health & Human Services

34%

Fair/Weak

36%

Good

28%

Strong/Exceptional

Others

14%

Fair/Weak

51%

Good

33%

Strong/Exceptional

Conclusion

The Central Iowa Nonprofit Sector Survey reveals a complex landscape in which nonprofits are grappling with significant challenges but continue to provide essential services, enhance lives, and work for the greater good of the community. These organizations are facing increasing demand for their services, yet their ability to meet this demand is hampered by resource constraints, financial pressures, and workforce challenges. In spite of this, central Iowa's nonprofits heal, inspire, shelter, educate, feed, enlighten, and nurture people of every age, gender, race, and socioeconomic status. They foster civic engagement and leadership, drive economic growth, and strengthen the fabric of our community.

Financial and staffing issues often exacerbate the precarious state of central Iowa's nonprofit organizations. Many are operating with less than six months cash reserves, making them vulnerable to unexpected expenses and funding shortfalls. The difficulty in hiring and retaining qualified staff

can add another layer of complexity, as these organizations struggle to maintain the necessary workforce to meet rising service demands. These challenges not only threaten the sustainability of nonprofit organizations but also the broader social safety net they provide, which is crucial for the well-being of vulnerable populations.

Addressing these complex issues requires a systems-level, community-based approach. It is essential to involve all sectors, including government, businesses, nonprofits, the faith-based community, and the voices of those with lived experience. By working collaboratively, leveraging diversified resources, and fostering innovative solutions, we can build a more resilient and effective support system that meets the growing needs of our community. This comprehensive approach is critical to ensuring that nonprofit organizations can continue to fulfill their vital roles and make a positive impact.



When asked 'Beyond an increase in funding, what would be most helpful in effectively supporting your efforts to collaborate and share resources with other nonprofits?' a respondent said, "Increase advocacy to emphasize nonprofits can't do this work alone - we need corporate, government, and public/private entities to come alongside with a cohesive strategy to make central Iowa a great place for all who live here."



What You Can Do

Volunteer

United Way's Central Iowa Volunteer Hub can connect you with hundreds of volunteer opportunities posted by local nonprofits. You'll find ongoing initiatives like board positions and advisory committees to one-time opportunities and everything in between.

volunteer.unitedwaydm.org

Join a Board

LeadershipLink is an online portal that connects individuals in central Iowa seeking leadership roles to nonprofit organizations that have opportunities.

unitedwaydm.org/leadershiplink

Join a Workgroup

United Way of Central Iowa staff help eight work groups implement action plans and lead advocacy efforts with more than 2,000 individuals.

unitedwaydm.org/opportunity

Work for a Nonprofit Organization

The Community Foundation of Greater Des Moines maintains a list of current nonprofit employment opportunities.

desmoinesfoundation.org/nonprofit-resources/employment-opportunities

Advocate

Subscribe to the United Way of Central Iowa's Advocacy Update newsletter for information about current issues, public policy, and priorities across central Iowa.

unitedwaydm.org/get-involved/advocate

Give

Bravo Greater Des Moines provides funding and support for more than 85 nonprofit cultural organizations. Attending a show, touring a museum, contributing time or money, or participating in a local arts event means supporting a vibrant community and advancing all of the region's priorities.

bravogreaterdesmoines.org/calendar/

GIVEdsm is the Community Foundation's online interactive platform that allows nonprofit organizations impacting Greater Des Moines to post funding opportunities that can be searched.

givedsm.org

United Way of Central Iowa works together with our neighbors in Polk, Warren, and Dallas counties and more than 100 local partner organizations to create a future in which all central Iowans can reach their full potential.

unitedwaydm.org/donate

Get Social

Follow Bravo Greater Des Moines, Community Foundation of Greater Des Moines, United Way of Central Iowa, and other nonprofit organizations on social media platforms to keep up with the events and opportunities that nonprofit organizations in central Iowa offer every day.