

# Virginia Nonprofit Sector Report

2023  
SNAPSHOT



*With generous support from:*





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## Project Leadership

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## Learn More

If you have questions about any of the data presented in this report, please reach out to us at [staff@thecne.org](mailto:staff@thecne.org).



Center for Nonprofit Excellence (CNE) envisions equitable, thriving, and just communities powered by healthy nonprofits. To achieve this, we serve as a champion, learning partner, and advisor to our members and community organizations across Virginia so they can be positive, powerful agents for community change. We help social impact organizations build the foundations of strong leadership, effective governance, and skilled, motivated, and inspired staff. With over 350 nonprofit members and robust partnerships with regional funders across the state, CNE has built a diverse, progressive, dynamic community of practice.

[www.thecne.org](http://www.thecne.org)

## Acknowledgments

This study owes a debt of gratitude to the PATH Foundation of Warrenton, VA ([pathfoundation.org](http://pathfoundation.org)) and Obici Healthcare Foundation of Suffolk, VA ([obicihcf.org](http://obicihcf.org)) for their underwriting support.



We also thank the following leaders of four organizations focused on capacity building in the nonprofit sector who served as advisors to the project: Cindy Colson, Center for Nonprofit Excellence; Veronica McMillian, Micro Nonprofit Network ([micrononprofitnetwork.org](http://micrononprofitnetwork.org)); Evelyn Riley, Dan River Nonprofit Network ([danrivernonprofits.org](http://danrivernonprofits.org)); and Kim Herbstritt, Nonprofit Alliance of the Northern Shenandoah Valley ([nansv.org](http://nansv.org)). Their guidance in shaping the study was invaluable. We thank the many foundation and community partners who provided input into the survey development and shared the survey into their networks to help us gather data from all parts of the state.

Most importantly, we sincerely thank the 242 nonprofit leaders who made time during a very busy year to share their feedback and insights both via the survey portion of the study and in interviews.



Center for Nonprofit Excellence (CNE) is a champion, learning partner, and advisor to Virginia nonprofits. As part of our ongoing effort to shine a spotlight on the state of Virginia’s nonprofit sector, and to provide actionable sector data to social impact stakeholders, we are pleased to share with you this Virginia Nonprofit Sector Report: 2023 Snapshot.

This report, based on a comprehensive study of the sector, provides baseline data and a snapshot of the nonprofit sector, offering both statewide and regional information. From health and human services organizations to nonprofits stewarding the arts and the environment, the report showcases the priorities and needs of a broad range of nonprofits that build community in every geographic region across Virginia.

Virginia Nonprofit Sector Report: 2023 Snapshot, and the story it tells, contain essential insights and learnings about our social impact sector for anyone who wants to better understand the sector, and to take action to build sector capacity. At CNE, we envision equitable, thriving, and just communities powered by healthy nonprofits, and know that understanding sector strengths and needs is an important step to achieving this vision. We hope you will use this data to inform how you engage with, invest in, and support the nonprofits that build your community.



Cristine Nardi  
Executive Director  
Center for Nonprofit Excellence

### In this report, you can expect to find:

- **An overview of the sector, including economic impact and employment data.**
- **Aggregated information about the nonprofit sector and key takeaways with an eye toward understanding equity within the landscape.** To that end, the research team worked to ensure the inclusion of a diverse range of nonprofit entities and groups.
- **A source of actionable principles for nonprofits, funders, and government officials.** The recommendations are meant to be deliberate and ongoing, to push forward imaginative ideas, and to create better community solutions together as a sector. Additionally, while the actionable recommendations are geared towards nonprofits, funders, and state and federal governments, we encourage engagement and dialogue with local governments around the capacity building needs of the sector using the findings of this report and CNE’s 7 Actionable Principles.
- **Direct quotations from sector leaders, highlighting on-the-ground insights from across the Commonwealth.**

### Workforce Development

**Securing and retaining skilled staff is a major challenge for the sector.**

Nonprofits are competing with other parts of the economy, including remote work opportunities, the cost of living, and challenges with workforce development. *Work to build the sector's capability to attract, train, and keep committed people.*

### Capacity Building

**All nonprofits need accessible capacity building support, but the types of support they need can differ widely.**

Most, regardless of region or budget, do not see their organizations as “strong” across the 7 Actionable Principles. *Provide unrestricted core support so that nonprofits can fully fund the operations that sustain programs, and facilitate access to individualized capacity building support. Build and sustain targeted awareness about the resources available to nonprofits, so that organizations can quickly find and utilize them.*

#### What is capacity building?

“Capacity building is whatever is needed to bring a nonprofit to the next level of **operational, programmatic, financial, or organizational maturity**, so it may more **effectively and efficiently advance its mission into the future.**”

NATIONAL COUNCIL OF NONPROFITS

### Diversity, Equity & Inclusion (DEI)

**Senior leadership tends to be white and female, while leaders of other organizational positions are more diverse.**

There are opportunities to develop and advance diverse leaders from finance, development, and programs. *Challenge organizations to examine leadership investments, selection, and succession so they can more closely mirror their communities.*

### Collaboration & Convening

**Most nonprofits want opportunities to engage with new funders and each other.**

Nonprofits seek enhanced or new relationships with foundations and government agencies, and the opportunity to connect with and learn from each other. *Expand opportunities for nonprofits, funders, and governments to connect and partner purposefully.*

### Evaluation

**A large majority of nonprofits expressed an urgent need for evaluation support.** Understanding that there is no one size fits all evaluation strategy, nonprofits need investments to deepen their evaluation capacity. *Target evaluation resources and support that meet organizations where they are to facilitate continuous learning and growth.*

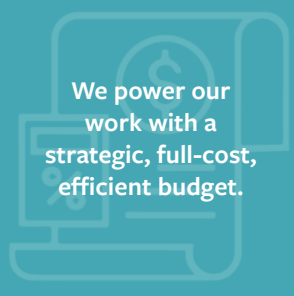
## 7 Actionable Principles

The Virginia Nonprofit Sector Report was developed in alignment with **CNE's 7 Actionable Principles for a Strong Social Sector** ([7principles.thecne.org](https://7principles.thecne.org)) based on local wisdom, national frameworks, and leading practices. This framework is intended to strengthen local nonprofits and relationships between nonprofit organizations and their funders and offer a common language around key and proven practices, informed by the community, that enable the social sector to be more effective, make better use of resources, and increase community impact.

**The principles include the following and have been used in shaping the survey and this report:**



### ACTIONABLE PRINCIPLES




We power our work with a strategic, full-cost, efficient budget.



We sustain our organization by understanding and effectively managing our financial position.



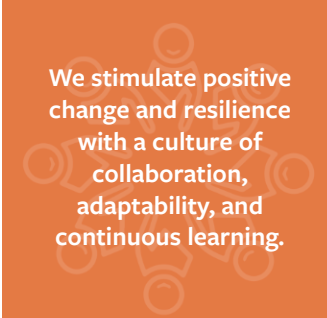
We grow funding support with intentional, trust-based, mission-inspired relationships.




We prioritize equity with continuous attention, learning, examination, and action.



We invest energy and resources to support and grow leaders across our organization who embody our mission and values.



We stimulate positive change and resilience with a culture of collaboration, adaptability, and continuous learning.



We define and achieve success by clarifying, measuring, and evaluating the results of our work.

**The principle is firm, the path is flexible.** While principles can be helpful reference points on the path to nonprofit health, to many they suggest a final destination, and they don't give nonprofits and their funders permission to learn and grow, to deepen understanding, or, importantly, to fail. These principles are built on values of curiosity, inclusivity, and trial and error—not perfection. They are meant to be deliberate and ongoing, to push forward imaginative ideas, and to create better community solutions together.



## 7 Actionable Principles

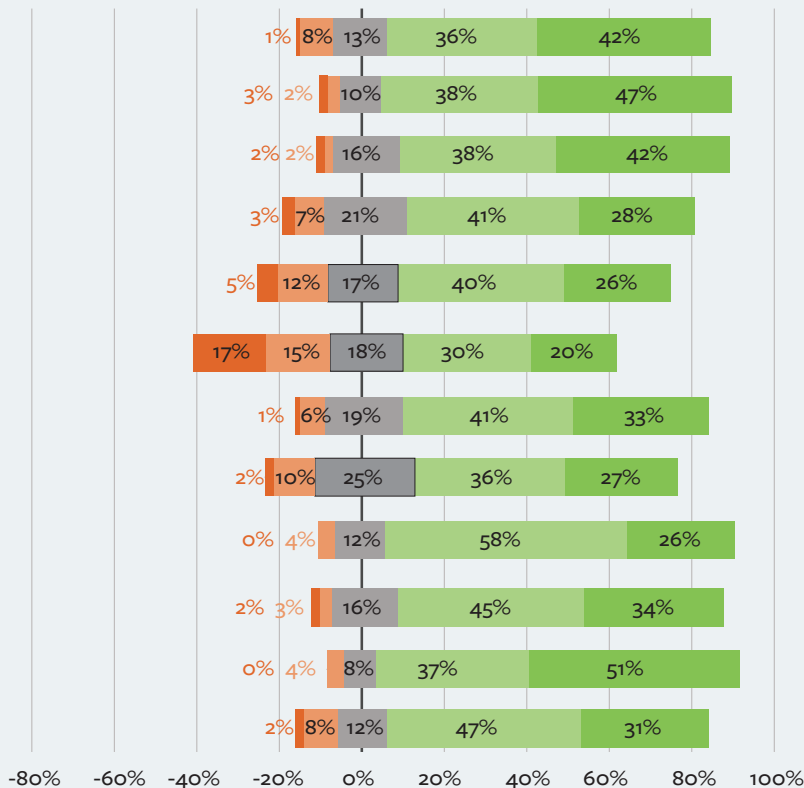


The survey asked respondents to share their perception of their organization’s alignment with key tenets of the 7 Actionable Principles.

Respondents generally **agree (88%)** that their organizations stimulate positive change and resilience with a culture of collaboration, adaptability, and continuous learning. **Only 50%** report that their organizations focus on relationships with governmental agencies for financial support.

THINKING ABOUT YOUR ORGANIZATION AS IT IS TODAY, HOW MUCH DO YOU AGREE OR DISAGREE WITH EACH OF THE FOLLOWING STATEMENTS?

■ Disagree completely   
 ■ Disagree somewhat   
 ■ Neutral   
 ■ Agree somewhat   
 ■ Agree completely



We develop a strategic, full cost efficient budget

We sustain our organization by understanding and effectively managing its financial position

We grow funding support with intentional, trust-based mission-inspired relationships

We identify specific funders and the amount of funding to expect from them

We focus on relationships with foundations for financial support

We focus on relationships with governmental agencies for financial support

We prioritize equity with continuous attention, learning, examination, and action

We invest energy and resources to support and grow leaders across our organization who embody its mission and values

We ensure that the community we serve is fully aware of our services and our organization in particular

We ensure that other nonprofits in our region are aware of our mission and accomplishments

We stimulate positive change and resilience with a culture of collaboration, adaptability, and continuous learning

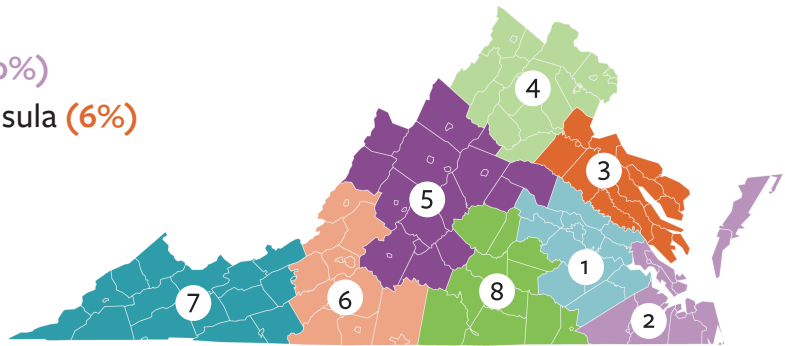
We define and achieve success by clarifying, measuring, and evaluation the results of our work

## Distribution

### Virginia Regions and Population Percentages

For this study, the project team chose to adopt the Virginia Department of Education definition of regions. These eight regions are referenced throughout the report to localize findings.

- Region 1:** Central Virginia (15%)
- Region 2:** Tidewater and Eastern Shore (20%)
- Region 3:** Northern Neck and Middle Peninsula (6%)
- Region 4:** Northern Virginia (34%)
- Region 5:** Blue Ridge and Valley (9%)
- Region 6:** Western Virginia (7%)
- Region 7:** Southwest (5%)
- Region 8:** Southside (2%)



Source: Virginia Department of Education and U.S. Census Bureau

### Distribution of Respondents

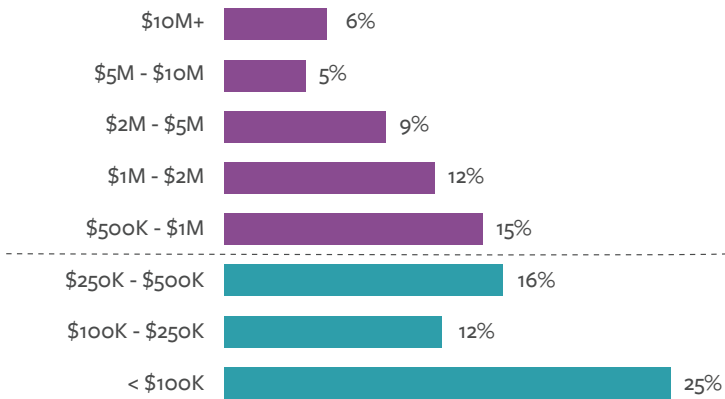
The survey captured responses from **242 unique nonprofits**. Respondent organizations were headquartered in **57 different cities and counties** across the Commonwealth, with a significant portion providing programs and services across multiple regions.

#### RESPONSES BY REGION

REGION	HQ IN-REGION	SERVING THE REGION
Central Virginia	53	152
Tidewater and Eastern Shore	29	58
Northern Neck and Middle Peninsula	3	30
Northern Virginia	24	55
Blue Ridge and Valley	91	113
Western Virginia	22	52
Southwest	4	35
Southside	6	71



## Respondent Profile



BUDGET DISTRIBUTION OF SURVEYED NONPROFITS

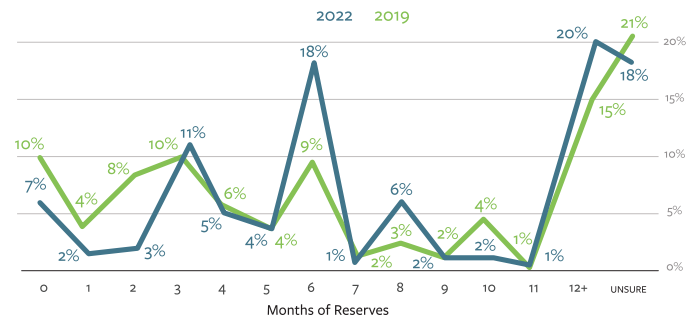
## Annual Operating Budgets

Roughly half of the respondents represented nonprofits with budgets under \$500,000 and half with budgets over \$500,000. Accordingly, some data results throughout the report are shown for those two segments.

## Operating Reserves

Almost three quarters of the nonprofits indicated that their reserves covered three or more months (70%), with about half at six or more months. While 53 nonprofits reported no change in reserves, **71 indicated that they have more reserves** in 2022 than they had in 2019.

MONTHS OF OPERATING RESERVES  
DISTRIBUTION OF SURVEYED NONPROFITS



The survey was designed to capture a **broad range of input from organizations across the Commonwealth**. It was developed based on reviews of similar surveys across the country, based on past survey instruments used by CNE, and with inputs from an advisory team.



**11**  
stakeholder  
interviews

**5**  
capacity builder  
sessions

**242**  
surveys

**24**  
nonprofit  
interviews

## Secondary Sources

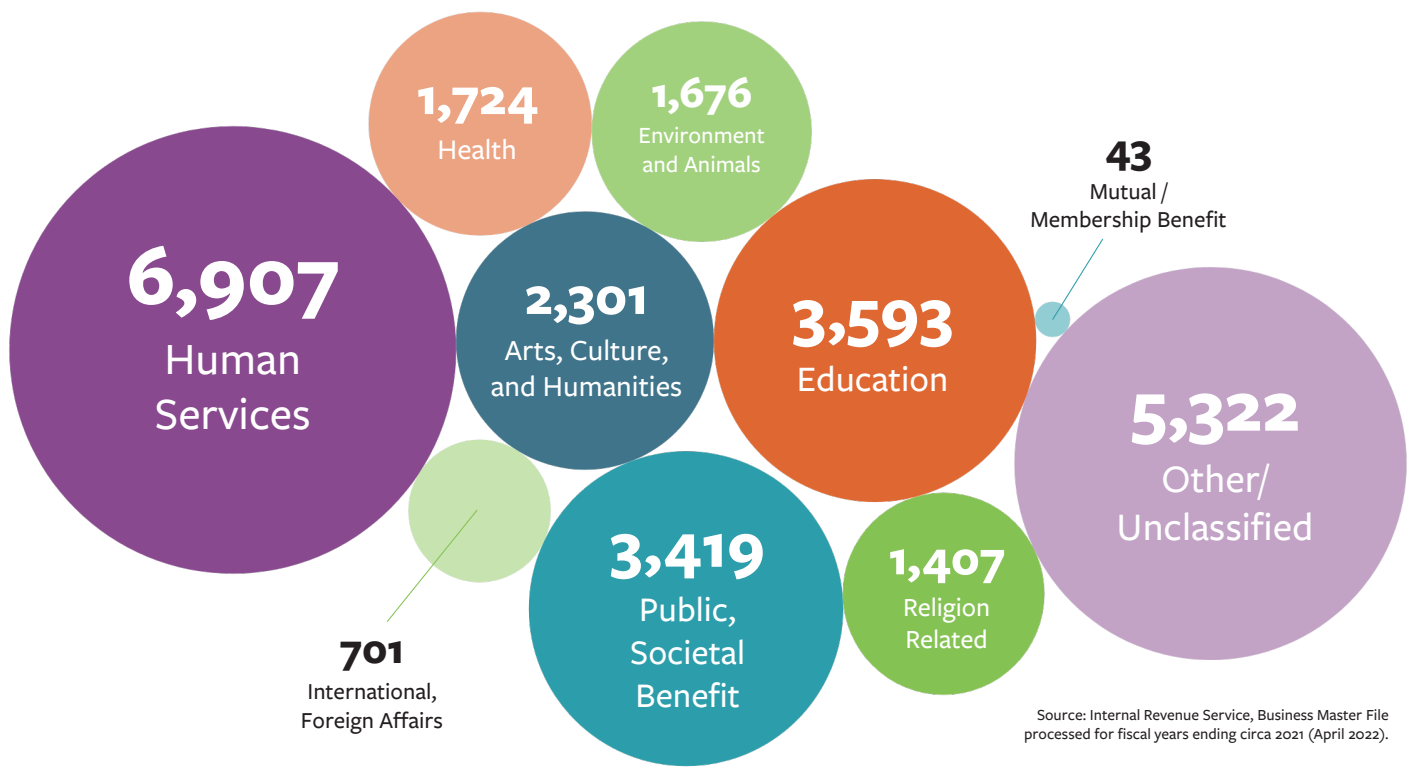
IRS | U.S. Census Bureau | University of Virginia, Frank Batten School of Leadership and Public Policy

## Designation and Employment

Nonprofits are a crucial part of Virginia’s economy.

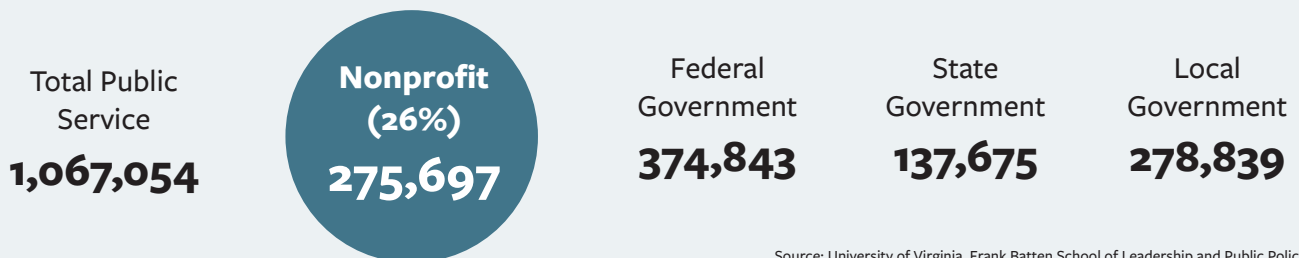
There are **35,201 501(c) nonprofit organizations across Virginia, including 26,732 501(c)(3) nonprofits**. From human services to the arts to education, nonprofits in Virginia are a vital component of our civil society and promote healthy and vibrant communities.

COUNT OF 501(C)(3) NONPROFITS BY CATEGORY



### Employment

Nonprofits employ about one quarter (26%) of public service workers in Virginia. At 275,697, this represents roughly six percent of the state’s total workforce.



Source: University of Virginia, Frank Batten School of Leadership and Public Policy

### Financials

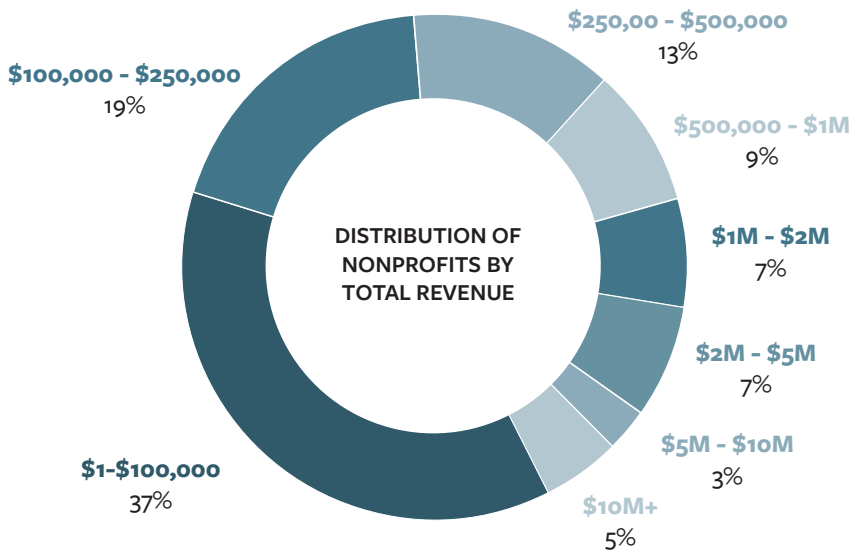
Across the Commonwealth, 501(c)(3) organizations generated:

**\$86.9**  
BILLION  
IN REVENUE

**\$48.3**  
BILLION  
IN EXPENSES

**\$146.9**  
BILLION  
IN ASSETS

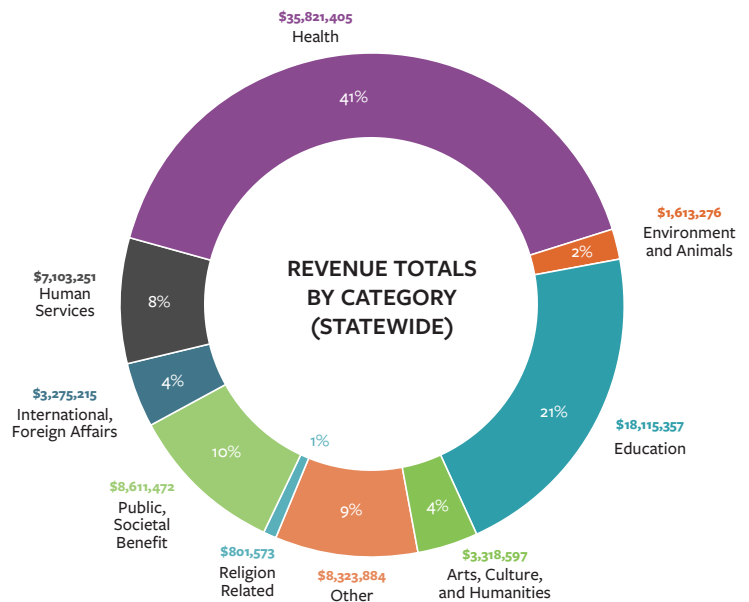
**\$13.5**  
BILLION  
IN CONTRIBUTIONS



Source: Internal Revenue Service, Business Master File processed for fiscal years ending circa 2021 (April 2022).

### Revenue across mission areas does not always reflect level of activity.

While the number of nonprofits focused on human services across Virginia (6,907) is roughly four times the number focused on health (1,724), the revenue of health-focused organizations is over five times that of human services agencies.



Source: Internal Revenue Service, Business Master File processed for fiscal years ending circa 2021 (April 2022).

### There are revenue disparities across regions.

Overall, regional revenue totals are consistent with their percentage of state population. For example, the Northern Virginia region shows the largest total revenue (\$31.6 billion) and population (34%). However, the Southwest region, which has a **higher population** (5%) than Southside (2%), **reports revenue slightly under** that of Southside. In contrast, the Blue Ridge & Valley region has a **lower percentage of state population** (9%) than Central Virginia (15%), **but reports higher total revenue** (+\$6.2 billion).



### TOTAL REVENUE BY CATEGORY AND REGION IN THOUSANDS

CATEGORY	CENTRAL VIRGINIA	TIDEWATER & EASTERN SHORE	NORTHERN NECK & MIDDLE PENINSULA	NORTHERN VIRGINIA	BLUE RIDGE & VALLEY	WESTERN VIRGINIA	SOUTHWEST	SOUTHSIDE	TOTAL
Arts / Culture / Humanities	\$227,523	\$1,348,187	\$13,558	\$1,337,596	\$349,617	\$33,634	\$7,095	\$1,387	\$3,318,597
Education	1,713,996	1,267,210	105,387	4,759,937	8,852,417	927,189	167,596	312,625	18,115,357
Environment / Animals	63,350	171,086	9,941	1,287,043	52,157	14,571	3,659	11,468	1,613,276
Health	3,017,871	15,389,300	1,429,631	7,316,780	2,896,358	5,322,151	107,402	341,912	35,821,405
Human Services	1,177,835	977,421	136,958	3,684,835	597,485	393,096	92,840	42,780	7,103,251
International / Foreign Affairs	241,182	182,976	1,012	2,743,172	35,768	5,984	64,947	173	3,275,215
Public / Societal Benefit	552,534	523,768	105,710	6,600,522	486,200	254,487	85,700	2,552	8,611,472
Religion Related	47,573	385,000	2,719	252,001	54,302	50,895	8,826	259	801,573
Other / Unclassified	678,919	2,732,774	67,418	3,656,323	559,169	457,176	130,079	42,027	8,323,884
<b>REGION TOTAL</b>	<b>\$7,720,784</b>	<b>\$22,977,722</b>	<b>\$1,872,333</b>	<b>\$31,638,208</b>	<b>\$13,883,473</b>	<b>\$7,459,182</b>	<b>\$668,143</b>	<b>\$764,184</b>	

Source: Internal Revenue Service, Business Master File processed for fiscal years ending circa 2021 (April 2022).

## Workforce Development

### Securing and retaining skilled staff is a major challenge for the sector.

Nonprofits are competing with other parts of the economy, including remote work opportunities, the cost of living, and challenges with workforce development.

Organizations report that there is a need for **greater investment in staff training and development through support of operating costs.**

*“I really think the staffing thing is bigger than we know now. We need great staff. We need people to invest in us so we can invest in great staff. We need messaging around that, education for funders and nonprofits on the need to invest in self.”*

*“Reducing the workload is most important because the volunteers and workforce have evaporated. We have **burnout and too heavy workloads** simply because there are fewer people.”*

**Among nonprofits with budgets over \$500k, almost half believe **impact would have improved with leadership and management training for junior and mid-level staff.****

**78%** of respondents indicated there was an **URGENT NEED** for growing leaders across their organization.



**Supporting and growing leaders across our organization who embody its mission and values**

**77%**

need additional support

\$0-\$500K	>\$500K
77%	77%

**63%**

currently invest energy and resources

\$0-\$500K	>\$500K
54%	73%

## Workforce Development

**Action:** Work to build the sector’s capability to attract, train, and keep committed people.



### Principle 5: Develop Leaders

We Develop Leaders Across Our Organization Who Model Our Mission and Values.

#### Nonprofits

- **Raise funds and budget for competitive staff compensation and professional development;** engage in ongoing and annual evaluation and professional development as a commitment to results, stewardship, and growth.
- **Reflect on representation and change culture, policies, and practices** to ensure those most affected by work have significant, meaningful leadership roles.
- **Create a leadership succession plan** and update it annually.

#### Funders

- Initiate conversations about leadership roles, including how those served are represented in leadership, and **support organizations investing in strong leadership and performance evaluation for growth and development.**
- **Fund proposals and projects for development of staff, leadership, and boards,** understanding that strong leaders seed impactful programs.
- **Encourage budgets that include healthy, competitive salaries and benefits** to support people delivering the mission.
- Engage in conversations about **fund planning for leadership transitions for key staff and board,** and support organizations with funding during periods of transition.

#### Government

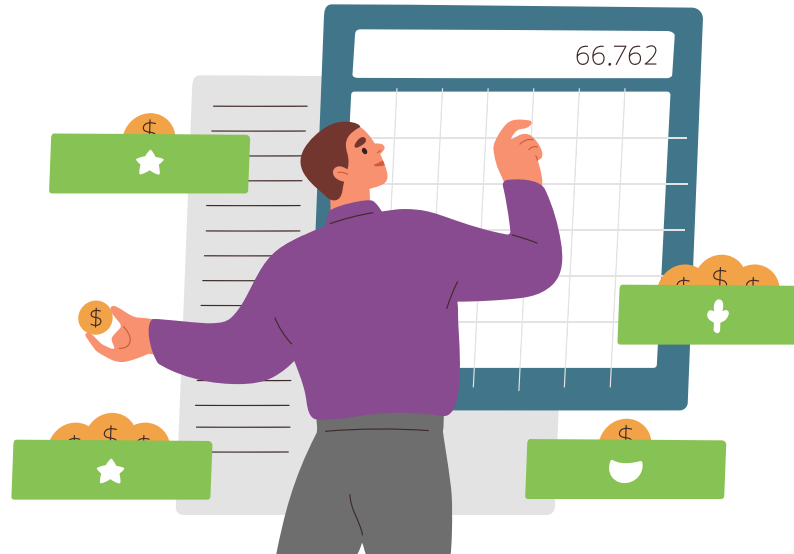
- **Include nonprofit businesses** in any workgroup established **to advise on creating a new workforce development agency.**
- Incorporate in any review of state workforce development programs **an evaluation of and recommendations for improving the nonprofit career pipeline.**



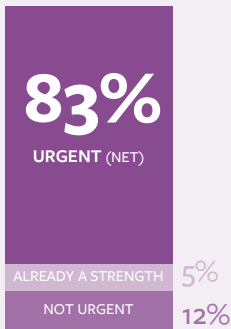
# Capacity Building

All nonprofits need accessible capacity building support, but the types of support they need can differ widely.

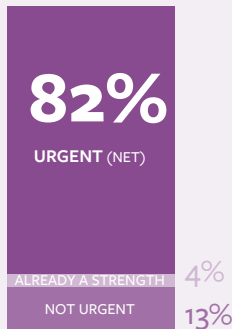
Most organizations, regardless of region or budget, do not see their organizations as “strong” across all 7 Actionable Principles (page 5), highlighting the importance of targeted capacity building support across the sector.



Nonprofits indicate an urgent need for capacity building support, especially for:



Identifying **specific funders** and the amount of **funding to expect from them**



Growing **funding support** with intentional, trust-based, mission-inspired relations

Survey respondents identified funding most frequently as a capacity building need to improve the impact of Virginia nonprofits.

**71%** growing our funding support would have improved impact over the past 24 months

\$0-\$500K	>\$500K
75%	64%

## Capacity Building

“[What’s most important is] for **grant funders to acknowledge operating costs.** We need money that can go into wages. That is the struggle.”

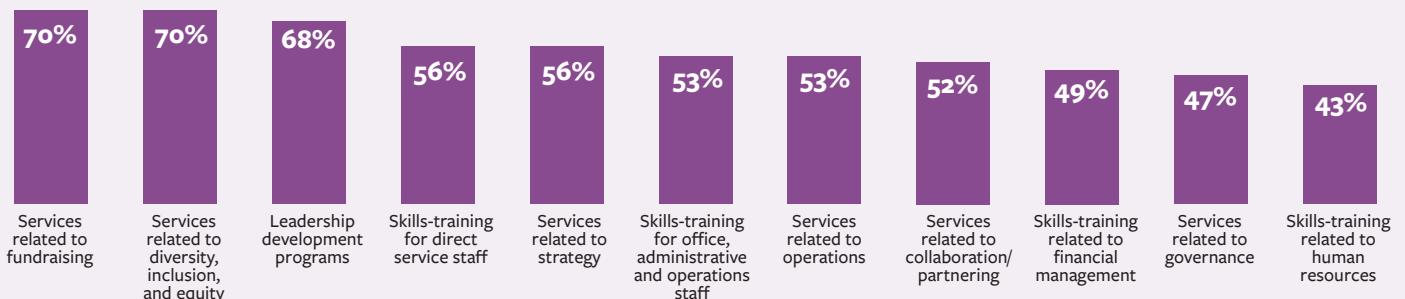
“Getting manpower, **consistent manpower.** Having the adequate staff to make a difference and not just bodies in the building to create ratios but having people that specialize ... to make the difference. When we talk about capacity building, **having enough staff and adequate staff to create impact.**”

“**We need help with growing funding support and budgeting.** What are we looking towards? Are we going on the right path, or are other organizations doing this? How do I put grant writing together? ... No grant is the same.”

### Over the past 24 months, what would have improved your impact?

CATEGORY	OVERALL	\$0-\$500K	>\$500K
Growing our funding support	71%	75%	64%
Skills-training and role clarity for board members	48%	55%	40%
Improving our financial position	42%	53%	29%
Leadership training and peer support for senior staff	30%	21%	40%
Leadership management and training for junior/mid-level staff	29%	11%	49%

### During the coming year, what services/training does your organization plan to access?



## Capacity Building

**Action:** Provide unrestricted core support so that nonprofits can fully fund the operations that sustain programs, and facilitate access to individualized capacity building support. Build and sustain targeted awareness about the resources available to nonprofits, so that organizations can quickly find and utilize them.



### Principle 1: Create Strategic Budgets

We Create Strategic Budgets that Fully Fund Our Work.

### Principle 2: Manage Financial Position

We Sustain Our Organization by Effectively Managing Our Financial Position.

#### Nonprofits

- **Budget to reflect strategic priorities** that are informed by the communities served.
- Ensure **budget processes and policies incorporate all necessary expenses and investments**, and identify cost-saving opportunities.
- Build budgets that are inclusive of each key function of the organization and **include projections for both programs and the operations required to maintain organizational health**.
- **Communicate financial health holistically, sharing the unique context of the work and the community served**, the deep impact of chronic underfunding and historic disinvestment on financial health, and the true costs of designing responsive, community-driven solutions.

#### Funders

- Learn about the **financial strengths and challenges of the organizations, and encourage budgets that reflect strategic priorities and all necessary costs of doing business**.
- **Provide unrestricted general operating support** that enables nonprofits to cover all necessary costs for key functions, including not just programs but also core operations that are necessary to advance programs.
- Provide **multi-year funding where possible** and engage in conversations about opportunities to foster diversified, long-term, predictable funding, helping nonprofits find and **connect with other resources where possible**.
- Promote ongoing conversations about financial strengths and challenges, and **help nonprofits identify gaps and find resources to strengthen their financial health**, with the goal of helping nonprofits increase their impact.
- **Engage in holistic financial health reviews** that take into consideration and value the unique context of the work and the community served.

#### Government

- **Create a social impact sector liaison position** within the state government to manage the Commonwealth's relationship with nonprofits and funders, and to inform state-level policies and resource allocation.

# KEY FINDINGS



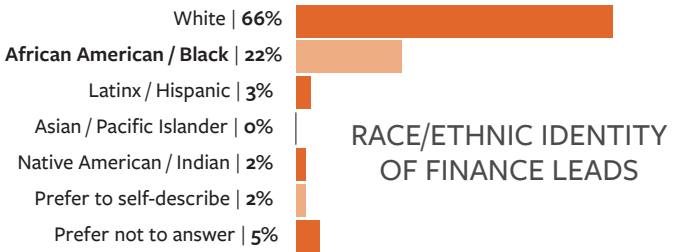
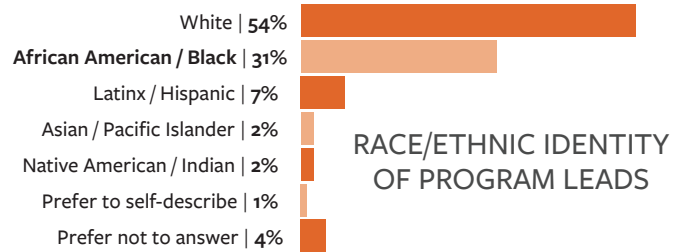
## Diversity, Equity & Inclusion

Senior leadership tends to be white and female, while leaders of other organizational positions are more diverse.

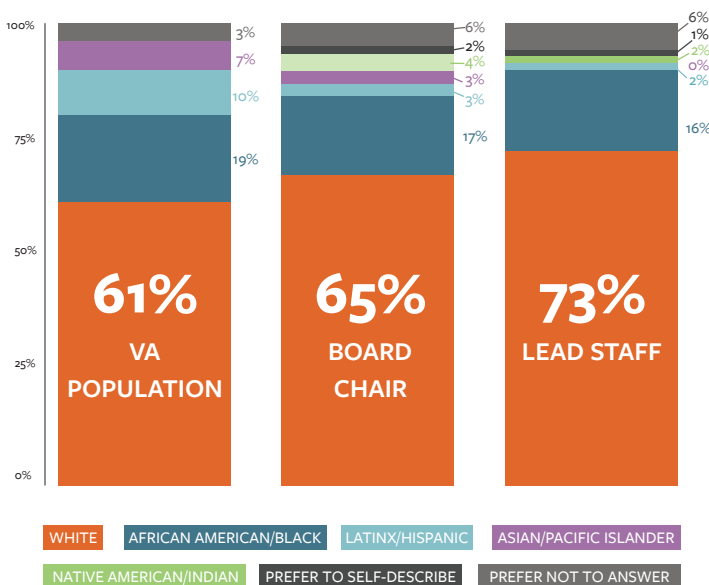
There are opportunities to **develop and advance diverse leaders from finance, development, programs, and operations.**

Among nonprofits in the survey, white leadership is overrepresented in comparison to their percentage of the overall population. **Latinx/Hispanic residents are underrepresented among nonprofit leadership**, with more significant underrepresentation than other race/ethnicity categories.

Among respondent organizations, there tend to be **more people in program lead positions who identify as African American/Black** than compared to finance, operations, or development lead positions.



RACE/ETHNIC IDENTITY BY OVERALL POPULATION VS SURVEYED NONPROFIT LEADERSHIP



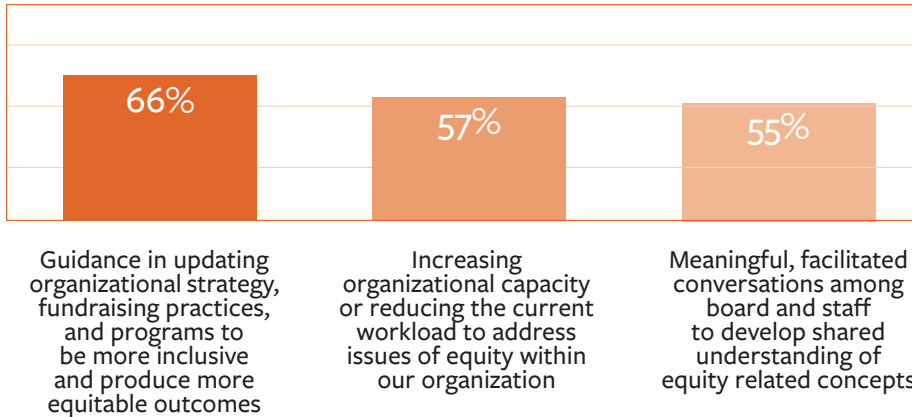
DO YOU AGREE OR DISAGREE WITH THE FOLLOWING STATEMENTS ABOUT YOUR ORGANIZATION?

Statement	AGREE	DISAGREE
BOARD reflects the demographics of the community we serve	60%	40%
EXECUTIVE LEADERSHIP reflects the demographics of the community served	58%	42%
STAFF reflects the demographics of the community we serve	64%	36%
VOLUNTEERS reflect the demographics of the community we serve	59%	41%

# KEY FINDINGS

## Diversity, Equity & Inclusion

Respondents stated that their organizations would benefit from support in the following areas:



“We need [DEI] guidance throughout the process and checkpoints to make sure things are being done. Maybe a third party could be in place to provide policies and [help define] what we are going to do over three, six, nine months.”



**ONLY  
30%**

of respondents indicate that their organization has a **long-standing commitment to DEI that is operationalized.**

**74%**

of respondents indicate a **need for diversity, equity, and inclusion-related support.**

Leaders at organizations of all sizes mentioned **needing specific help with hiring**, both in **connecting to sources and people** (such as historically Black colleges and universities, people with disabilities, and indigenous communities) and with **leading practices for attracting a diverse pool of applicants**. Other issues that leaders of larger organizations mentioned included:

- the **difficulty of their DEI efforts being consistent across the entire footprint** for organizations working statewide;
- the **need for safe spaces** in which leaders can talk to one another, ask questions, hear new ideas and learn what others are doing; and
- the need for **additional training and resources** for staff at all levels

## Diversity, Equity & Inclusion

**Action:** Challenge organizations to examine leadership investments, selection, and succession so they can more closely mirror their communities.



### Principle 4: Prioritize Equity

We Prioritize Equity with Learning, Skill-Building, and Action.

#### Nonprofits

- **Take specific actions to disrupt racism and other forms of systemic oppression by centering equity in internal operations and external programs;** operationalize with training and development, equity audits, and actions like pay equity adjustments and centering voices of those served in program development; create internal transparency and accountability for the work.
- **Foster awareness and understanding of the construct of race, existing inequities, and equity and inclusion principles** with organization-wide dialogue, educating, and training. Center and uplift voices of Black, Indigenous, and people of color (BIPOC) and of people most impacted by systemic injustices.
- **Examine data disaggregated by race both for external programs and services and for staff engagement, performance, compensation, promotion/retention;** identify inequities and make a plan for action, including how success will be measured.

#### Funders

- **Fund equity work for grantees and within our own organizations,** including dialogue, learning, training, assessment, skill-building, planning, consultation, and action, understanding that equity work requires ongoing investment.
- **Learn about philanthropy’s history of inequity and leading practices for funders to support equity and justice;** understand the role power and privilege play in funding dynamics and make changes that are more equitable, including diversifying staff and/or centering community voice in the grantmaking process.
- **Meaningfully expand funding portfolios to include organizations led by and serving Black, Indigenous, and People of Color (BIPOC),** and people and communities most impacted by systemic injustices.
- **Leverage resources for change that promote equity and justice**—for foundations, consider giving beyond the 5% annual payout; for corporate and government funders, consider additional new funding.

#### Government

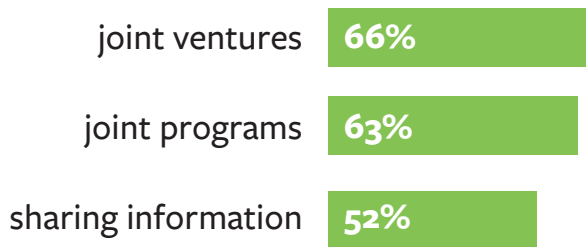
- Ensure that a new **Workforce Development Agency prioritizes diversity, equity, & inclusion (DEI)** by evaluating DEI workforce development resources, and making recommendations to improve them, and by incorporating DEI awareness and training in any new business engagement and outreach programs, and that such programs target nonprofit businesses.
- Establish a **statewide initiative to incentivize students to work in the nonprofit sector** that could include tuition reimbursement in partnerships with the Virginia Community College System and historically Black colleges and universities (HBCU’s).
- Consider the establishment of a **nonprofit leadership apprentice program** within the Virginia Community College System and HBCU’s.



## Collaboration & Convening

Nonprofits seek enhanced or new relationships with foundations and government agencies, and the opportunity to connect with and learn from each other.

Nonprofits are **highly collaborative** with **79% actively providing joint programs** and **79% sharing information**. Respondents expressed the most interest in these activities for new collaborations:



The fewest mentions for new opportunities for collaboration are **longer term, i.e., shared administrative functions (28%)** and **mergers (13%)**.

### MORE THAN 75%

of respondents cited the **URGENT NEED** to build mission, program, and service awareness over the next year.

Relationship-building was frequently cited by interview participants when discussing the kind of support that they needed in generating awareness of their mission.

“We need **more advocates**, so it’s good for nonprofits to be aware of us, of who’s out there. Many nonprofits have gone by the wayside.”

“**People struggle with [building relationships with] government**. There is extreme difficulty with identifying those sources ... it’s tedious work to understand what they’re asking for.

Responses from larger organizations tended to indicate a **desire for capacity building support** to 1) make other nonprofits or funders aware of the organization’s presence and mission, or 2) facilitate advocacy and potential collaboration.

When asked about new collaborations, **60% of respondents expressed interest in advocating together.**



## Collaboration & Convening

**Action:** Expand opportunities for nonprofits, funders, and governments to connect and partner purposefully.



### Principle 3: Build Relationships

We Grow Financial Support by Building Mutual Trust and Accountability.

### Principle 6: Collaborate With Communities

We Effect Positive Change by Collaborating with and Adapting to the Needs of our Communities.

#### Nonprofits

- **Research first to identify funders whose grantmaking priorities align with our work**, and seek to develop mutual trust and accountability with those funders.
- **Create a resource development plan with strategy and metrics, owned by our whole organization and informed with appropriate research**; staff and board actively engage as organizational ambassadors and in fundraising.
- **Leverage a network of community partners, clients, and the community served to generate broad and inclusive support**, including time, talent, treasure, ties, and testimony
- **Recognize and incorporate advocacy** as a collaborative tool to address root causes, change systems, and improve outcomes.

#### Funders

- Cultivate relationships and communication with nonprofits that **foster mutual trust and accountability, transparency, clarity, and understanding**.
- **Learn about how the funder-nonprofit dynamic is affected by unconscious biases, the capacity paradox** (cycle in which organizations with less capacity to get resources continue to struggle to get resources to develop their capacity), and unequal access to relationships.
- Value the unique expertise that nonprofits bring, and **prioritize collaboration with nonprofits and private and public sector actors to change systems**.
- Provide meaningful grant dollars to **fund collaboration, systems change work, continuous learning, risk-taking and innovation**.

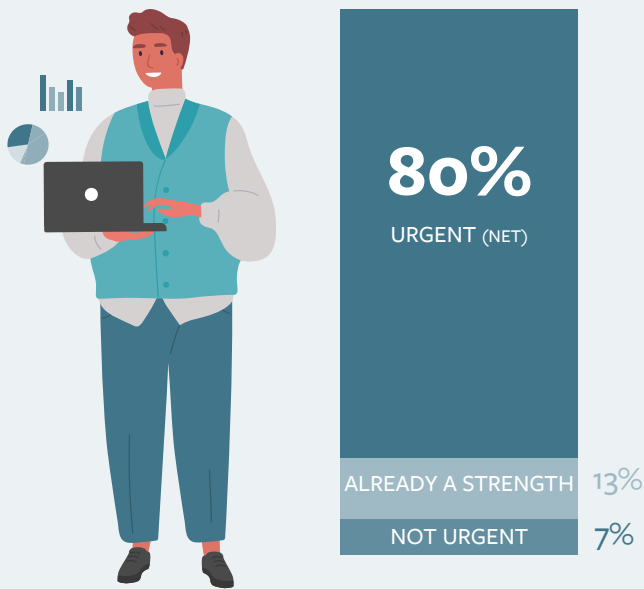
#### Government

- **Work with local governments to establish an annual regional social impact sector town hall** that enables the sector actors to share unique needs and recommendations to elected officials.

## Evaluation

**A large majority of nonprofits expressed an urgent need for evaluation support.**

When asked how urgent is your organization's need for support in clarifying, measuring, and improving how you evaluate the results of your work, **80% of respondents indicated the need was urgent.**



Understanding that there is **no one size fits all evaluation strategy**, nonprofits need investments to deepen their evaluation capacity. Staff capacity issues continue to be a theme from interviewees, highlighting the **high capacity required to engage in longer-term tracking and evaluation.**

**Most organizations say they evaluate results, but output data are often used to report impact.**

**56%** point to participation, enrollment, etc. as evidence of impact

**34%** cite calculating numbers, such as sales, enrollment, volunteer hours, etc. as the way they track impact

**37%** report that they do not track and/or report the impact of their work using, for example, key performance indicators (KPIs), or other metrics.

“The bigger beast is outcome tracking. Long-term as well as short-term. What happens long-term with the business and even what happens to the owner? That is very hard.”

“It’s hard to measure impact as we don’t have clear-cut metrics for impact versus just anecdotal.”

“Having input on the strategy for tracking long-term impact would be helpful, but then we need the resources to implement it.”

## Evaluation

**Action:** Target evaluation resources and support that meet organizations where they are to facilitate continuous learning and growth.



### Principle 7: Evaluate Impact

We Define and Achieve Success by Clarifying, Measuring, and Evaluating the Results of our Work

#### Nonprofits

- **Regularly clarify organizational purpose and unique value**, including vision, mission, and values.
- **Create actionable strategic plans and annual operating plans**, and develop the organizational capacity to execute on the plans. Note that this will look different for each organization, with emphasis on usefulness over formality; the key is deciding on and using a **process for clarifying, prioritizing, and making progress on the most important work**, and taking concrete steps to build the capacity to get there.
- **Design and measure program impact**, and adjust programs based on what is learned.
- **Prioritize evaluation by people served and disaggregate service evaluation data by race.**

#### Funders

- Engage in conversations about and **fund actionable strategic planning and the capacity needed to execute the plans.**
- Help nonprofits improve their services and tell their stories by **funding responsive program evaluation by people served and by funding program impact measurement.**
- **Seek impact measures and program evaluation disaggregated by race.**
- Regularly **seek grantee and applicant feedback, ideally through a third-party, anonymous, benchmarked survey**, to learn from their experiences with the grantmaking process and personal interactions.

#### Government

- Collaborate with nonprofits to **design equitable evaluation processes for government contracts and state grant funds.**
- **Create a state nonprofit resource page** that includes resources and tips for applying for government funds and contracts, which could be maintained by a newly established social impact sector state government liaison position.

# Study Details

## Data Collection for the Quantitative Study

The survey was designed to capture a broad range of input from statewide nonprofits. It was developed based on reviews of similar surveys across the country, based on past survey instruments used by CNE, and with inputs from the advisory team.

It was available via an online platform from July 15 to July 29, 2022. Emails and follow-up reminders were distributed directly to more than 600 organizations along with requests to share links to the survey with other organizations. CNE and its strategic partners also sent messages to their networks.

The survey included both closed and open-ended questions and covered the following topics:

- Organization characteristics such as size and location
- Strengths and priorities
- Areas of past and future investments
- Diversity, equity, and inclusion
- COVID funding access, utilization, and impact
- Past and future areas of collaboration

Data about the overall sector in Virginia came from Internal Revenue Service (IRS) data, the U.S. Bureau of Labor Statistics, the U.S. Census Bureau and the University of Virginia, Frank Batten School of Leadership and Public Policy.

State of the Sector totals refer to charitable nonprofit organizations filing reports for tax periods from June of 2020 to December of 2021. They will differ from those in other reports, because they may include tax-exempt organizations other than 501(c)(3) nonprofits, cover a different time period, be based on data retrieved from different sources or at different times, or for other reasons.

## Data Collection for the Qualitative Follow-up Study

From September 8 through 27, 2022, Philip Reese conducted semi-structured individual interviews with 24 leaders of nonprofit organizations across the Commonwealth of Virginia. The interviewers used a discussion guide that was developed to probe emerging themes from the 2022 Nonprofit Sector Survey (NSS), and to explore topics not easily covered in a survey instrument (such as “how” questions and other open-ended items).

Discussion areas included:

- Types of support desired in areas reported as “urgent need”
- Fundraising approaches and concerns
- DEI needs
- Approaches to leadership development
- Ways of measuring impact and evaluation wishes
- Relationships with government (e.g., agencies, elected officials)
- Definitions of “capacity building”

Not all questions were asked of all participants due to opportunistic probing, differences in levels of knowledge, enthusiasm about specific topics, and the time constraints of the interview.

### Recruiting and Sampling for the Qualitative Follow-up Study

About 10% of survey respondents participated in a follow-up interview. A purposeful sampling strategy was used to identify potential interview participants to ensure, to the extent possible, an inclusive mix of leaders. Qualitative participants were chosen for recruitment with the following attributes in mind:

- The geographical location of headquarters, with the goal of completing interviews with at least two leaders from each region of the state in similar proportions to the regional distribution survey respondents.
- The annual budget, with a goal of a roughly 50/50 mix of “small” organizations (defined as those with annual budgets of up to \$500,000) and “medium to large” organizations (defined as those with annual budgets over \$500,000). These thresholds were chosen based on the point at which, in the survey data, response trends seemed to differ.
- The role, with Executive Directors prioritized over other executives (e.g., HR, Operations) and board members in order to get the broadest perspective of the organization.
- A mix of experience levels ranging from one year to more than 10 years
- The leader’s self-reported race or ethnicity, to include at least seven organizations led by people who self-identified as African American or Black, Asian, Indigenous, or Hispanic/Latina/o/x of any racial or ethnic background.

Most sampling goals were reached, and overall, the qualitative sample is a diverse mix of nonprofit leaders from an annual budget, geographical location, and sector standpoint:

- Annual budgets range from under \$100,000 to over 10 million
- Headquarters are in all regions except the Southwest
- All areas of the Commonwealth are served

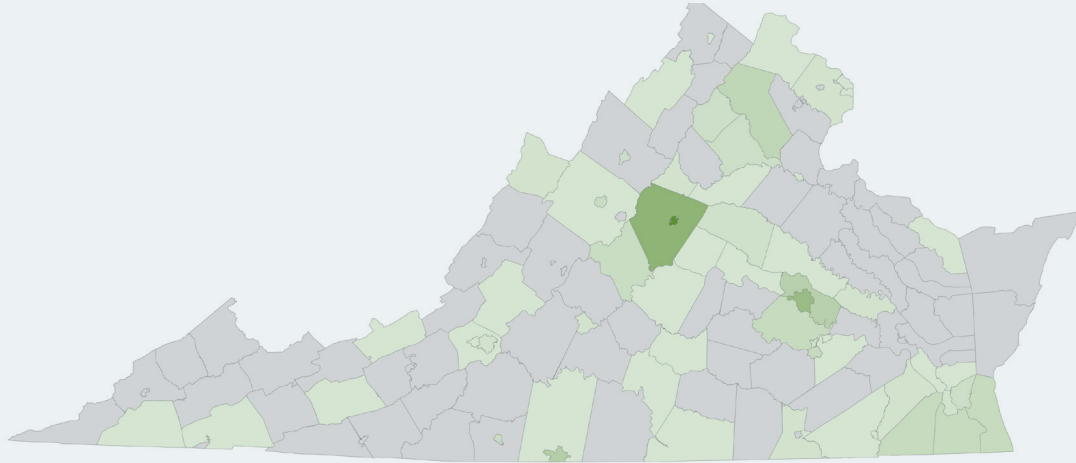
Constraints within the pool of eligible participants made some qualitative sampling goals difficult to attain. For instance, the pool of eligible participants who were headquartered in the Southwest region, or who self-identified as Asian, Indigenous, or Hispanic/Latina/o/x, included fewer than 10 individuals.

Great effort went into identifying and scheduling interviews. Approximately 168 individuals were identified and contacted via email from late August through late September to schedule an interview. During that time, 30 scheduled an interview and 24 leaders of these interviews were completed. Scheduling difficulties prevented seven leaders from attending their scheduled interviews. All interviewees were provided with a \$50 gift card to thank them for their time.

### About Philip Reese

Founded in 2007, Philip Reese is a consumer research company dedicated to bringing the human story into the heart of important decisions. Using qualitative research to supply businesses with a deep understanding of their customers, Philip Reese helps innovative B2C, B2B, and nonprofit organizations plan for success in the marketplace with products and services that resonate with their consumers. Philip Reese is based in Richmond, VA, with team members and collaborators nationwide.



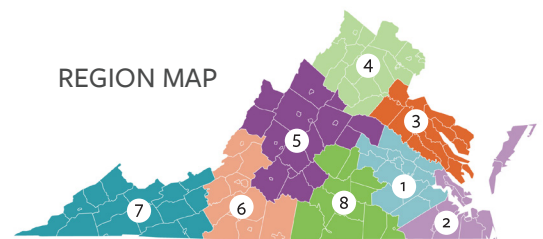


SURVEY RESPONSES BY COUNTY HEATMAP

PERCENTAGE OF TOTAL CATEGORY REVENUE AND POPULATION BY REGION

CATEGORY	REGION 1		REGION 2		REGION 3		REGION 4		REGION 5		REGION 6		REGION 7		REGION 8	
	% TOTAL CATEGORY REVENUE	% VIRGINIA POPULATION	% TOTAL CATEGORY REVENUE	% VIRGINIA POPULATION	% TOTAL CATEGORY REVENUE	% VIRGINIA POPULATION	% TOTAL CATEGORY REVENUE	% VIRGINIA POPULATION	% TOTAL CATEGORY REVENUE	% VIRGINIA POPULATION	% TOTAL CATEGORY REVENUE	% VIRGINIA POPULATION	% TOTAL CATEGORY REVENUE	% VIRGINIA POPULATION	% TOTAL CATEGORY REVENUE	% VIRGINIA POPULATION
Arts / Culture / Humanities	6.9%	15%	40.6%	20%	0.4%	6%	40.3%	34%	10.5%	9%	1%	7%	0.2%	5%	0%	2%
Education	9.5%	15%	7%	20%	0.6%	6%	26.3%	34%	48.9%	9%	5.1%	7%	0.9%	5%	1.8%	2%
Environment / Animals	3.9%	15%	10.6%	20%	0.6%	6%	79.8%	34%	3.2%	9%	0.9%	7%	0.2%	5%	0.7%	2%
Health	8.4%	15%	43%	20%	4%	6%	20.4%	34%	8.1%	9%	14.9%	7%	0.3%	5%	1%	2%
Human Services	16.6%	15%	13.8%	20%	1.90%	6%	51.9%	34%	8.4%	9%	5.5%	7%	1.3%	5%	0.6%	2%
International / Foreign Affairs	7.4%	15%	5.6%	20%	0%	6%	83.8%	34%	1.1%	9%	0.2%	7%	2%	5%	0%	2%
Public / Societal Benefit	6.4%	15%	6.1%	20%	1.2%	6%	76.6%	34%	5.6%	9%	3%	7%	1%	5%	0%	2%
Religion Related	5.9%	15%	48%	20%	0.3%	6%	31.40%	34%	6.8%	9%	6.3%	7%	1.1%	5%	0%	2%
Other	8.2%	15%	32.8%	20%	0.8%	6%	43.90%	34%	6.7%	9%	5.5%	7%	1.6%	5%	0.5%	2%
Overall	9.7%	15%	29%	20%	2.40%	6%	39.9%	34%	17.5%	9%	9.4%	7%	0.8%	5%	1%	2%

Source: Source: U.S. Census Bureau and Internal Revenue Service, Business Master File processed for fiscal years ending circa 2021 (April 2022)



## Additional Data

### SURVEY RESPONDENT ROLE IN THEIR ORGANIZATION

CATEGORY	OVERALL	\$0-\$500K	>\$500K
Lead Staff Member (Executive Director)	63%	67%	61%
Board Member	14%	21%	4%
Other Staff / Volunteer Role	9%	8%	7%
Development Lead	7%	0%	16%
Operations/HR Lead	3%	2%	6%
Programs Lead	3%	2%	3%
Finance Lead	1%	0%	3%

### RACE/ETHNIC IDENTITY OF BOARD CHAIRS AMONGST SURVEYED NONPROFITS

RACE/ETHNIC IDENTITY	REGION 1	REGION 2	REGION 4	REGION 5	\$0-500K	>500K
White	57%	39%	65%	79%	62%	72%
African American/Black	27%	29%	15%	8%	19%	14%
Latinx/Hispanic	2%	11%	5%	1%	3%	3%
Asian/Pacific Islander	4%	4%	5%	1%	1%	3%
Native American/Indian	4%	7%	-	5%	7%	1%
Prefer to self-describe	2%	7%	-	-	-	3%
Prefer not to answer	4%	3%	10%	6%	8%	4%

### RACE/ETHNIC IDENTITY OF LEAD STAFF MEMBERS AMONGST SURVEYED NONPROFITS

RACE/ETHNIC IDENTITY	REGION 1	REGION 2	REGION 4	REGION 5	\$0-500K	>500K
White	72%	59%	63%	79%	72%	76%
African American/Black	23%	25%	-	11%	19%	13%
Latinx/Hispanic	-	8%	-	2%	-	2%
Asian/Pacific Islander	-	-	-	1%	-	1%
Native American/Indian	-	4%	-	3%	1%	2%
Prefer to self-describe	-	-	6%	-	0%	1%
Prefer not to answer	5%	4%	10%	4%	8%	5%

# Additional Data

