Risk Readiness

A Report on Leading with Confidence in Uncertain Times

Risk is universal. Readiness isn't.

What are the 13 top risks facing nonprofits and schools—and what sets confident orgs apart?

By scanning the entire risk spectrum, we created the first Risk Readiness Barometer for social impact and uncovered the strategies of organizations that are confidently facing the future. ***Risk Readiness: A Report on Leading with Confidence Through Uncertain Times*** offers leaders actionable insights to proactively address the most pressing risks facing the sector in 2025.

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Introduction: Your Roadmap to Risk Readiness

In a time marked by constant change and uncertainty, navigating the shifting operational risk landscape requires more than just reactive measures—it demands confidence and innovation.

In recent years, social impact organizations have had to become increasingly savvy when protecting themselves from risk, as economic volatility, government policy changes, a pandemic, declining donor rolls and enrollment rates, cybersecurity threats, and increasing staff turnover have pushed leaders to refocus their strategic planning to ensure they can deliver on their missions.

The Blackbaud Institute conducted an extensive exploration of the risks facing the social impact sector in 2025, identifying the 13 most pressing concerns that could hinder a nonprofit organization or educational institution's ability to fulfill its mission. This report offers leaders actionable insights to proactively address these risks. By scanning the entire risk spectrum, we spotlight the strategies of organizations that are confidently facing the future to uncover what sets them apart.

Confidence doesn't come from knowing every challenge in advance—it's won by preparing to adapt and thrive no matter what comes next. Organizations that lead with confidence actively integrate risk into their strategic planning, foster innovation, and build resilience into their operations. These confident organizations embody a prepared mindset, rooted in foresight and a culture of innovation. They are not paralyzed by uncertainty but expect it—and view it as an opportunity to strengthen their foundations and forge new paths forward.

This report is your guide to leading with confidence. By understanding the risk landscape, embracing proactive strategies, and cultivating a culture of innovation, your organization can not only weather the storms ahead but also emerge stronger, ready to fulfill your mission with unwavering confidence.

About the Study

Methodology

The Blackbaud Institute, in partnership with Edge Research, surveyed 549 social impact professionals between April 23 and May 5, 2025. Of those professionals, approximately 65% (n=358) worked in nonprofits and 35% (n=191) worked in education (K–12 n=79; higher education n=88; and other n=33). Responses were anonymized and incentivized. Responses are inclusive of Blackbaud customers and non-customers alike.

Areas of Risk Studied

13 risk areas for study were identified based on a series of preliminary, in-depth interviews across the sector. Risks were identified as areas that would endanger an organization's ability to deliver on their mission and included:

Internal Risks

- ◆ Strategy/mission
- ◆ Governance/decision-making
- ◆ Organizational reputation
- ◆ Revenue/securing sufficient income
- ◆ Spending/managing expenses
- ◆ Technology
- ◆ Cybersecurity
- ◆ Compliance
- ◆ Operations

External Risks

- ◆ Public perceptions of the sector or broader space in which organizations operate
- ◆ Political landscape and government policy
- ◆ Competition with similar organizations
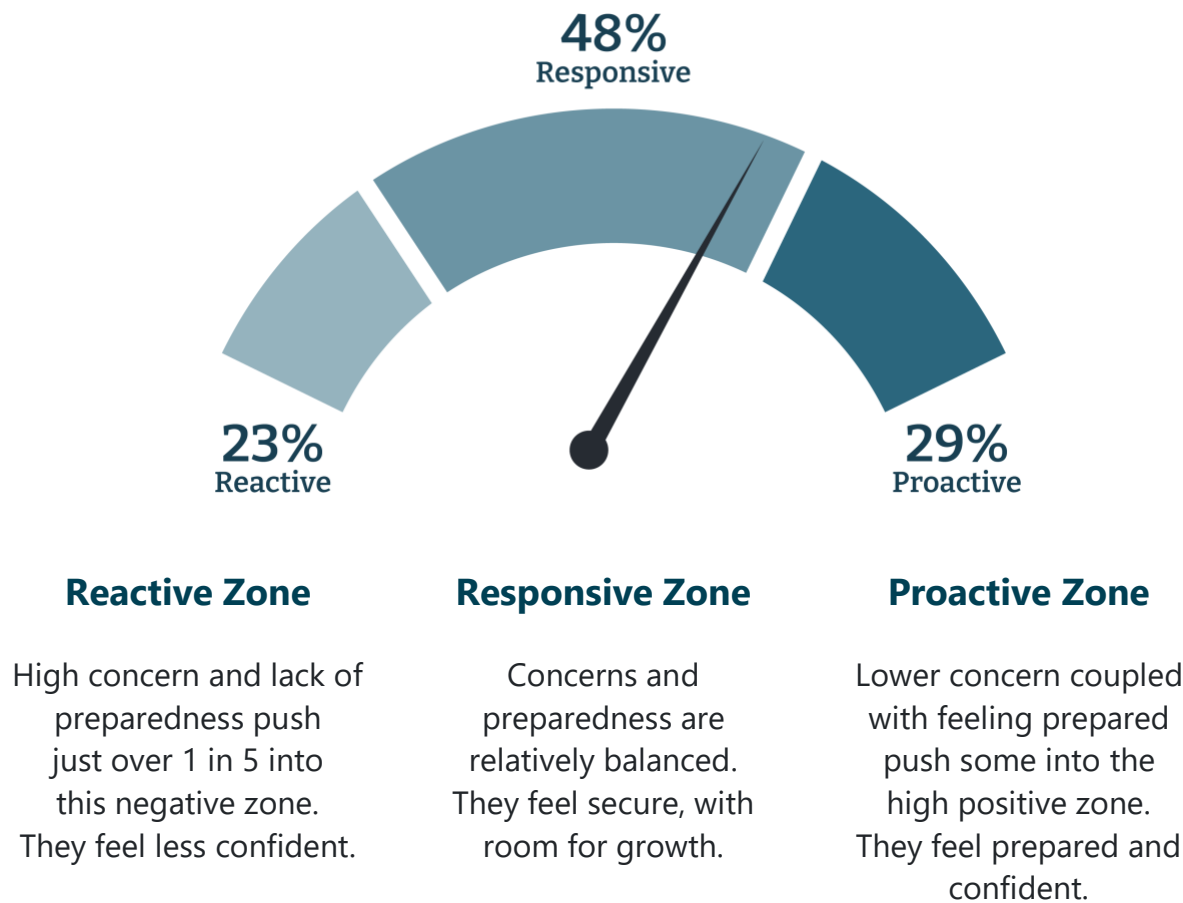- ◆ Unforeseen events with significant impacts (e.g., natural disasters, pandemics, etc.)

In addition to these risks, organizations were surveyed on the tactics that they are using to prepare for or mitigate these concerns.

Risk Readiness Barometer

To assess the greatest areas of risk—and identify common trends among organizations that are confident in meeting these risks head on—we developed a first-of-its-kind risk readiness barometer for social impact organizations.

A risk readiness score was given to respondents based on their respective levels of concern and preparedness surrounding the 13 identified risk areas. Degrees of concern were assigned negative numbers, while degrees of confidence were assigned positive numbers. When these factors were combined, a degree of risk readiness was established.

Three Segments Emerged Based on Cumulative Readiness Scores

48%
Responsive

23%
Reactive

29%
Proactive

Reactive Zone	**Responsive Zone**	**Proactive Zone**
High concern and lack of preparedness push just over 1 in 5 into this negative zone. They feel less confident.	Concerns and preparedness are relatively balanced. They feel secure, with room for growth.	Lower concern coupled with feeling prepared push some into the high positive zone. They feel prepared and confident.

The sum of these recodes across all 13 risk areas yields a "normal" distribution from -33 to +52, with 8 as the average. Each item was given equal contribution (i.e., more weight wasn't given to internal vs. external risks, financial risks, etc.)

As you can see in the chart below, the relative levels of concern differ greatly between organizations in the Proactive, Responsive, and Reactive zones across all areas of risk. Even in the most common risk area of government policy, those organizations in the Proactive zone are 35% less concerned than those who are still in the Reactive category. This difference is even more stark when assessing concern over revenue.

Percent of Orgs Concerned Over Next Three Years

		Proactive	Responsive	Reactive
Efficient use of technology platforms	44%	29%	47%	55%
Rising costs	44%	25%	46%	**63%**
Data security, privacy, and compliance	39%	26%	38%	**58%**
Cybersecurity challenges and threats	38%	21%	43%	49%
Training staff on new technologies	37%	20%	40%	**55%**
Keeping up to date on emerging technologies	36%	21%	38%	**49%**
Adoption of technology throughout org	36%	23%	35%	**52%**
Integrating AI into processes	34%	20%	37%	43%
Costs of cybersecurity initiatives	28%	15%	31%	40%
Costs of cybersecurity insurance	25%	12%	27%	**38%**
Availability of products and internal systems	22%	9%	24%	**36%**

Green/purple indicates higher/lower significant differences between subgroups.

Key Findings

The findings of the report highlight the risks that concern organizations most and the proactive measures organizations are taking to safeguard their future. By implementing forward-thinking strategies, organizations are building confidence and resilience to navigate uncertainties. But why focus on these confident organizations now?

After reporting a relatively stable period this fiscal year, many organizations now feel a greater sense of uncertainty and lack of confidence about the next three years. They anticipate the biggest challenge ahead to be the ripple effect of the economic and political environment: federal funding cuts, stock market volatility, and continued decrease in donor and alumni participation.

In their own words—what's keeping social impact professionals up at night?

> *"Uncertain government funding puts pressure on grantmaking orgs, and an economic downturn puts pressure on individual donors."*
>
> *"The yo-yo-ing of the economy makes our endowment returns very unpredictable and our organization relies heavily on endowment returns to fund much needed scholarships, financial aid, and staff support."*
>
> *"Due to cuts in government funding, we have already had to lay off 9% of our staff, and more layoffs are coming."*
>
> *"We're facing an increased need for services while our donors have less spending power."*

Leaders of social impact organizations shared insights into the considerable challenges in their landscape. There is only so much in their control, as nonprofits and schools have acutely learned in the past several decades. However, by digging into each area of concern, we found trends in risks and consistent factors for readiness start to emerge. While many risks cannot be wiped off the board or predicted, a proactive risk posture can prepare organizations for the unknown. By leveraging their experience and adaptability, nonprofits and schools are better equipped to navigate unprecedented times and continue making a positive impact.

Organizations that feel confident about the future are not unaware of these risks; rather, they lean into a proactive mindset to embrace risk as part of their strategic planning.

In their own words—what are confident organizations doing today?

> *"We have created a risk assessment matrix and have shared it with key supporters to help them understand our challenges. We want to make them aware that we are planning for the many uncertainties facing our industry and will be prepared to address multiple crisis situations. Our mission and values will not waiver and we will continue to serve our neighbors in need."*
>
> *"We are being proactive in telling our story as often as possible to as many audiences as possible."*
>
> *"We are offering competitive benefits that make working for our institution more desirable."*
>
> *"[We are] working on better data and reporting so we can make data-driven decisions."*

These are just a handful of the strategies that confident organizations are implementing to prepare for the future. As we will explore in this report, these proactive strategies are adaptable and are based on building a culture of innovation and a risk-ready mindset. Are you ready to get started?

ORGANIZATION SIZE AND BUDGET DON'T DICTATE READINESS

As we examined the factors that tip organizations into the Reactive or Proactive zones, we found clear differentiators in strategy and culture, not in revenue band or organization size. Out of the 29% of respondents who were in the Proactive zone and unconcerned about the future, 57% had fewer than 100 employees and less than half (37%) reported annual revenue over $11 million. On the other hand, those who were in the Reactive zone, whose concerns outweighed their preparedness, were more likely to have an annual revenue of $11 million or higher (49%) and had an equal distribution of employee size. This demonstrates that even large, well-staffed organizations can feel unprepared for risk without key strategies and culture in place—while smaller organizations with limited resources can feel confident in their risk readiness. This offers a unique opportunity to examine what tactics are available to any organization to prepare for uncertainty.

HIGHEST CONCERN: UNCERTAINTY OVER THE ECONOMY AND GOVERNMENT POLICY

Overall, government policy changes and revenue are top concerns, and the two areas where social impact professionals feel least prepared. Half had been impacted by the cuts to federal funding at the time of the survey, and 7-in-10 worried about what a recession could mean for their organization. Confident organizations are proactively

addressing government policy changes and revenue concerns by staying informed and adapting their strategies. Focusing on financial resilience and strategic planning enables them to better prepare for potential challenges.

Factors for Readiness:

- About a third of professionals feel prepared for these challenges. These prepared professionals share a proactive mindset and focus on the future.
- They are more likely to have recently updated their strategic plans, and are more likely to have taken preemptive or practical steps such as:

    o Engaging their boards
    o Setting clear fundraising goals
    o Focusing on their technology strategy
    o Hiring to get the right people in the right seats

This contrasts with unprepared organizations that tended to struggle more with rising costs or operational and staffing challenges.

PROACTIVE ORGANIZATIONS ARE CASTING A WIDER NET AMID RISING COSTS AND FEDERAL FUNDING CONCERNS

A third of professionals say their revenue increased over the last 12 months, with only 2-in-10 saying it decreased. Despite this track record, professionals express concern about the future—a concern shared across both the private and social impact sectors. When looking ahead to the next three years social impact professionals are concerned about the economy generally and—in addition to the impact of federal cuts—two-thirds are also worried about the rising costs of operations. However, the readiness level of the organization plays a key role in their outlook. While 86% of organizations in the Reactive zone are concerned over securing sufficient revenue in the next three years, only 33% of their counterparts in the Proactive Zone share this as a top concern. These confident organizations are diversifying revenue streams and leaning into their tech capabilities to implement cost-effective measures; they are better positioned to manage economic uncertainties and rising operational costs and aren't shying away from telling their story to reach a wider audience of supporters.

Factors for Readiness:

- ◆ Proactive professionals are more likely to invest in their marketing, expand their messaging and channels, engage brand ambassadors, and use data to strategically monitor spending.
- ◆ The majority of respondents plan to diversify their revenue streams, in addition to putting greater emphasis on individual and major donors.
- ◆ Those impacted by federal cuts have already or plan to reach out to corporations, foundations, and state/local funding sources.

STAFFING CONCERNS ARE INCREASING, ESPECIALLY IN EDUCATION

Of the organization-related challenges, staff burnout tops the list, followed by staff turnover, yet less than a quarter have a staff continuity plan. Half of schools are dealing with hiring and retention challenges, an issue in both K–12 and higher education. Organizations in the Proactive zone are meeting these challenges head on, investing in talent to ensure resiliency and continuity.

Factors for Readiness:

- ◆ Organizations are updating their employee benefits to combat staff burnout and turnover while staying competitive
- ◆ Proactive zone professionals have also brought in new team members and worked to improve internal relationships and communications.

TECHNOLOGY SETS PROACTIVE PROFESSIONALS APART

Two-thirds of respondents are confident they have implemented industry best practices for technology, and technology risks were not among total respondents' top concerns. However, digging a layer deeper, technology emerges as a predictive factor in whether an organization was in the Reactive or Proactive zone toward risk overall: The least prepared professionals worry more about efficient use of their tech platforms, data security, and tech training, and they are less likely to have a cybersecurity policy. Meanwhile, Proactive zone professionals at organizations of all sizes and budgets think about technology very differently than others.

Factors for Readiness:

- ◆ Proactive zone organizations are significantly more likely to have upgraded their technology, integrated multiple tech solutions, and streamlined their tech stack.

They also manage technology more strategically by working with consultants, having a dedicated operation to manage tech risks, and adhering to a technology continuity plan.

Read on to find detailed breakdowns of each area of concern, as well as the tools that Proactive zone organizations are using to increase their risk readiness and thrive in the face of uncertainty.

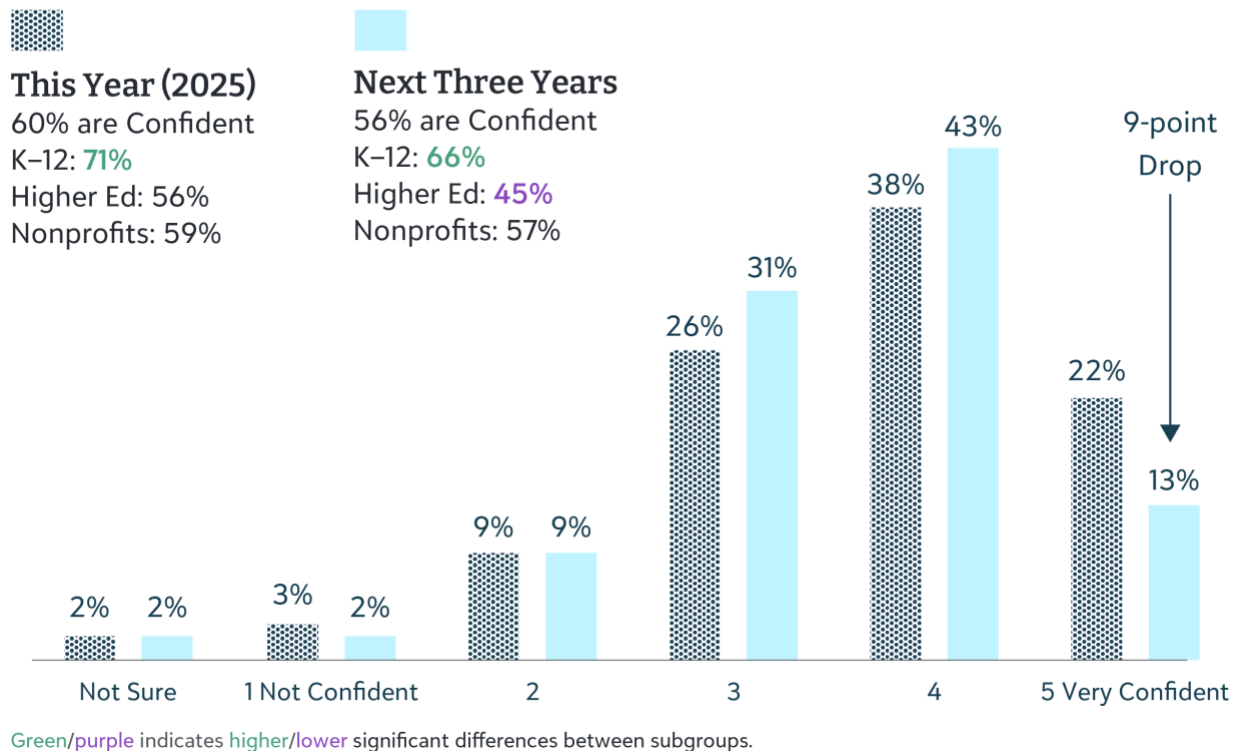
Risk and Readiness: Weighing the Challenges Ahead

Risk is an everyday fact of life for any venture, and social impact organizations must constantly balance their risks against their readiness. To get a pulse on the overall scale of risk to the sector, we analyzed how confident organizations felt in their ability to meet their goals and deliver on their mission in the short and long term.

For fiscal year 2025, 60% of respondents were confident in their ability to reach their goals. This was even higher for K–12 schools, with a 71% confidence rate. Nonprofits and higher education institutions were well-balanced, at 59% and 56% confidence, respectively.

When we look ahead to the next three years, however, we see an overall dip in confidence levels. While 56% still say they are confident, there is a 9-point drop in those who are "very confident" in their ability to deliver on their goals, from 22% in the short term to 13% in the long term. The milder rankings of confidence increased in turn, indicating more trepidation.

At the time of our survey, K–12 schools remained the most confident in the long term at 66%, though less confident than in the short term. The majority of K–12 respondents were from private or parochial schools—thus typically less reliant on federal or state funding—and their risks differ from their nonprofit and higher education counterparts. However, the turmoil over Elementary and Secondary Education Act (ESEA) Title funds in July of 2025 presented new challenges to all K–12 schools.

How Confident Are Organizations Over the Next Year and the Next Three Years?

This Year (2025)
60% are Confident
K–12: 71%
Higher Ed: 56%
Nonprofits: 59%

Next Three Years
56% are Confident
K–12: 66%
Higher Ed: 45%
Nonprofits: 57%

	Not Sure	1 Not Confident	2	3	4	5 Very Confident
This Year (2025)	2%	3%	9%	26%	38%	22%
Next Three Years	2%	2%	9%	31%	43%	13%

9-point Drop

Green/purple indicates higher/lower significant differences between subgroups.

Similarly, higher education institutions see a dramatic drop from 56% confidence in the short term to 45% in the long term. For those in higher education, the increasing pressure from the loss of federal and state funding sources drives increasing concern over time. Nonprofits' levels of concern in the short and long term remained stable, with a slightly lower confidence rate over the next three years of 57%.

Ranking of Greatest Challenges Facing the Sector

The confidence of organizations across the short and long term is impacted by their concerns over the most pressing challenges to the sector. While various risks will impact each organization to a different degree, the driving concerns for organizations across subsectors were the political landscape and revenue, ranking 1.5 times higher than any other issues. At the time of this survey, nearly 70% of organizations were concerned about the political landscape and government policy, with close to half saying they were
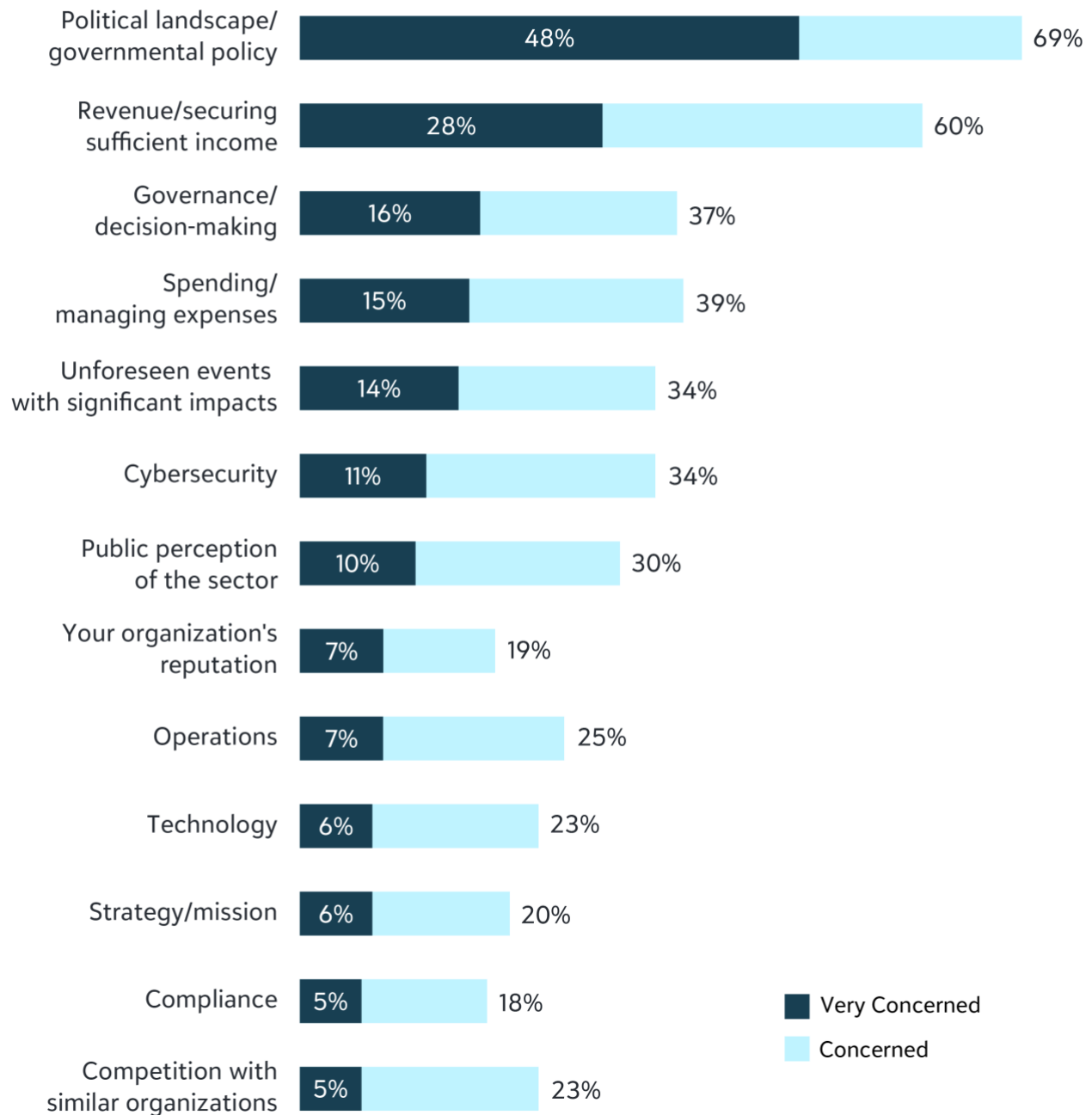
very concerned. This was lower for K–12 schools, though 54% were still concerned. 73% of nonprofits and 74% of higher education organizations shared this concern.

The story is similar when examining revenue risks, with 60% citing concerns, primarily within nonprofits (63%) and higher education (65%). K–12 schools are significantly less concerned about revenue at 46%. However, schools are generally more likely to be concerned about spending and managing expenses (45% compared to 39% overall). The education sector is more concerned than nonprofits over public perceptions and organizational reputation. 38% of schools (K–12 and higher education) are concerned about the public perception of their sector, compared to 25% of nonprofits. Meanwhile, twice as many (28%) schools are concerned about reputation than nonprofits (14%). K–12 schools are also more likely to be concerned about competition from similar organizations at 38%, compared to only 18% of nonprofits. This speaks to the disparate challenges of each subsector, with a higher emphasis on enrollment and tuition for schools and a more limited pool of students.
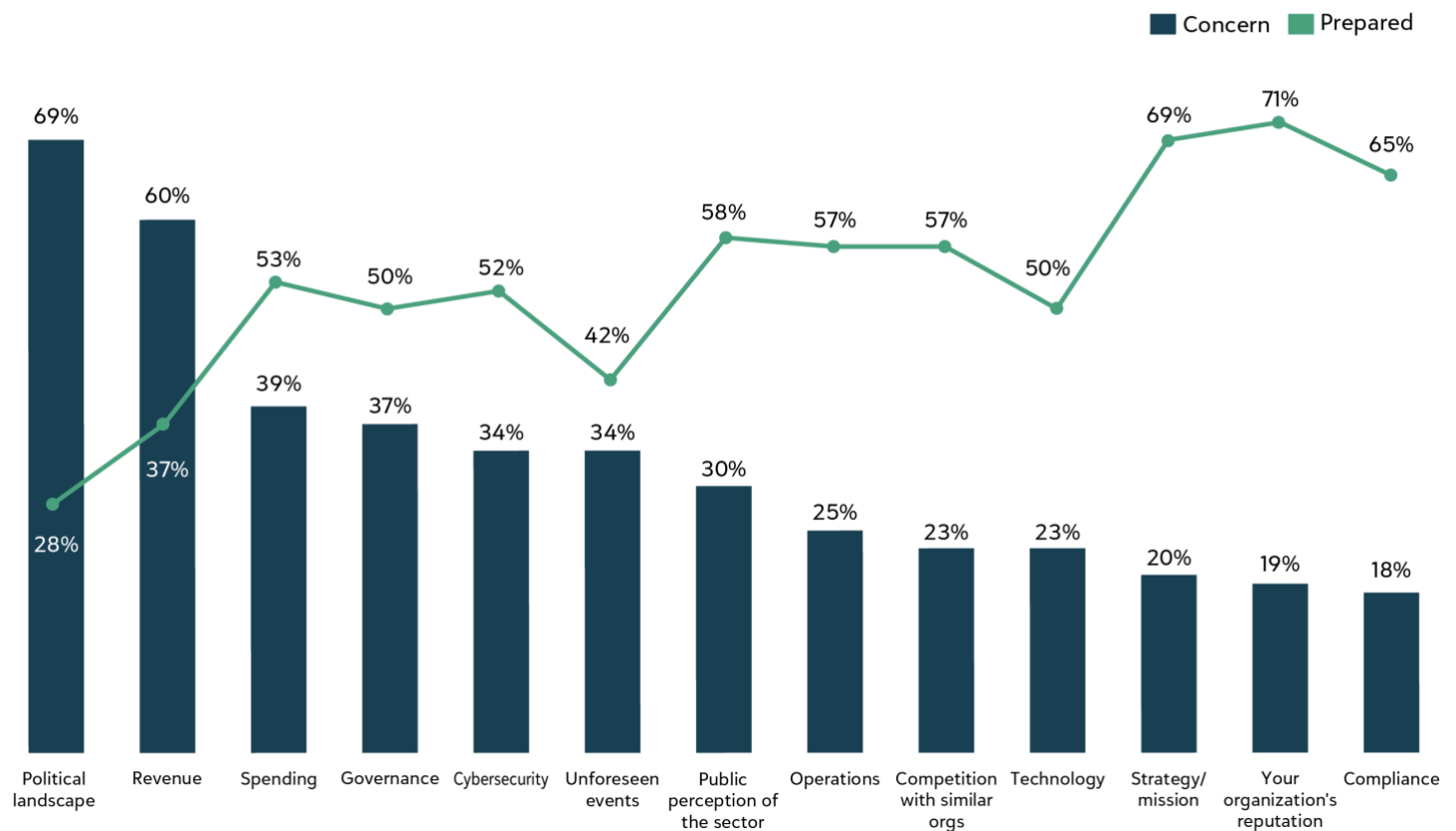
When considering unforeseen circumstances, such as natural disasters and pandemics, 38% of nonprofits are concerned, compared to 25% for schools. This may represent a difference in scope of reach as well as previous experience. While schools have been forced to adapt to unprecedented events through remote learning and crisis outreach, their focus is centered on the school community. Meanwhile, nonprofit organizations that serve various causes account for not only the impact on their staff and infrastructure, but also on beneficiaries across the globe who are impacted by such events.

Areas for mitigation become clear when we examine levels of preparedness against these ranked concerns. Few feel ready to deal with their top concerns of political landscape and revenue, but majorities feel prepared across most other areas—although there are subsector differences for unforeseen events and technology risks. We'll examine the drivers of risk and strategies for mitigation for these notable areas of concern in the following sections.

Percent of Orgs Concerned Over the Top 13 Risk Areas

Risk Area	Very Concerned	Concerned
Political landscape/governmental policy	48%	69%
Revenue/securing sufficient income	28%	60%
Governance/decision-making	16%	37%
Spending/managing expenses	15%	39%
Unforeseen events with significant impacts	14%	34%
Cybersecurity	11%	34%
Public perception of the sector	10%	30%
Your organization's reputation	7%	19%
Operations	7%	25%
Technology	6%	23%
Strategy/mission	6%	20%
Compliance	5%	18%
Competition with similar organizations	5%	23%

■ Very Concerned
■ Concerned

Concern and Preparedness Over the Next Three Years

Legend: ■ Concern ■ Prepared

Category	Concern	Prepared
Political landscape	69%	28%
Revenue	60%	37%
Spending	39%	53%
Governance	37%	50%
Cybersecurity	34%	52%
Unforeseen events	34%	42%
Public perception of the sector	30%	58%
Operations	25%	57%
Competition with similar orgs	23%	57%
Technology	23%	50%
Strategy/mission	20%	69%
Your organization's reputation	19%	71%
Compliance	18%	65%

Despite an overall lack of concern about tech risks, it is worth a second look at the balance of concern across Reactive and Proactive zone organizations, as clear differences emerge that are indicative of larger strategies for resiliency.

Tech Risks: Now is the Time for a Culture of Innovation

In light of the other challenges facing the social impact sector, technology considerations ranked low on the list across the board, with 23% citing it as a concern and only 6% identifying it as a high area of risk for their organization. The majority (68%) had [cybersecurity policies](#) in place, and 67% have conducted cybersecurity training. These rates are significantly higher among higher education institutions and Proactive zone organizations; 85% and 79% have cybersecurity policies, respectively. Two-thirds of respondents also felt that they were embracing best practices.

Reactive zone professionals were significantly more concerned about technology risks than their counterparts. Most notably, they had the highest concerns around their efficient use of technology and data security. On the other end of the spectrum, Proactive zone professionals were significantly less concerned about all technology challenges posed to them. They reported feeling more capable of staying up to date on the latest technology, training their staff in efficient use, and complying with the necessary standards of security. They were more likely to be upgrading their current tech, integrating solutions, streamlining their tech stack, and dedicating operations to manage their tech risks.

Proactive professionals focus on making the most of their tech investments, including widespread adoption, efficient use and staff training – pointing to a culture of innovation in these organizations

This defining difference may be a driving cause of the resiliency of these Proactive zone organizations, each of which carries a mindset of risk tolerance, adaptability, and investment into growth and experimentation.

Thinking about challenges to your organization's technology use, management, and cybersecurity, which of the following actions has your organization taken or plans to taken?

% Taken Action	Proactive	Responsive	Reactive
Embrace industry best practices and recommendations	76%	62%	66%
Work with technology consultants	53%	36%	36%
Upgrade our current technology	53%	38%	36%
Have a dedicated operation for managing technology risks	53%	39%	39%
Invest in new technology	51%	37%	40%
Offer more training to employees	51%	43%	30%
Integrate multiple technology solutions	49%	38%	32%
Streamline the tech-stack (eliminating or consolidating solutions)	36%	19%	18%

Green/purple indicates higher/lower significant differences between subgroups.

Financial and Government Policy Risks: The Only Constant is Change

We asked participants to look back on their revenue performance for the last year. 66% noted that their revenue had increased or stayed the same, with 21% reporting that it had decreased during that time. Unsurprisingly, Reactive zone participants were more than two times more likely to have seen a decrease in revenue than their Proactive zone counterparts (30% vs. 13%, respectively). Additional differentiators appeared as well; those with strategic planning processes in place, sustainability and resiliency plans, or increasing school enrollment were more likely to see increases in revenue.

Greatest Risks to Revenue

As we expanded on which financial concerns were most pressing for social impact organizations—gauging concern over the next three years across 21 economic factors—the following risks rose to the top as "very concerning":

- Federal policy changes (inclusive of tax policy)
- The overall economic situation
- Reductions in federal, state, and local government funding

These concerns rose above more evergreen issues such as:

- Rising costs of operations
- Drops in enrollment for schools
- The ongoing decline in charitable participation

This indicates a lack of preparedness for these new sets of challenges. Less pressing financial concerns included risks posed from the stock market; reductions in foundation and corporate funding; and difficulties with staff retention, as well as donor acquisition and retention. Notably, while having the right tech stack for fundraising was a low financial concern overall, Proactive zone respondents were significantly less likely to be worried than others

The differences between how Proactive, Responsive, and Reactive zone participants felt about the most pressing financial risks were vast, with the Reactive zone respondents nearly twice as concerned as their Proactive zone counterparts. In areas such as rising costs of operation and enrollment, the contrast is remarkable.

Percent of Orgs Concerned Over the Next Three Years

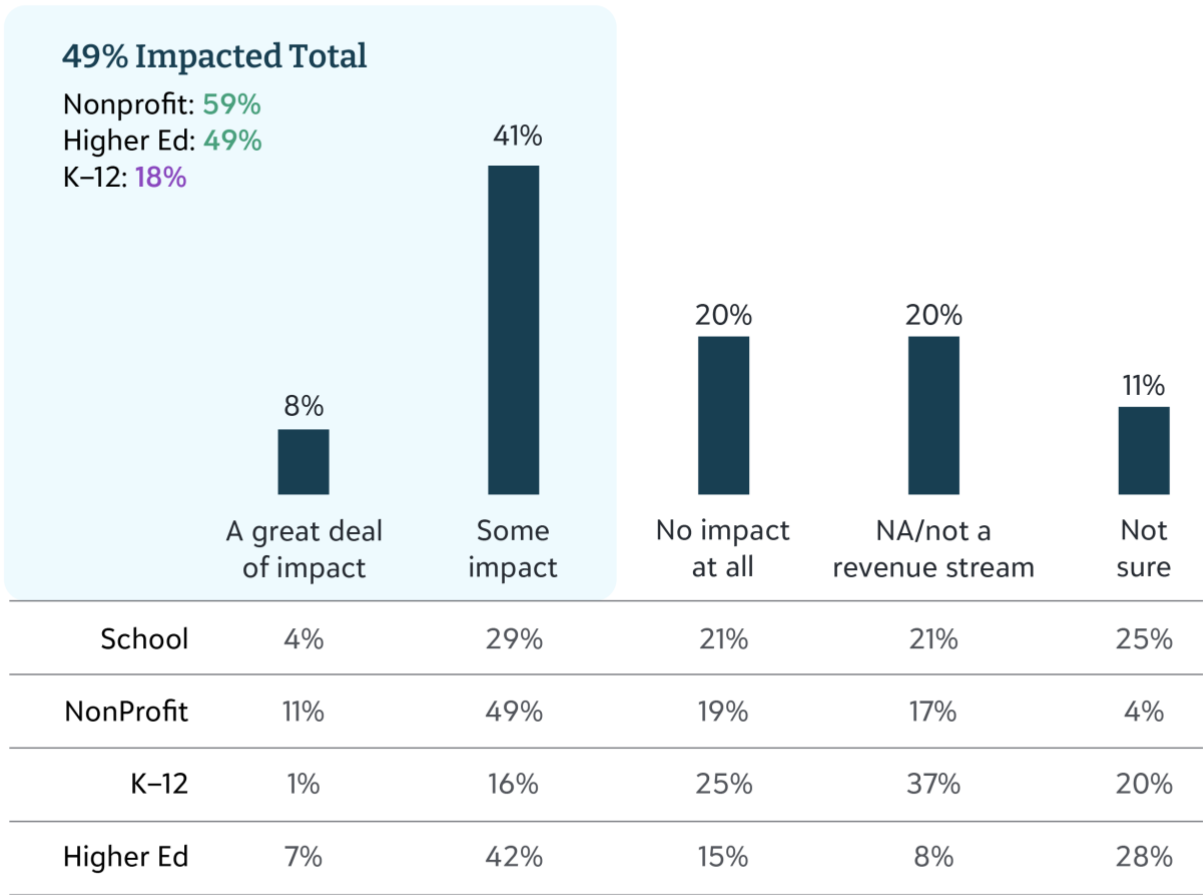|	Proactive	Responsive	Reactive
Overall economic situation — 69%	47%	74%	86%
Rising costs of operations — 64%	40%	68%	85%
Federal policy changes — 61%	48%	60%	80%
Ongoing decline in charitable participation — 58%	41%	61%	73%
Reduction in federal funding — 52%	44%	49%	70%
Drops in enrollment* — 51%	21%	56%	76%
Challenges with donor acquisition — 51%	29%	56%	67%
Reduction in funding from major individual donors — 50%	33%	54%	63%
Reduction in local/state government funding — 50%	37%	50%	65%

*K–12 and Higher Education Only
Green/purple indicates higher/lower significant differences between subgroups.

The Impact of Federal Funding Cuts

Revenue for the surveyed group was also impacted by [changes in federal funding](#). 49% of all respondents were impacted by cuts to U.S. federal grants and contracts in 2025. With higher reliance on this funding source, nonprofits and higher education organizations experienced this more acutely: Among respondents, 59% of nonprofits and 49% of colleges and universities were impacted. Only 8% of organizations were impacted a "great deal," including 11% of the nonprofits surveyed.

Percentage Impacted by Changes in Federal Policy

49% Impacted Total
Nonprofit: **59%**
Higher Ed: **49%**
K–12: **18%**

	A great deal of impact	Some impact	No impact at all	NA/not a revenue stream	Not sure
	8%	41%	20%	20%	11%
School	4%	29%	21%	21%	25%
NonProfit	11%	49%	19%	17%	4%
K–12	1%	16%	25%	37%	20%
Higher Ed	7%	42%	15%	8%	28%

Green/purple indicates higher/lower significant differences between subgroups.

One-third of respondents have made or will make budget cuts and staff changes, a number that is greatly influenced by cuts to federal funding. 33% of organizations plan to enact budget cuts, highest among higher education institutions (41%) and nonprofits (35%). Those who were impacted by federal funding cuts were more likely to plan to reduce overhead (35% vs. 27% total) and more alarmingly, reduce and restructure staff (42% vs. 33% total).

These challenges have shaped the social impact space in 2025 and, as we see in the responses of survey participants, are fueling organizational decisions with long-lasting impacts. We consulted the Blackbaud Institute's Policy Advisor, Sally Ehrenfried, to share her expert insights into navigating the changing federal funding landscape.

EXPERT INSIGHTS: 6 STRATEGIES FOR RESILIENCY IN THE CHANGING FEDERAL FUNDING LANDSCAPE
SALLY EHRENFEID, BLACKBAUD INSTITUTE POLICY ADVISOR

Over the course of 2025, organizations that receive federal support have been responding in real-time to rapid changes in funding. No one has a crystal ball, and the uncertainty is likely to continue.

Funding challenges have a cascading effect on higher education institutions, state and municipal governments, and other entities that depend on federal support. As this situation continues to evolve, leaders must remain vigilant, adaptable, and proactive in their financial planning. Here's how.

1. Maintain focus.

"Mission creep" into initiatives beyond an organization's purpose and expertise is simply not sustainable. Now is the time to reaffirm your organization's core mission, vision, and values. Maintaining mission clarity allows nonprofits and educational institutions to focus their resources where they're most effective. With budget uncertainty, anything auxiliary to an organization's core mission should be rethought. An unrelenting focus on mission clarity also makes it easier to communicate the importance of the mission to key stakeholders, including donors, alumni, volunteers (including leadership volunteers), and your community.

2. Stay informed on policy without becoming overwhelmed.

Staying informed on policy changes is crucial, but it's important to focus on issues that directly affect organizational sustainability, such as tax policy, the federal appropriations process, state regulations, and donor rights. Regulations and policies can impact how donors react to requests for support, especially if you're seeking a major gift that will include a gift agreement. Reliable resources like Congress.gov, WhiteHouse.gov, and federal and state nonprofit associations provide valuable updates, while tools like free tracking services and paid monitoring systems help streamline information without overwhelming staff.

3. Assess your grants to protect existing funding

If your organization receives federal funding, you're likely in crisis management mode. Yet, this is also the time to assess your current grants, review your grant reporting, and confirm your internal controls to make sure you don't give federal agencies any justification to remove funding. [Once you're crystal clear on the status of your current grants](), you can more accurately understand risks and better forecast budget challenges.

4. Prepare to manage liquidity challenges.

Organizations should proactively manage liquidity challenges by assessing the impact of funding changes on their budgets, implementing cost-containment measures, and preparing for potential disbursement delays. Understanding financial outlooks through data collection is crucial for informed decision-making and stakeholder engagement. Additionally, establishing or, diversifying income streams, and setting clear financial policies can enhance stability. Regularly updating financial strategies, [conducting audits](), and monitoring trends will help organizations navigate uncertainty more effectively.

5. Invest in widening and retaining your donor pool.

More effectively engaging donors of all ages, especially younger donors, can also help build long-term financial stability. Engaging with younger alumni not only benefits your organization or institution in the short term, but it also helps create a strong cohort of future donors. Millennials are inclined toward spontaneous giving, often driven by current events. [Targeting younger demographics]() with digital fundraising campaigns, good-natured competitions among classes or other institutions, social media

engagement, and peer-to-peer fundraising opportunities can strengthen donor acquisition and retention.

Improving overall donor retention is also critical, as nonprofits and other institutions typically retain only about 50% of repeat donors annually. This means they're consistently seeking new donors, increasing pressure on fundraising teams. To improve retention rates, nonprofits should prioritize personalized stewardship, regular impact updates, and donor appreciation efforts. High-level strategies include implementing automated donor journeys, hosting exclusive donor engagement events, offering flexible giving options, and prioritizing recurring giving appeals. Strengthening donor relationships not only improves retention but also encourages increased giving over time.

6. Inform stakeholders and drive support.

Successfully navigating changes to federal funding requires a clear understanding of how these shifts impact your organization or institution and the broader community. Even if federal funding represents a small portion of your budget, it can significantly affect other organizations in your focus area, increasing demand for your services. Keeping stakeholders informed through regular updates builds trust, creates advocates, and prepares your organization to seek additional support. Leveraging technology and data to personalize donor communications fosters stronger relationships and boosts donor retention. Targeted messaging based on giving history and engagement levels is particularly effective.

Now is the time to advocate boldly for your mission. While nonprofits and other institutions must comply with lobbying restrictions, there is an exception for self-defense lobbying. Educating the public and engaging policymakers remains legal and vital. Advocacy efforts can include developing agendas, collaborating with sector-specific associations, and utilizing resources like the National Council of Nonprofits' Everyday Advocacy or one specific to your organization or institution. Engage elected officials through visits, updates on organizational impact, and leadership volunteers to enhance visibility and influence, ensuring your organization remains at the forefront of community support.

Meeting the Mission, Today and Tomorrow

The rapidly shifting funding landscape requires a steadfast commitment to your mission. Navigating changes and uncertainties in federal funding is not easy, but organizations and institutions that take proactive steps to stay informed, manage liquidity, diversify revenue, and engage stakeholders and supporters will be better positioned to weather any instability. While this uncertainty is likely to continue, organizations that take decisive action will not only maintain operational stability today but emerge stronger, more resilient.

MITIGATIONS TO FINANCIAL RISK

The actions that organizations are taking to mitigate financial risks differ greatly based on their risk readiness, with respondents in the Proactive zone more than two times less likely to enact budget cuts and layoffs than those in the Reactive zone. Most strikingly, 30% of Reactive zone organizations plan to cut programs—compared to 16% for Responsive and only 6% for Proactive zone organizations—making them less equipped to effectively deliver on their missions.

Many of these mitigations, including budget cuts and layoffs, are seen as tools for the mid-to-short term. One change that organizations are adopting for the long term is increasing their efficiency through automation; 74% of respondents viewed the incorporation of automation into their workflows as a permanent or long-term shift. Automation is a relatively inexpensive investment that can also lower costs during times of uncertainty, but organizations will get the most out of these tools when adopted alongside a culture of innovation that prioritizes training and data health.
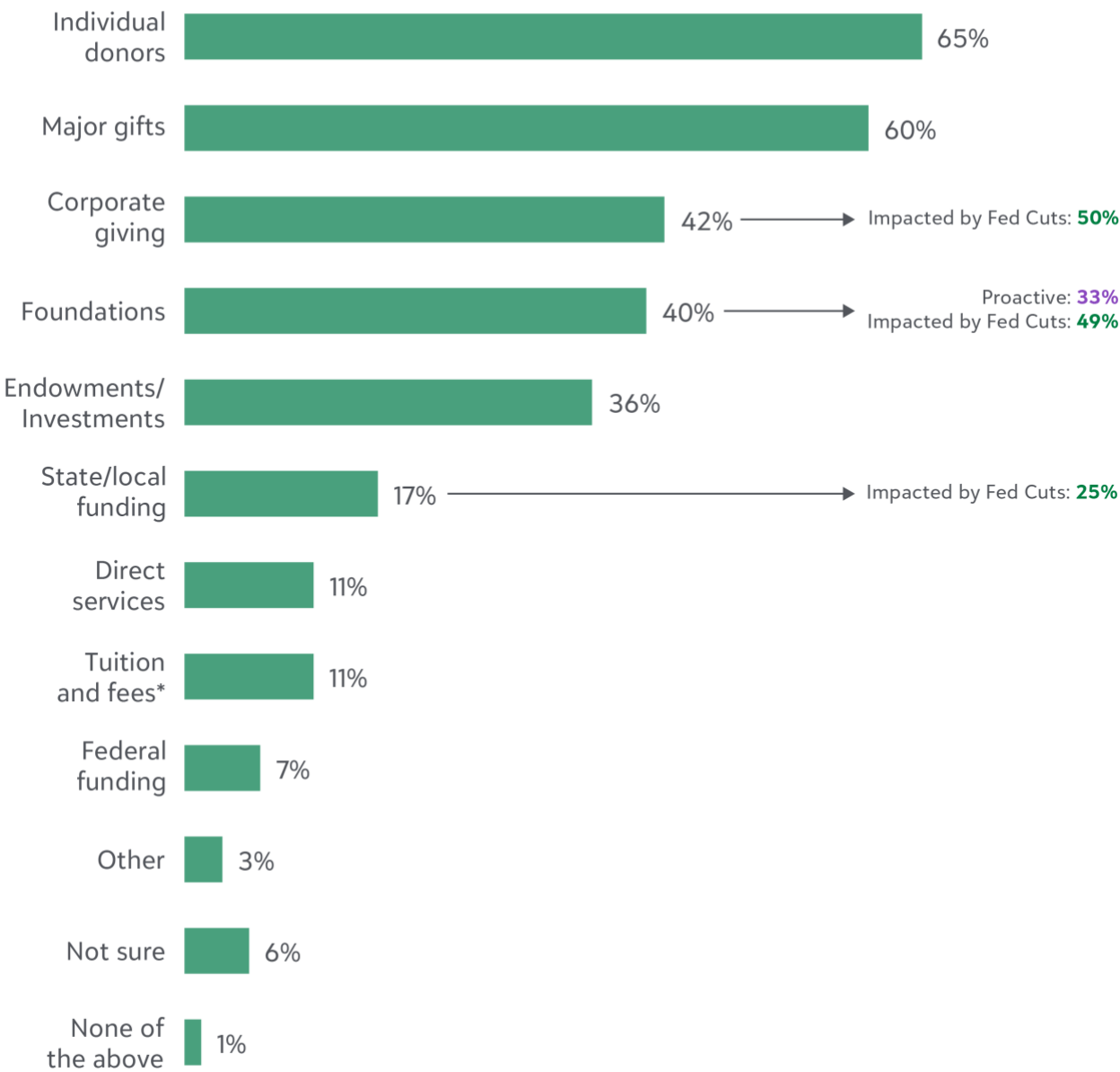
Instead of cutting staff and programs, 53% of Proactive zone organizations are investing in better data to quantify the impact of their spending. Four-in-ten (41%) are investing more in their marketing and communications, building new bridges to supporters and students.

Across all levels of preparedness, 67% are pursuing [new revenue streams,](#) with 74% of nonprofits branching out. The majority will focus on individual donors (65%) and major gifts (60%). Corporate and foundation giving are also high revenue streams of interest, particularly for those who were impacted by federal funding cuts. This group is expanding their efforts to reach state and local funding sources. Understandably, only 7% of respondents planned to focus more efforts on federal funding in the year ahead.

Thinking about challenges to your organization's revenue, budgeting, and cost management, which of the following actions has your organization taken?

% Taken Action	Proactive	Responsive	Reactive
Using data to better quantify the impact of your spending	53%	36%	35%
Assessing spending and its alignment with mission	46%	35%	38%
Reaching out to new foundations/funders for grants	45%	38%	36%
Investing more in marketing and/or communications	41%	29%	27%
Asking foundations for unrestricted grants	36%	31%	32%
Reaching out to new audiences/demographics for donations	34%	32%	28%
Realigning existing programs and services	34%	23%	31%
Providing fraud detection trainings(s)	34%	28%	31%
Expanding to pursue new revenue streams you do not have today	28%	18%	21%
Offering new products or services to increase revenue	25%	20%	20%
Collaborating with similar organizations to increase revenue or decrease cost	21%	15%	20%
Merging with similar organizations	9% t	6%	6%

Organizations Are Focusing More on These Revenue Streams Next Year

Revenue Stream	Percentage	Subgroup Notes
Individual donors	65%	
Major gifts	60%	
Corporate giving	42%	→ Impacted by Fed Cuts: **50%**
Foundations	40%	→ Proactive: **33%** / Impacted by Fed Cuts: **49%**
Endowments/Investments	36%	
State/local funding	17%	→ Impacted by Fed Cuts: **25%**
Direct services	11%	
Tuition and fees*	11%	
Federal funding	7%	
Other	3%	
Not sure	6%	
None of the above	1%	

*K–12 and Higher Education Only
Green/purple indicates higher/lower significant differences between subgroups.
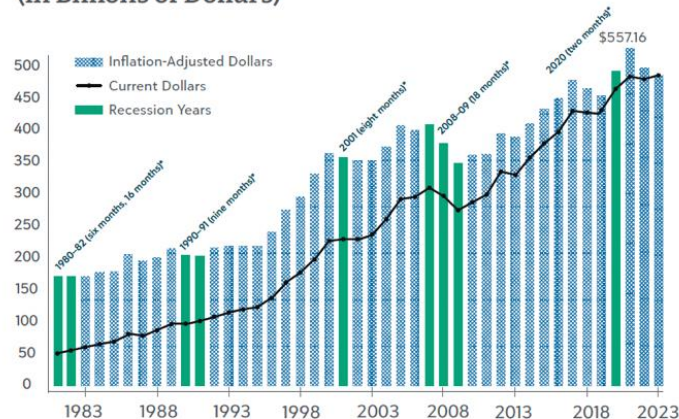
RECESSION-PROOF YOUR ORGANIZATION

Removed from the financial risks discussed previously, we surveyed professionals about their concerns related to unforeseen events. The risk of recession and stock market declines were the most concerning unforeseen circumstances for organizations. 70% of professionals—74% for nonprofits—cited recession as a concern, with 41% saying they are "very concerned." This was closely followed by stock market declines, which were a concern for 59% (34% of organizations very concerned). Proactive zone organizations were less concerned, though over half (55%) are worried about the impact of a recession over the next three years.

How concerned should organizations be about the lasting effects of a recession on philanthropy?

In a recent historical review of philanthropy through recession, the Blackbaud Institute found that most recessions over the last 40+ years have not significantly impacted the sector. Only the Great Recession had a meaningful impact on charitable giving, but even in this instance the sector rebounded within three years.

Overwhelmingly, total charitable giving has increased or stayed flat in current dollars every year since 1983 (Giving USA, 2024). In this time, any declines in overall charitable giving rebounded and continued an upward trajectory. For instance, while a relative decline was seen following the 2020 and 2021 spikes of giving, early reports from the Blackbaud Institute saw an increase in giving of approximately 2% in 2024 and a compound annual growth rate in the sector of 1.8% over the last five years (2024 Trends in Giving, 2025).

Total Giving, 1981–2023
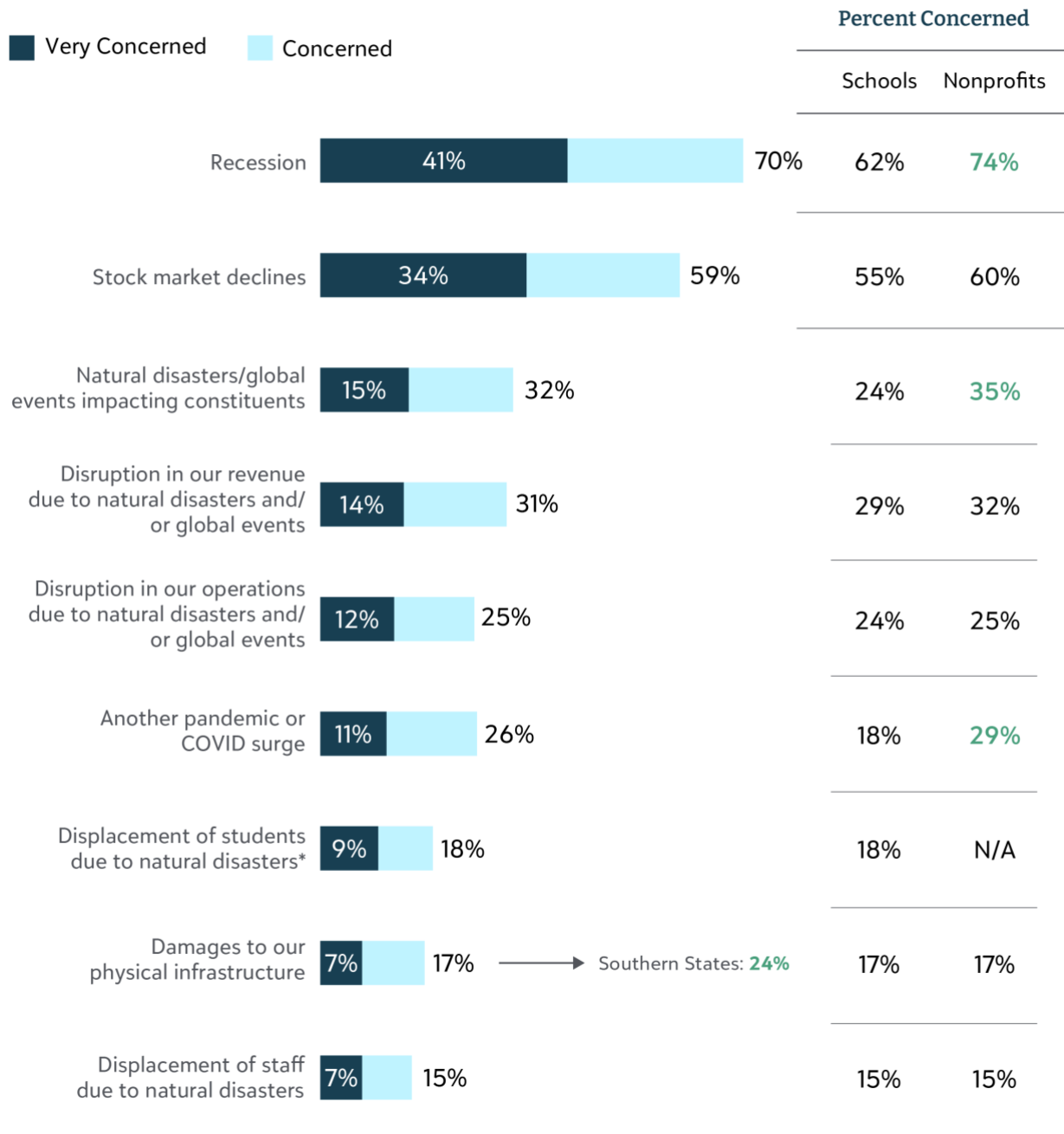(in Billions of Dollars)

Source: Giving USA 2024: The Annual Report on Philanthropy for the Year 2023. The Giving Institute, 2024.
*Recession dates and duration provided by The Blackbaud Institute.

While organizations should keep a close eye on indicators such as the S&P 500 and GDP to assess the giving power of their supporters, best practices remain the same within a recession and outside of one. The steps that organizations are taking to mitigate their existing financial risks are those that would benefit them during times of recession.

Over the next three years, how concerned are you about each of the following?

Legend: ■ Very Concerned ■ Concerned

	Very Concerned	Total	Percent Concerned Schools	Percent Concerned Nonprofits
Recession	41%	70%	62%	**74%**
Stock market declines	34%	59%	55%	60%
Natural disasters/global events impacting constituents	15%	32%	24%	**35%**
Disruption in our revenue due to natural disasters and/ or global events	14%	31%	29%	32%
Disruption in our operations due to natural disasters and/ or global events	12%	25%	24%	25%
Another pandemic or COVID surge	11%	26%	18%	**29%**
Displacement of students due to natural disasters*	9%	18%	18%	N/A
Damages to our physical infrastructure	7%	17% → Southern States: **24%**	17%	17%
Displacement of staff due to natural disasters	7%	15%	15%	15%

*K-12 and Higher Education Only

Here are some examples of how you can continue to proactively future proof your organization:

◆ **Understand where you are now.** When the economy is unpredictable, or everyone is predicting a downturn, it helps to take stock of where you are, what your goals are, and how your priorities are aligned. Getting realigned on your priorities makes the decision process simpler if programs do need to be pulled back or funding needs to be shifted. It's important to review this information so your team can be proactive in addressing funding issues or increased demand before they happen.

◆ **Create momentum in the short term.** When there are storms in the forecast, it makes sense to be prepared. Your financial ducks may already be in a row, but it never hurts to review the small ways money flows in and out of your organization. Examine your expenses and fine-tune your income channels to make sure they are revenue-wise.

◆ **Plan for the long term and create a foundation for the future.** Given a long enough horizon, nonprofits will experience every economic cycle at least once. The organizations that successfully weather storms look farther than next week or even next year. Short-term adjustments are crucial for surviving economic uncertainty, but to thrive, you need to be prepared for the long-term shifts that will affect your organization. This data-driven approach also helps keep you from organizational inertia. You prune processes that are no longer serving you, even though that is the way it has always been done. Learn more in this Cost Containment Guide for Nonprofit Finance Teams.

◆ **Diversify your revenue mix.** Philanthropic organizations follow a multitude of revenue models. While different organizations may thrive using various combinations of revenue sources, organizations should avoid an over-reliance on certain sources. A survey of fundraisers in 2024 illustrated that a diverse revenue mix was one of the greatest determinations of resiliency.

◆ **Embrace digital transformation.** From reducing your manual processes through workflow automation and AI tools to thriving in remote working environments and embracing new platforms, organizations must adhere to a new focus on delivering strong digital experiences to their stakeholders.

◆ **Find and target major donors.** Data from our Vital Signs series—supported by the 2024 Generosity Commission Report—found that, while the overall amount of dollars donated continues to grow, the number of individuals donating money since the last recession has been shrinking. Organizations should familiarize themselves with their donors on file as well as prospects who have the capacity to

make a major gift. Additionally, many major donors search out alternative vehicles for giving and tax benefits to make their philanthropic dollars go further. Organizations should ensure they are prepared to accept non-cash gifts.

◆ **Focus on donor retention.** While first-year donor retention remains a challenge among nonprofit organizations, multi-year retention rates remain strong. [Marketing and fundraising strategies](#) must be aligned to best frame and communicate the societal values embraced by an organization's mission and programs.

◆ **Invest in a sustained giving program.** [Data shows](#) that revenue per donor increases in the years preceding the two years following a donor's commitment to a sustainer program (50% to 300%, with even the low end far exceeding the typical return for non-sustaining donors). As a strategy choice, there is substantial value in sustainer fundraising.

◆ **Add to your donor pool.** Organizations need to focus on strategies that address the changing macroeconomic environment we find ourselves in. To provide the most long-term growth, organizations must continually add to their pool of donors. Recent Blackbaud Institute research into [Gen Z giving behaviors,](#) as well as [spontaneous donor retention,](#) illustrates the value of laying groundwork today for a wider, more engaged donor pool tomorrow.

◆ **Harness the power of peer-to-peer fundraising.** The acceleration of avenues like crowdfunding, do-it-yourself, and peer-to-peer fundraising will remain a cohesive component of overall fundraising strategies. Peer-to-peer campaigns continue to gain traction, connecting people to the causes they care about through the channels they regularly use on a one-to-one vs. one-to-many level.

Digital Maturity May Hold the Key

[Another recent survey of nonprofit and education fundraisers from the Blackbaud Institute](#) revealed a strong correlation between digital maturity and revenue success. A digitally mature organization is defined as one in which technologies are integrated across all areas, including fundraising, service delivery, supporter/student experience, and internal processes. Twice as many digitally mature organizations claimed to be getting the most out of their tech investment than those who classified themselves as digitally limited. Those who are digitally limited are also less likely to have experienced revenue growth.

As the last few years have shown us, change is here to stay and can promote more critical and nimble approaches to fundraising and donor management. You can drive

your organization toward a more resilient, tech-savvy future using the tips above for incremental investment into growth. Embracing the future of fundraising—leveraging AI tools to sharpen your engagement strategies, pinpoint high-potential donors, and reduce staff burnout—can give you the edge you need to weather uncertain times.

Enrollment and Policy Change: Examining Risks to Educational Institutions

Perceptions of today's risk landscape for educational organizations were greatly dependent upon funding sources and the structure of the educational institution. Out of the 191 schools who participated in this research, 79 were K–12 schools, the majority of which were private, parochial, and independent schools. While these schools rely primarily on tuition for their income, shifts in federal funding policy are increasing the pressure on enrollment, fundraising, and non-traditional revenue streams. This offered the opportunity to explore the pressing issues of revenue streams for these organizations, as well as for those higher education institutions which rely on a wider range of funding sources. Due to the smaller sample size, we offer these insights as directional in nature only.
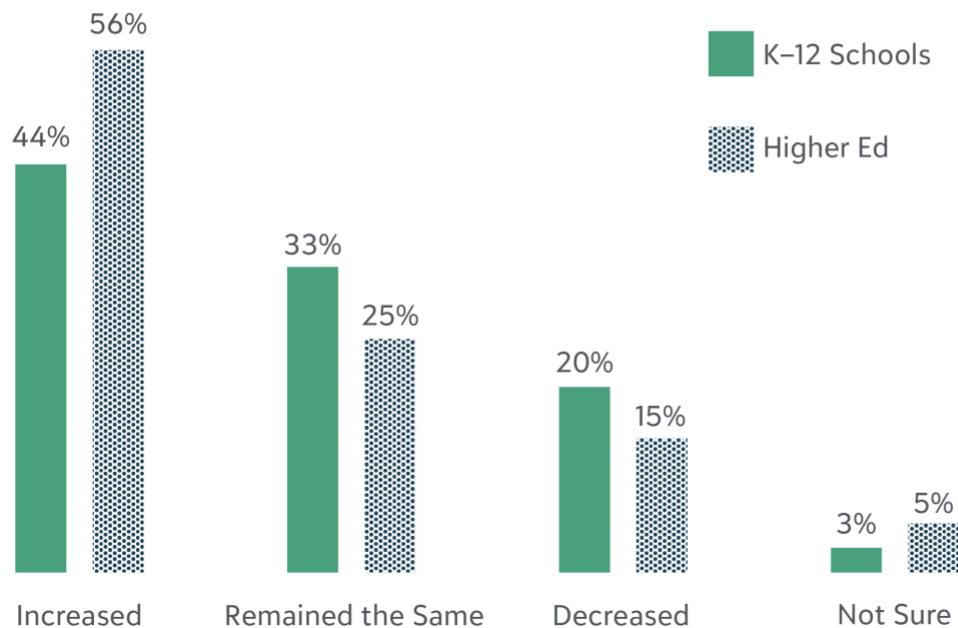
In our *Status of Fundraising in the AI Era* study, the Blackbaud Institute surveyed fundraising professionals across the education space to gauge their key drivers of revenue growth and decline. Tuition was the primary revenue stream for 59% of these practitioners, followed by major donors for 24%.

For those that are focusing on fundraising, there is a strong emphasis on exceptional gifts and encouraging higher dollar donations from their existing donor pool. 54% of practitioners across K–12 and higher education cited their fundraising income as increasing in 2024, with exceptional gifts reported as the most common reasons for growth (62%) followed by their supporters giving more (40%). Alternately, for those whose fundraising revenue declined, adequate resourcing was the most common factor (48%), closely followed by decreasing donor numbers (46%).

As discussed, K–12 organizations surveyed on their risk mitigation strategies were more confident in the short- and long-term than other social impact organizations, perhaps because of their diverse revenue sources. Schools that experienced enrollment increases were even more confident overall than those that did not see increases. Despite being less confident than K–12 schools, higher education institutions reported increases in

Enrollment Over Last School Year

48% overall say enrollment increased over last year

K–12 Schools / **Higher Ed**

	Increased	Remained the Same	Decreased	Not Sure
K–12 Schools	44%	33%	20%	3%
Higher Ed	56%	25%	15%	5%

their enrollment. In the last school year, 44% of surveyed K–12 schools saw an increase in enrollment, compared to 56% of those in higher education.

GREATEST CONCERNS OF K–12 SCHOOLS

Regardless of relatively high levels of confidence overall, K–12 schools shared concern over these key risk areas:

1. Tuition challenges (62%)
2. Hiring challenges (56%)
3. Financial aid (54%)
4. General enrollment and retention challenges (53%)

To mitigate these risks, K–12 schools are actively engaging their community. 51% have surveyed their students and families to better meet their needs. To a lesser degree (41%), K–12 schools are investing in more marketing and promotion of their schools.

GREATEST CONCERNS OF COLLEGES AND UNIVERSITIES

Higher education organizations are focused on the political landscape and government policy, as well as their ability to secure sufficient income. They are also primarily concerned over:

1. Cuts to federal funding (74%)
2. Possible elimination of the U.S. Department of Education (66%)
3. Government policies that may impact their students (66%) and staff (61%)
4. Retention challenges (65%)
5. Threats to international student enrollment (64%)

Notably, 33% of higher education institutions are focusing on rebranding, with 30% investing in marketing and promotion. To a lesser degree, while still significant, 24% are expanding their offerings while 26% of colleges and universities surveyed are collaborating with other schools to share resources. 13% are reducing their offerings while 11% are closing auxiliary campuses.

PROACTIVE EDUCATIONAL INSTITUTIONS

When considering education-specific mitigations, schools in the Proactive zone are best defined by what they *aren't* doing. None of the Proactive zone schools surveyed were planning to reduce their offerings or extracurriculars, nor were they planning to merge with another educational institution. Mitigations for hiring and retention challenges are outlined as we dive into the complexities of organizational risks. When we asked education practitioners about the key drivers of enrollment increase and decline earlier this year in *The Status of Fundraising in the AI Era*, they cited these reasons for growth:

- Effective strategies and marketing
- Scholarships
- Programmatic excellence/reputation
- Strong leadership and well-resourced teams

Meanwhile, reasons for enrollment decline included:

- Demographics and post-Covid societal changes
- Increasing costs
- Competition
- Weak or turbulent leadership and inadequately resourced teams

Organizational Risks and Staff Turnover

When considering organizational challenges, staff burnout and turnover top the list of professionals across nonprofits and schools. Participants were less concerned about mission creep, leadership changes, organizational priorities, and board and staff alignment. While lawsuits were the least concerning risk to organizational efficiency with only 12% citing it as a worry, 30% of newer organizations (founded less than 20 years ago) were concerned.
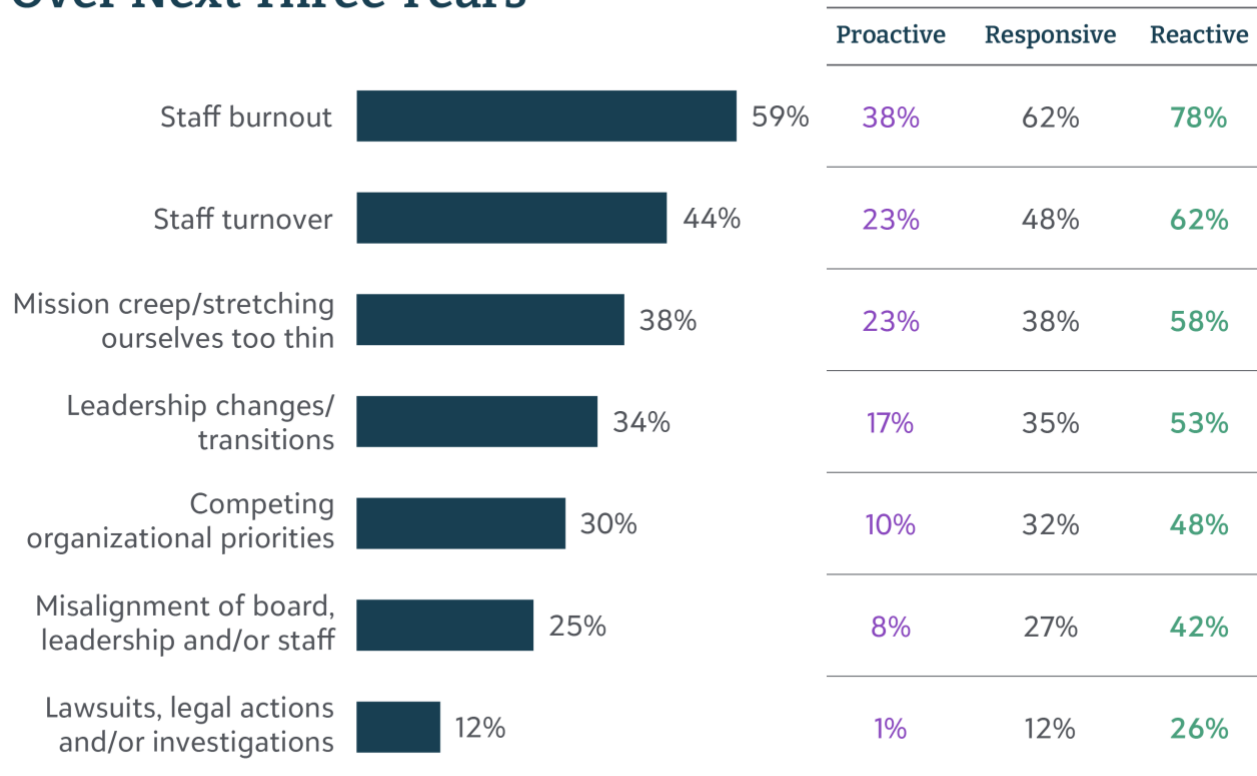
Focusing on staffing challenges, Reactive zone professionals were more than twice as likely to be concerned about staff burnout, turnover, and leadership changes. Older organizations and those impacted by federal cuts are most concerned about staff burnout. Those that are most concerned about staff turnover are also more likely to have a larger—and presumably more specialized—staff. These are glaring red flags for organizations already struggling with adequate resourcing, and which are more likely to cut budgets and their existing staff to recoup some of those losses. The pressure on existing staff can contribute to extensive burnout, leading to a continual churn that harms continuity and the ability to focus on revenue-building efforts.

While a quarter (27%) of Reactive zone organizations are laying off staff, 49% of Proactive zone organizations are hiring new staff, investing in alignment across departments and their boards, and implementing more consistent reporting to increase efficiency.

Encouragingly, to combat staff burnout and turnover, Proactive zone organizations are improving their benefits and, in some cases, doubling down on their investment in their staff through improving salary bands. In addition, they are focusing on affirming their missions to the wider public through expanding their fundraising messaging, goals, and channels and creating ambassador or champion programs. By improving the culture, Proactive zone organizations can focus on retaining talent at a higher rate, prioritizing strategic next steps for growth as a team.

Percent of Orgs Concerned Over Next Three Years

	Percent	Proactive	Responsive	Reactive
Staff burnout	59%	38%	62%	78%
Staff turnover	44%	23%	48%	62%
Mission creep/stretching ourselves too thin	38%	23%	38%	58%
Leadership changes/transitions	34%	17%	35%	53%
Competing organizational priorities	30%	10%	32%	48%
Misalignment of board, leadership and/or staff	25%	8%	27%	42%
Lawsuits, legal actions and/or investigations	12%	1%	12%	26%

Green/purple indicates higher/lower significant differences between subgroups.

Conclusion: Moving from Reactive to Proactive

Throughout this report, you've probably had many moments of recognition: None of these challenges are news to you and through the actions you take every day, you are working to mitigate them to benefit your constituents, supporters, staff, students, families, and institution. The pressure is immense, and your interest in examining strategies to combat these risks indicates a dedication to moving your mission forward.

Rather than focusing only on the challenges, we want to leave you with clear strategies for risk readiness. Thankfully, as we surveyed your peers, the drivers to push your organization from the Reactive or Responsive zones to the Proactive zone were consistent and actionable. In this survey, data collected from hundreds of professionals

revealed clear trends regarding the most concerning risks and the practices most likely to boost confidence.

However, a deeper insight emerged from tactical choices and verbatim responses: Proactive zone organizations, those best prepared to navigate risk, shared a common mindset. They not only accepted and expected unforeseen risks but also embraced the inherent unpredictability of the risk landscape. We refer to this embrace as a "risk readiness mindset." Notably, the size of the organizations—whether they brought in higher or lower revenue or had a large or small staff—didn't determine their level of risk readiness. The confidence of Proactive zone organizations to face the challenges ahead were determined by their strategic choices and an overall culture of innovation, while Reactive zone organizations were defined by their lack of long-term planning, continuity, and compliance.

How to Cultivate Confidence

A risk readiness is necessary now that the increasing challenges outlined throughout this report are a part of daily life. By embracing uncertainty—getting proactive in your strategies and culture—you are not only shoring up your organization's future but also finding opportunities for growth and innovation. If you're reading this, you've already started on that path. Consider these steps as you share these findings with your team:

◆ **Understand your risks.** Have open discussions across departments about the greatest risks to your organization. Naming the threats will empower you to work together across teams to find solutions, stay vigilant, and look for opportunities to grow from adversity.

◆ **Take responsibility where you can.** While outside factors can be daunting, they shouldn't deter you from making strategic choices. Foster a culture of accountability so that each member of your organization is empowered to find reasonable steps through adversity.

◆ **Stay focused on your key objectives.** Take stock of your goals and objectives and identify the risks that may stand in your way. Prioritize to ensure that you are meeting the most pressing needs of your community and organization.

◆ **Remember, some risks bring opportunity.** Unforeseen events can throw us off course, but they can also open new doors. By embracing a risk readiness mindset, you open yourself and your team to creative solutions that can lead to long-term growth.

Recommendations and Resources

- **Prioritize a culture of innovation across your organization.** Embracing innovation can transform your organization. But for innovation to thrive, you must embrace a culture where the entire nonprofit or educational institution is committed to enhancing processes or strategies by transforming ideas into actionable improvements. Get started with these 8 Steps for Creating a Nonprofit Innovation Culture.

- **Grow your team with intention.** In this guide, you'll learn the intricacies of nonprofit recruitment so you can build a strong, data-driven recruitment strategy and form the best team possible.

- **Diversify your revenue streams and—more importantly—make the most of them.** Take the time to survey the landscape of your current portfolio. This requires a strong collaboration between leadership, finance, and development. Learn more in *The Resilient Nonprofit: Fundraising Revenue Streams and Their Outcomes* and *The Case for Non-Traditional Revenue in K–12 Private Schools.*

- **Don't take staff churn as a "given."** If leadership hold themselves accountable, nonprofits and schools can take steps today to increase staff retention and create an engaged, energized workplace.

- **Build a culture of belonging.** Transformational change at your school or nonprofit relies on building a culture of belonging, investing in the future of social impact through professional development, and building connection with the community

- **Get the most out of your tech investment.** No matter how your organization is set up today, this playbook will help you to **increase transparency, foster frictionless operations,** and **develop stronger relationships** through eliminating the divide between fundraising and finance.

- **Do more than cut expenses.** By taking a measured, strategic approach to cost containment, paired with a dash of creativity in your revenue-generation strategy, your finance office will be prepared to handle any economic circumstance you might face. This cost containment guide for nonprofit finance teams outlines the steps you can take to drive impact while facing inflation, wage increases, and recession fears.

- **Conduct financial audits.** Staying proactive in your reporting and documentation can serve you in more ways than you think. By undergoing regular audits, your nonprofit can maintain high internal standards for financial management, discover clear opportunities for improvement in your processes,

and boost your reputation by being more transparent about your financial situation with your community. Here's how.

Remember, risk is universal. Readiness isn't. Set your organization apart from the rest by building an innovative and proactive mindset, so you can lead with confidence no matter what happens.

Acknowledgements

ABOUT EDGE RESEARCH

A woman-owned marketing research company and trusted partner, Edge Research tells data-driven stories that make our clients' brands, programs, and products successful, because we believe in conducting purposeful and impactful work. Edge regularly partners with nonprofits to help them navigate their unique challenges, including donor development and retention, public education, and advocacy.

ABOUT BLACKBAUD

Blackbaud unleashes the potential of the people and organizations who change the world. As the leading software provider exclusively dedicated to powering social impact, Blackbaud expands what is possible across the nonprofit and education sectors, at companies committed to social responsibility, and for individual change makers. Built specifically for fundraising, nonprofit financial management, digital giving, grantmaking, corporate social responsibility and education management, Blackbaud's essential software accelerates impact through unmatched expertise and powerful data intelligence. Millions of people across more than 100 countries connect, give, learn, and engage through Blackbaud platforms.

ABOUT BLACKBAUD INSTITUTE

The Blackbaud Institute develops leading-edge research and convenes expert voices to equip the social impact community knowledge, insight, and confidence. The Blackbaud Institute draws

from Blackbaud's data set, the most comprehensive in the social impact community. In addition, the Institute facilitates public research studies to drive original qualitative and quantitative insight. Our research agenda is grounded in a commitment to topics that social impact organizations can apply immediately to better understand, benchmark, and improve their essential business operations. We are guided by our commitment to the social impact sector to provide timely, transparent, and well-rounded research that is free to access. From how organizations run to how donors give, we're 100% focused on research and resources for this sector.