

A SECTOR IN CRISIS:

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



THE CENTER FOR
EFFECTIVE PHILANTHROPY

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INTRODUCTION

Nonprofits and philanthropies in the United States are facing historic challenges.¹ Sweeping cuts to federal government funding have left nonprofits reeling nationwide, forcing many to make difficult reductions to their staffing and programming — often simply to keep their doors open and their communities safe.² At the same time, demand for nonprofits' services has increased dramatically — far beyond even what nonprofit leaders reported during the outset of the COVID-19 pandemic.³

Many leaders are rallying to defend the nonprofit and philanthropic sectors and communities they serve. Foundations are signing pledges in support of fundamental freedoms to give and speak freely.⁴ They are using their grantmaking, resources beyond grants, and their voices and platforms to respond.⁵ Nonprofits are engaging in creative collaborations and using strategies such as litigation to build and exercise collective power to protect both the sector and the people and communities they seek to serve.⁶ Despite these efforts, nonprofit leaders overwhelmingly noted in research we conducted in February 2025 that the current context is negatively affecting their organizations — and they are seeking additional support from their foundation funders.⁷ Given this, the Center for Effective Philanthropy (CEP) sought to gain an updated, comprehensive, and current understanding of what nonprofits and foundations are experiencing in the current context, and how they are choosing to respond, exploring these questions through surveys and interviews conducted in August and September of 2025:

- ▶ How are nonprofit and foundation leaders affected by the current context?
- ▶ What challenges are funders facing in this environment?
- ▶ What do nonprofits seek from their foundation funders during this time?
- ▶ How can foundation funders most effectively support nonprofits?

Foundation leaders, if you are interested in sharing a summary of this research with your board, please see our board book insert resource [here](#).

¹ "Executive Actions Impacting the Philanthropic & Nonprofit Sectors," United Philanthropy Forum, September 2025, <https://www.unitedphilforum.org/resources/executive-actions-impacting-philanthropic-nonprofit-sectors>.

² Stephanie Beasley, "Nonprofit Leaders Face Tough Choices on Staffing, Fundraising as Federal Cutbacks Continue," *Chronicle of Philanthropy*, May 28, 2025, <https://www.philanthropy.com/news/nonprofit-leaders-face-tough-choices-on-staffing-fund-raising-as-federal-cutbacks-continue/>; Laura Tomasko et al., "How Government Funding Disruptions Affected Nonprofits in Early 2025" (Washington, DC: Urban Institute, 2025), <https://www.urban.org/research/publication/how-government-funding-disruptions-affected-nonprofits-early-2025>.

³ Hannah Martin, Kate Gehling, and Ellie Buteau, "Persevering Through Crisis: The State of Nonprofits" (Cambridge, MA: Center for Effective Philanthropy, 2021), https://cep.org/wp-content/uploads/2021/06/CEP_Persevering-through-Crisis_2021.pdf.

⁴ "Stand With Us for Philanthropy," Council on Foundations, <https://cof.org/page/stand-us-philanthropy>.

⁵ Phil Buchanan, Molly Heidemann, and Kevin Bolduc, "A Wave Forming? Funders Taking Action in Response to a Challenging Context," Center for Effective Philanthropy, March 25, 2025, <https://cep.org/blog/a-wave-forming-funders-taking-action-in-response-to-a-challenging-context/>.

⁶ "National Council of Nonprofits and Nationwide Coalition Sue to Protect Food Security for Millions as Trump Administration Refuses to Use Available Funds," National Council of Nonprofits, October 30, 2025, <https://www.councilofnonprofits.org/pressreleases/national-council-nonprofits-and-nationwide-coalition-sue-protect-food-security>.

⁷ Center for Effective Philanthropy, "Challenging Times: How U.S. Nonprofit Leaders Are Experiencing the Political Context" (Cambridge, MA: Center for Effective Philanthropy, 2025), https://cep.org/wp-content/uploads/2025/03/CEP_Research_Snapshot_Series_Challenging_Times.pdf.

TERMINOLOGY

Throughout the report, we use the term “current context.” By current context, we mean the series of events led by the U.S. federal government — including legislative actions, executive orders, and budget decisions — that went into effect in 2025 with the potential for wide-ranging effects on nonprofits’ funding and work. During data collection, this definition was provided to all survey respondents and those interviewed for the study.

SIZES AND TYPES OF RESPONDING ORGANIZATIONS

Nonprofit organizations participating in our survey are representative of all U.S. nonprofits that receive funding from private foundations that give \$5 million or more annually. At the median, staff size was 13 staff members, annual expenses were \$1.7 million, and annual revenue was \$2 million, according to information obtained from Candid the year of the survey sample’s creation (2024). The most common focus areas among responding nonprofits are human services, education, and social justice, and the nonprofits’ geographic locations are distributed almost evenly across the four U.S. census regions.⁸ Certain organization types, including hospitals, universities, and some religious organizations (e.g., churches), were excluded from the research to ensure consistent interpretation of the data. (See full methodology [here](#) for more information.)

This study also includes a survey of all independent and community foundations that give \$5 million or more annually. Most commonly, responding foundations fund in the areas of education, human services, and health. The median responding foundation has eight staff members, \$12 million in annual giving, and \$187 million in assets, according to the most recent available year of financial information in Candid’s online Foundation Directory or CEP’s internal contact management software. These foundations fairly equally represent all four U.S. census regions. Corporate foundations and intermediary funders, among others, are excluded from the research. (See full methodology [here](#) for more information.)

⁸ U.S. Census Bureau, “Census Bureau Regions and Divisions With State FIPS Codes,” https://www2.census.gov/geo/pdfs/maps-data/maps/reference/us_regdiv.pdf.

KEY FINDINGS

FINDING 1

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

FINDING 2

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

FINDING 3

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



FINDING 1

EXTRAORDINARY THREATS TO THE NONPROFIT SECTOR

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

The current context has led to unprecedented challenges for nonprofits. Organizations report greater demand for their programs and services, while at the same time experiencing significant government funding cuts, increased strain on their staff, and decreases in funding from private philanthropy. Consequently, many nonprofit leaders are concerned about if — and how — their organizations will continue to operate.

INCREASED DEMAND FOR SERVICES AND LOSS OF FUNDING

As a result of the current context, nearly two thirds of nonprofit leaders report increased demand for their services, and an additional 16 percent of nonprofit leaders anticipate that they will experience greater demand for their organization's work.⁹ In interviews with CEP, more than half of nonprofit leaders (56 percent) also indicate that the current context has had significant impacts on direct service provision or people's ability to access direct services. "We're starting to see more youth that are saying that they're hungry, and we're also noticing that access to food stamps and other things are getting harder for this population to get to," says one nonprofit leader. "Because of their age and because of their lack of resources, our population is extraordinarily at risk and extraordinarily vulnerable." Another leader echoes this, saying: "We have a food pantry, and we have seen more use of our food pantry than at any other time in our organization's history. So we're just seeing increased need and increased anxiety across the board — with everyone that we work with."

In addition to more demand for programs and services, most nonprofits report significant cuts to their funding in 2025. As a result of changes in the current context, the majority of nonprofits — nearly 70 percent — report experiencing reduced funding from at least one source, whether it be the government, a foundation, or an individual (see Figure 1).

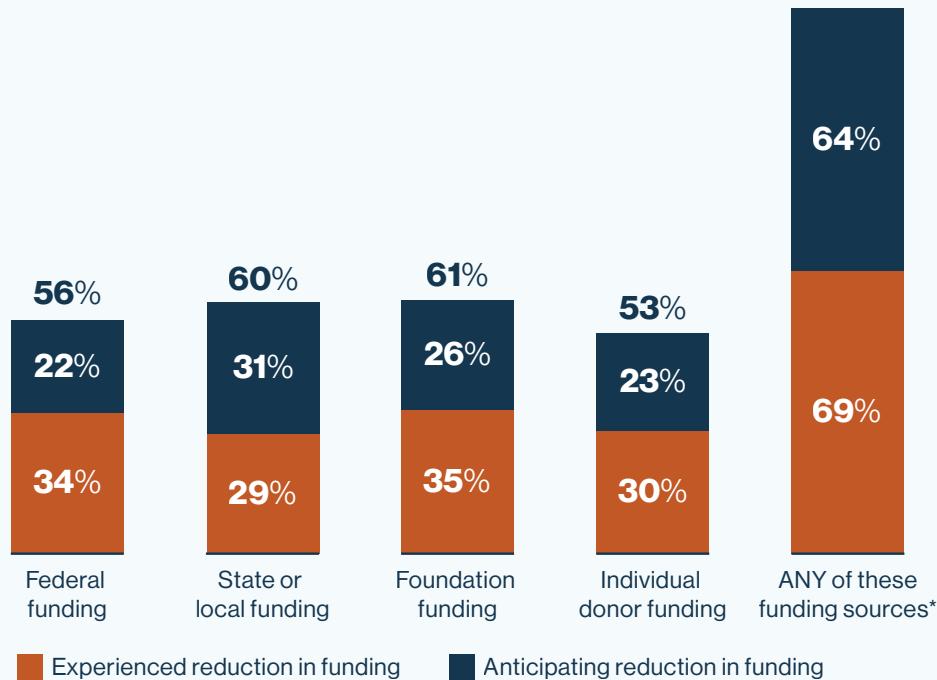
Stepping Up for the Nonprofit Sector

"If a nonprofit comes to me and says they have some sort of unusual or unexpected funding need, I will take that information, and I will email it out to a list of all the donors I know in the community. Whether they work through us or not, they're just people I know who are pretty active donors. And so I've done that more this year, because more nonprofits have come to me saying, 'Oh my god, we just lost this grant. What can we do?' I can distribute information about your situation to other donors. That's a way of helping to spread the news about what's happening with our local nonprofits and to help them try to get funding from other sources, because we don't have extra funding for them. And I know there are plenty of people who I've emailed information to that have thanked me for that because they didn't know what was going on, and they have responded and made donations to those nonprofits."

— Foundation Leader

⁹ To put this figure into context, when CEP asked nonprofits in February 2021 whether they had experienced an increase in demand for their services in 2020 — during the COVID-19 pandemic — relative to the year prior, 50 percent said they had. Therefore, the proportion of nonprofits expecting or already experiencing increased demand for their services in 2025 is far beyond what CEP saw nonprofits experiencing during the pandemic. Martin, Gehling, and Buteau, "Persevering Through Crisis: The State of Nonprofits."; Of note, organizations that intend to serve primarily individuals from lower income communities, as well as organizations that focus on human services, are slightly more likely to have experienced increased demand for services in 2025.

FIGURE 1. Nonprofit Funding Cuts by Funding Source as Result of Current Context (N=404-406)



Nearly a third of nonprofit leaders report that, due to the current context, their organizations had to reduce the services they provide. Many of these leaders also report having to decrease the number of staff at their organizations.¹⁰ A leader working in human services notes that the full ramifications of nonprofits having to meet increased demand with already strained capacity will not be clear for some time:

We received an unexpected 40 percent cut to prevention services that we already had a waitlist for. We had to let a staff member go. Big reductions to prevention services are going to put a lot of families in crisis over the edge. We will see the effects of this in six months to a year when there are more children in foster care. That will weigh on the system, the economy, individual communities, and, most importantly, on families.

While funding cuts are being experienced by nonprofits of varying sizes, geographies, and program areas, there are differences in the scale of organizations' funding losses according to their leaders' identities.¹¹ Regardless of organization size, nonprofits led by people of color are more likely to have lost more than 10 percent of their budget in state or local funding cuts in 2025.¹² Organizations led by women are slightly more likely to have lost more than 10 percent of their budget in federal cuts. LGBTQ+-

¹⁰ Organizations that focus on human services are slightly more likely to have reduced staffing in 2025.

¹¹ We did not find meaningful differences in funding cuts (from any source) by size, geography, or program area of responding nonprofits.

¹² Organizations that focus on immigrants and refugees, as well as on the environment and animals, are also slightly more likely to have experienced (federal) funding cuts in 2025 compared with organizations that focus on other program areas.

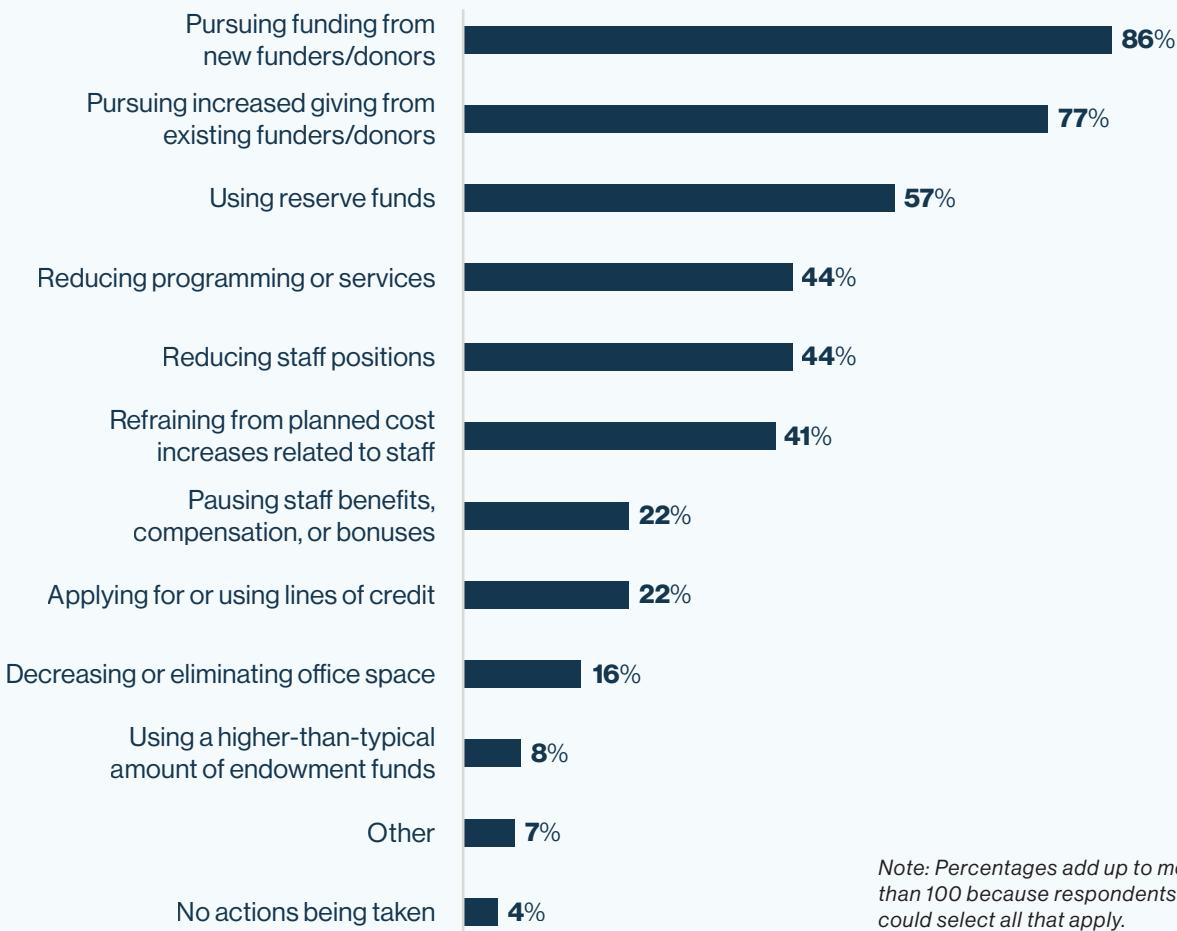
identifying leaders are also slightly more likely to have experienced funding cuts — whether from government, foundation, or individual donation — than their counterparts.¹³

FINANCIAL STABILITY

Nearly three quarters — 71 percent — of nonprofit leaders are concerned about their organization's financial stability, and the vast majority attribute these concerns at least somewhat, if not mostly, to the current context. "Approximately 80 percent of our revenue is federal funds. Last year, we were already anticipating facing the fiscal cliff because of the end of COVID funding. Our revenue last year was about \$17 million; it's about \$10 million this year. I'm working on next year's budget, and if we lose the federal funds we have, we'll be down to probably \$4 million," says one leader.

In response to these financial challenges, nonprofit leaders are already taking, or are considering taking, several actions. Most commonly, leaders report looking into securing funding from new funders and donors, seeking increased giving from their existing funders and donors, and using reserve funds to fill funding gaps (see Figure 2).

FIGURE 2. Actions That Nonprofits Have Taken or Are Considering Taking in Response to Funding Cuts (N=408)



¹³ All of these results remain the same when controlling for the size of the nonprofit leader's organization, measured in total annual expenses.

THREATS TO ABILITY TO OPERATE

Most nonprofits interviewed indicate that the current context poses a significant threat to their organization's continued existence and ability to provide essential programs and services. More than two thirds of nonprofit survey respondents also indicate that the current context has had a negative impact on their organization's ability to carry out its work. "The stakes are that we might not make it as an organization," one leader simply states.

Ultimately, due to challenges with demand, funding, and continued operations, many nonprofits are having to make hard decisions to ensure their organizations make it through the current moment. As one nonprofit leader emphasizes: "We want to be able to come out of this. We won't be unscathed, because it's already affecting us, but we're trying to make the best decisions possible so that we will continue to exist in the future." Despite these challenges, in interviews, many nonprofit leaders state that they remain resolute in their work and mission, saying that they are "not going to be intimidated on what we believe is the right thing to do and how to treat people." As one nonprofit leader explains: "Our work to support racial justice is explicit, and we will continue to do it explicitly, and we will continue to do it visibly."

Many nonprofit leaders state that they remain resolute in their work and mission, saying that they are "not going to be intimidated on what we believe is the right thing to do and how to treat people."

Stepping Up for the Nonprofit Sector

"Literally why we exist is to serve people and make them healthier, especially those who have been most underinvested in and who face the steepest climbs. And so, it's incumbent on us to center them in all of our decision-making. For us, that looks like two things. We're [a small staff] serving the whole state, so I can't pretend that we are authentically engaged across all communities and hear those voices, but we're trying to use our comms department to elevate the voices of communities rather than our own voice. We ask community-based organizations to really speak for the communities that they're embedded in. It takes a long time to do that, but it all goes back to, how do we elevate community voice ourselves? And then how do we honor community voice in the decisions that we make? Because they're the ones who are ultimately being affected."

- Foundation Leader

WHAT'S AT STAKE: IMPACTS ON THE COMMUNITIES NONPROFITS SERVE

In interviews, 70 percent of nonprofit leaders report that the current context is jeopardizing their community members' access to basic needs. In survey responses, leaders reiterate this concern:

“ *The draconian cuts to the SNAP program will send more people to our food bank lines at a time when [the federal government] has reduced the amount of food we receive and the amount of money we are reimbursed for providing that food to our public.*

“ *Direct attacks on people with disabilities and programs and services that help people to be able to maintain their health, safety, and even lives. People with disabilities have always been devalued, but, in 2025, this has been shockingly awful. The impact isn't just on people with disabilities; it affects families and communities.*

“ *Survivors of color are not coming forward for fear of ICE raids; survivors are feeling abandoned and isolated as every day there's a headline about this administration's values around domestic violence and sexual assault. All the cuts and changes ... to community benefits and resources (SNAP et al.) will cause many victims to never leave their abuser/trafficker or return to them, as they will see no way out.*

“ *There is tremendous fear for employee and client personal safety and the security of LGBTQ+ rights and opportunity. Institutions are turning their back on our community and eliminating or reducing access to services — and funding to community-based organizations that provide vital services to LGBTQ+ people — exactly at the time when the need for support is increasing.*

“ *For the work we do around the environment, we hope that people will care about threats to public spaces/access and clean drinking water issues. But when other life-threatening issues arise, the environment usually gets put aside so that people can focus on survival. The organizational chaos, funding cuts, and regulatory rollbacks will cause damage to our waters and land that will be, in many cases, impossible to reverse.*

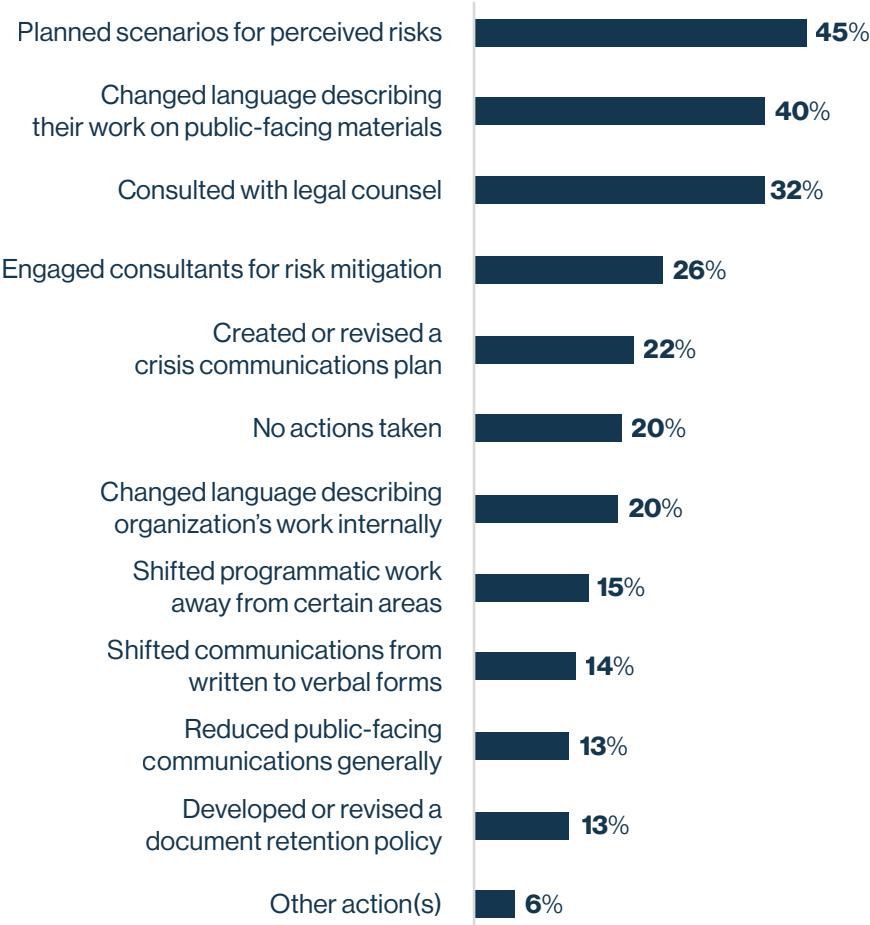
“ *The work that we do matters, and is life changing, and sometimes life giving, and sometimes is the matter of life and death for [those] that we’re working with, and, if we weren’t here to do it and with practices and care around reciprocity and respect that are so important to our work, it’d be a huge loss.*

“ *I think there is a huge sea change in how this administration sees Medicaid and the value of it. And the people who receive Medicaid, I think, are seen as not really worthy people. Why should they get this thing that we pay for? [They are] really misunderstanding a huge amount of what public health is all about.*

NONPROFITS ARE THINKING CREATIVELY ABOUT THE FUTURE

In response to the risks posed to their organizations, nonprofits are exploring several options to ensure they can continue to operate and provide important — sometimes essential — programs and services. The most common actions being taken by nonprofits to mitigate risks posed by the current context include: 1) planning for different scenarios for perceived risks, 2) changing public-facing language describing their work, and 3) consulting with legal counsel. (See Figure 3.)

FIGURE 3. Actions Nonprofits Have Taken To Mitigate Risks Posed by the Current Context (N=397)



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

Some nonprofit leaders talk about their organization being flexible and proactive in planning for the future. “One of the things that I’ve really tried to reinforce with my development team is that we’re not looking at just the next three years potentially,” explains one leader. “But [also], what do the next four to five years look like? And then, strategically, how do we prepare for that?”

Other leaders report that they have scrubbed their website of any language that may put their organization, their staff, or their funding at risk. “Our whole business is girls and women. So sometimes we might change language to read youth or young people or community or family, instead of specifically referencing girls and women, which is really hard because it’s our whole business — it’s in our name.”

Additionally, just over half of nonprofits interviewed proactively raise the need to adapt to a new operating environment and funding landscape as a result of the current context. Nonprofit leaders speak of “thinking outside of our normal funding streams” and understanding “what our options are to make sure that this work still continues even if we do not have our 501(c)(3) statuses.” When needs for extra funding or other resources arise, nonprofit leaders say that they are “thinking about, before we go outside of our own ecosystem, how we circulate money within ourselves” and note that “some of this coalition building has turned into collective fundraising. Making one ask rather than eight organizations asking for the same thing.”

Nonprofit leaders of color are not only slightly more likely to say that the current context poses moderate to significant risk to their organization but are also slightly more likely than their counterparts to have moved their work away from public view in response to the current context.²⁰

²⁰ These statistical relationships are of small effect size.

FINDING 2

FOUNDATIONS' INITIAL RESPONSES

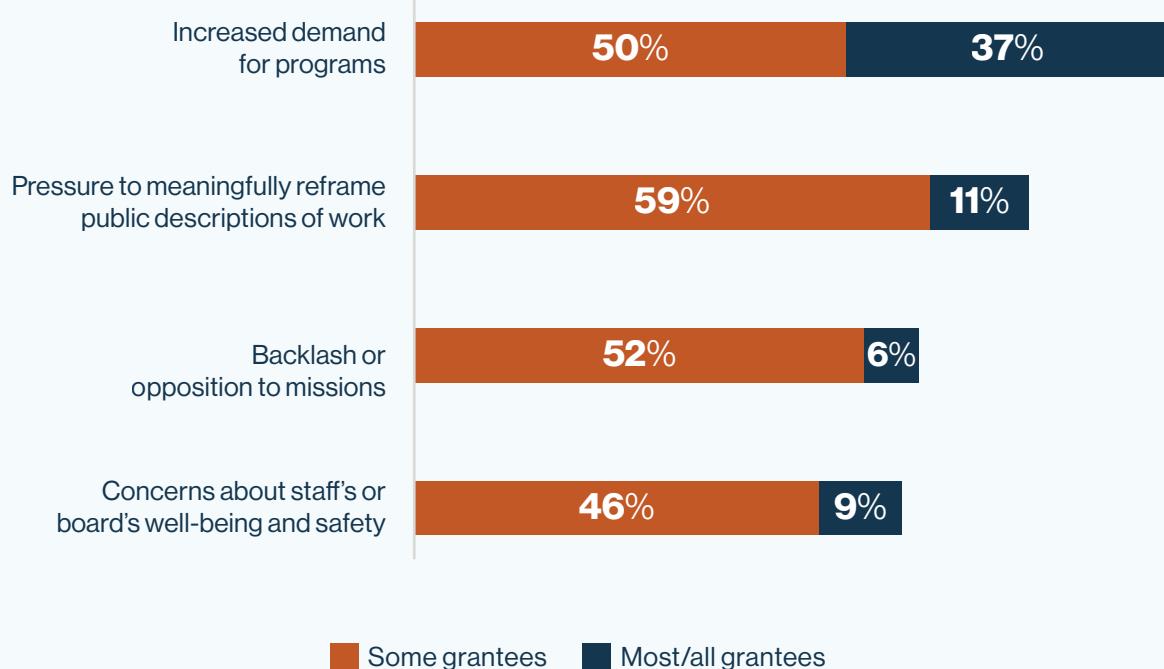
Many foundation leaders recognize the high stakes of the current context for nonprofits and have made changes to their grantmaking and processes in response.

In contrast to the experiences of nonprofits in the current context, foundations report experiencing more moderate adverse effects. Just over half (55 percent) of the foundation leaders CEP surveyed indicate the current context has had a negative effect on their foundation's ability to make progress toward their goals. Few foundation leaders (nine percent) believe the current context presents significant risk to their foundation being able to operate freely, and only 11 percent of foundation leaders report having experienced backlash or opposition to their foundation's mission.

Foundation leaders are aware that the nonprofits they fund face a very different reality. While these leaders believe risk to their own foundations due to the current context is low, they recognize pressures are quite different for the nonprofits they fund (see Figure 4).

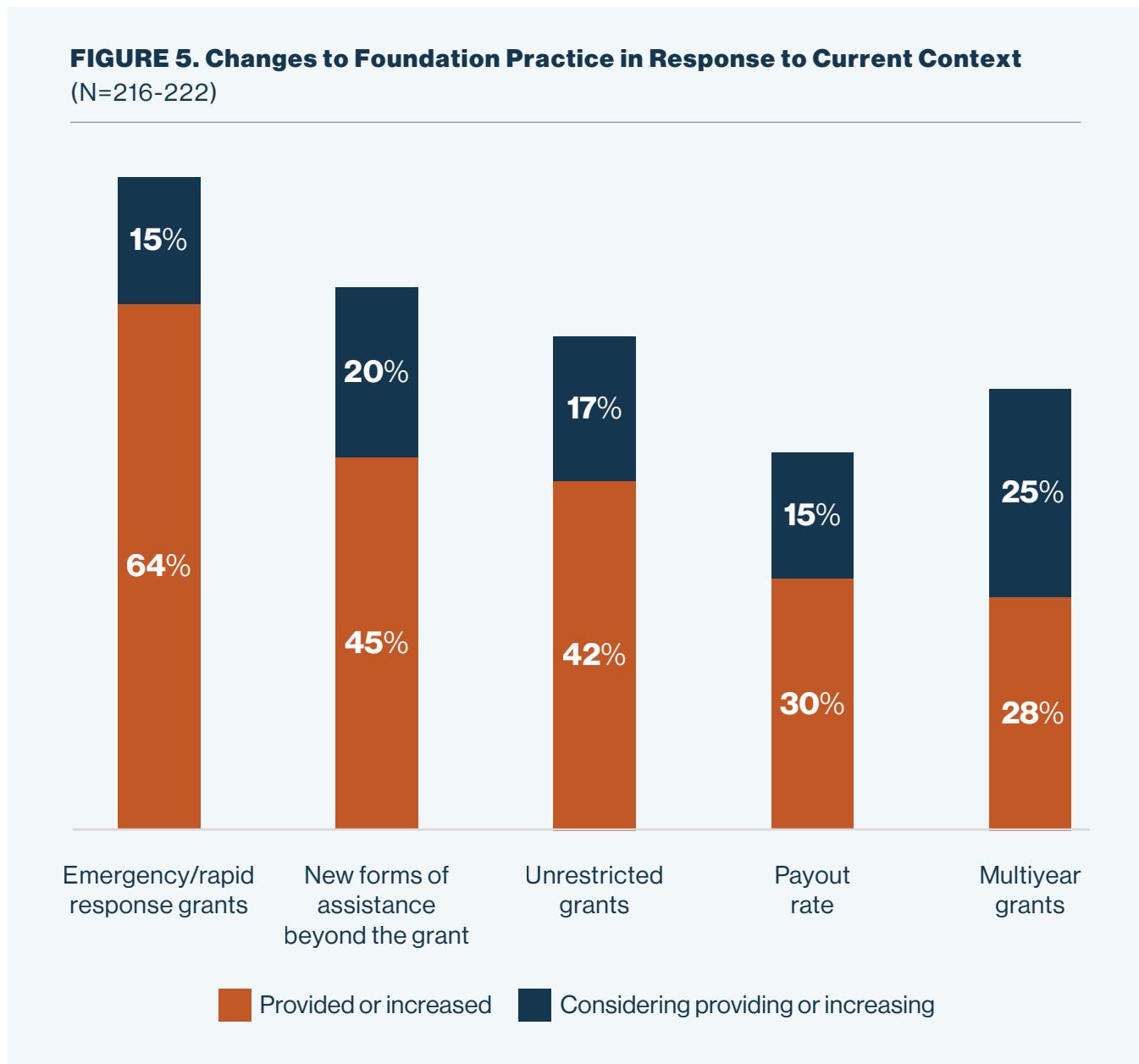
Few foundation leaders believe the current context presents significant risk to their foundation being able to operate freely.

FIGURE 4. Foundations' Awareness of Effects of Current Context on Grantees in 2025 (N=222-223)



CHANGES TO GRANTMAKING AND PAYOUT RATE

Foundations have responded to the crises that nonprofits are facing in a variety of ways (see Figure 5).



The most common response has been to provide emergency or rapid response grants. Nearly two thirds of foundations report providing emergency or rapid response grants to nonprofits in response to the current context, and an additional 15 percent are considering doing so.¹⁴ Foundation leaders describe taking actions to give “\$1 million in rapid response funding to our current grantees” and “unlock \$5 million in emergency funds in addition to our regular budget.” One foundation leader reports that their foundation “reserved a portion of the grantmaking budget for emergency funding for organizations that either suddenly lost significant federal dollars or are not necessarily strategically aligned but are providing essential services.”

¹⁴ Foundations that give more than \$12.2 million annually (the median amount of annual giving in CEP’s survey of foundation leaders) are slightly more likely to have provided emergency grants in response to the current context in 2025.

Almost a third of foundation leaders report increasing their organization's payout beyond what was originally planned for 2025 (see Figure 5).¹⁵ At the median, this increase was two percent of endowment value. An additional 15 percent of foundation leaders report considering increasing their payout. One leader whose foundation increased payout in 2025 explains how they approached the issue with their board of directors:

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

In interviews, more than one third of foundation leaders express wanting their board of directors to support making more money available to address nonprofit and community needs in the current context, rather than focus on growing the foundation's investments. Leaders are seeking "more urgency to spend money now," arguing that "we're in a very serious situation for our mission and just business as usual is not what's called for." Regarding discussions with their board, one foundation leader says, "In general, we could shift the center of gravity in terms of our balance of protecting our investment in the value of our endowment versus the need to react. I think the center of gravity is maybe a little bit closer to protecting our own resources than I would put it."

More than 40 percent of foundation leaders report increasing unrestricted giving due to the current context (see Figure 5).¹⁶ Just under 30 percent have increased multiyear grants in 2025.¹⁷ An additional 17 percent of foundations are considering increasing unrestricted grants, and a quarter of foundations are considering increasing the number of multiyear grants they provide.

In interviews, foundation leaders spoke of providing a "series of immediate unrestricted grants to organizations that are led by and serving some of the communities and constituencies that we saw as most under attack" and giving grantee organizations the option of converting restricted funding to unrestricted, saying, "If the funding you have received from us that was restricted, if you need to change the purpose for that funding, just let us know." Some leaders are still working toward providing greater flexibility. As one explains: "I would like to see us moving more multiyear general operating support in this time. I've had a little bit of success on that. There are some grants that I've been able to move from one year to two or from two to three. But I would actually like to see more flexibility for our partners."

¹⁵ CEP's data indicate that a smaller proportion of foundations stepped up grantmaking in 2025 than in 2020 — in "Foundations Respond to Crisis: A Moment of Transformation?" (Naomi Orenstein and Ellie Buteau, <https://cep.org/report-foundations-respond-to-crisis1/>), a report released in 2020 during the COVID-19 pandemic, CEP found that the majority of foundations said they would increase their grantmaking beyond what was originally budgeted for the year, compared with the less than a third of foundations that have increased payout in response to the current context in 2025. This is despite that, in 2020, the federal government infused funds into nonprofits through the Paycheck Protection Program, and, in 2025, many nonprofits have experienced significant federal, state, and local funding cuts.

¹⁶ In "Foundations Respond to Crisis: Towards Greater Flexibility and Responsiveness?" (Naomi Orenstein and Ellie Buteau, <https://cep.org/report-foundations-respond-to-crisis3/>), published in 2020 during the COVID-19 pandemic, CEP found that most foundations had changed their practices to be more flexible and responsive — loosening grant restrictions, providing more unrestricted funding, and reducing what they asked of grantees in reporting and application processes. In contrast, the survey described in this report about foundations' responses to the current context asked only about changes foundations made to grantmaking and processes in 2025. We do not have data to quantify how many foundations that made such changes during the pandemic have continued those changes to the current moment.

¹⁷ Foundations that give more than \$12.2 million annually (the median amount of annual giving in CEP's survey of foundation leaders) are slightly more likely to have provided a larger number of unrestricted grants in 2025, in response to the current context, than they had prior to 2025.

Stepping Up for the Nonprofit Sector

"We're limited in the kinds of unrestricted grants we can make, but our solution is to do 30 percent overhead for any grant we make. There is a call for unrestricted grants, but a lot of nuance gets lost on the way because there's actually a spectrum of how you create more free capital within a grantee, and unrestricted grants are the most obvious way. I worry sometimes that folks are missing the more nuanced picture of the many ways you can do it. But the sexy way is unrestricted. And the problem with that is, when that's all you talk about, folks are like, 'Well, I can't do that, so I can't do anything.' And the answer is, no, no, no, there's a lot of things you can do in terms of reducing strings or paying higher overhead or whatever it is."

- Foundation Leader

Nearly 40 percent of foundations also report streamlining their application processes, and a similar percentage (38 percent) have streamlined reporting requirements for their grantees. "We basically backed away from reporting requirements," says one funder, "so that grantees wouldn't have to adhere to the reporting requirements if they wanted to just tell us over the phone how things were going. We wanted to give them as much flexibility as possible."

PROVIDING ADDITIONAL FORMS OF ASSISTANCE BEYOND THE GRANT

More than 40 percent of leaders who responded to our survey indicate their foundation started providing new forms of assistance beyond the grant to grantees in response to the current context. The most common forms of new assistance are collaborations or partnerships with other nonprofits or funders, resources for staff well-being, and assistance with legal support (see Figure 6). One foundation

FIGURE 6. New Forms of Assistance Beyond the Grant Foundations Are Providing
(N=99)



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

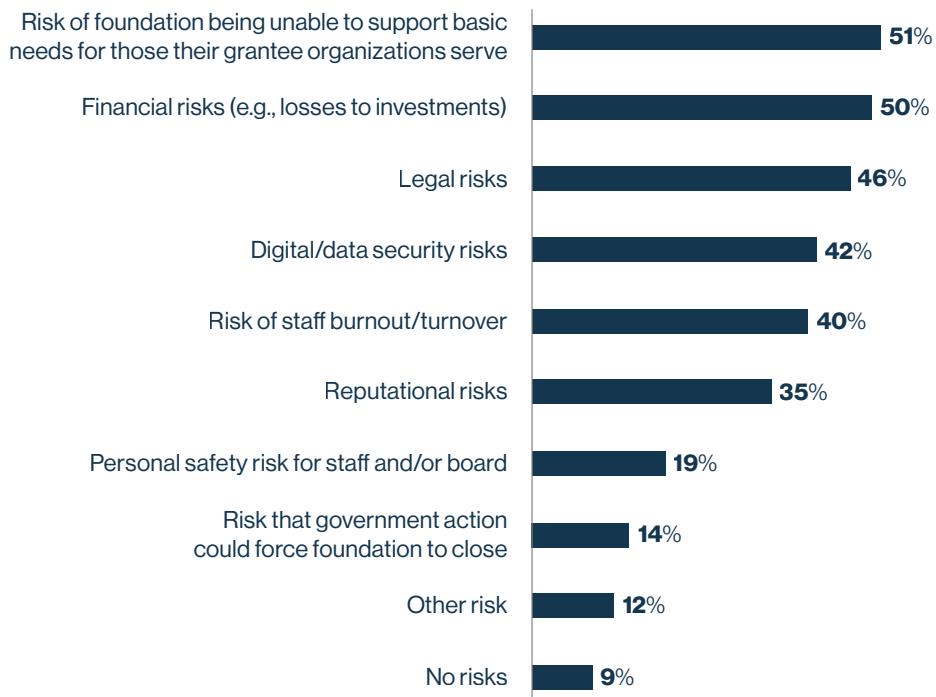
leader describes collaborating with “many of the organizations that are most directly affected” and that they’ve “had lots of conversations with the [communities we fund] about how they’re preparing for the changing funding landscape, and maybe how we could be helpful to them.” One funder explains the benefit of gathering their nonprofit partners together with experts from state offices, saying, “These were conversations they would have trouble securing themselves.” Another foundation leader describes “pulling together the major funders in our region” and “having a conversation about how we are collectively going to respond, because if we’re all doing our own thing, it’s not going to move the needle.”

Nearly half of funders who began new forms of assistance beyond the grant have chosen to provide support for nonprofit staff well-being. One foundation “issued small wellness grants to all of our grantees, to acknowledge the problem of burnout,” while another has “focused on building up leaders in our community — recognizing their talents and gifts — so they can meet this moment. Right now, this is just as important as money: seeing these leaders, affirming their worth, and letting them know we believe in them. It matters.”

FOUNDATION LEADERS' PERCEPTIONS OF RISK

Although most foundation leaders indicate that the overall risks that the current context poses for their foundation are not significant, they do express some concerns about risk. The most cited risks, each noted by about half of foundation leaders, are: 1) risk of their foundation being unable to support basic needs of those their grantee organizations serve and 2) financial risks (e.g., losses to investments). To mitigate risks, foundations have most commonly consulted with legal counsel. (See Figure 7.)

FIGURE 7. Risks Foundations Are Most Concerned About in the Current Context (N=226)



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

FOUNDATION SIMILARITIES AND DIFFERENCES ACROSS ISSUE AREA AND LOCATION

As CEP conducted this research, we learned that many foundation leaders are curious about different responses to the current context, both across the various issue areas foundations fund and across geographic regions of the United States.

ISSUE AREA

Given the wide-ranging effects of the current context on nonprofits in a number of issue areas, foundations are taking varied actions in response based on the program areas in which they fund. Foundations funding in education demonstrated somewhat lower rates of making changes to grantmaking and processes in response to the current context. In 2025, they are slightly less likely to have:

- ▶ Increased payout beyond what was originally planned
- ▶ Provided a larger number of unrestricted grants than previously
- ▶ Streamlined application and reporting processes²¹

Conversely, foundations that fund social justice showed a somewhat heightened response to the current context. In 2025, these foundations are slightly more likely to have:

- ▶ Modified programmatic goals
- ▶ Changed programmatic strategies
- ▶ Provided emergency or rapid response grants
- ▶ Provided a larger number of unrestricted grants than previously
- ▶ Begun providing new forms of assistance beyond the grant

LOCATION

Overall, foundations' experiences of and responses to the current context showed relatively little variation by their geographic location in the U.S. Only a few aspects of their responses differed by region. Specifically, foundations based in the West were somewhat more likely to have streamlined their application processes. Meanwhile, foundations based in the Midwest were more likely to have:

- ▶ Experienced concern about financial risks to their foundation
- ▶ Experienced concern about their ability to meet the basic needs of the communities that their grantees serve
- ▶ Streamlined their application processes

²¹ The effect for streamlining of application processes is of a medium effect size. All other results for education funders are of a small effect size.

FINDING 3

FOUNDATIONS' ROLE IN SUPPORTING THE NONPROFIT SECTOR

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

Most foundation leaders (81 percent) CEP interviewed believe that foundations have a significant role to play in supporting the nonprofit sector, and a similar percentage (more than 80 percent) believe that supporting communities is the primary role of foundations. Yet, among those leaders, there is a lack of agreement about the extent to which foundations are currently fulfilling that role.

Foundation leaders' views on how best to support the nonprofit sector in the current context include "trying to help nonprofits be strategic and funding collective advocacy efforts," as well as "defending the people that we're trying to help and putting our energy into the practitioners who are doing that." One foundation leader notes that, "We always want to keep in mind that the purpose of defending the sector is for the benefit of the end beneficiaries and stakeholders of the nonprofits we care about, and not for the existence of the sector itself."

However, approximately 20 percent of foundation leaders interviewed do not believe foundations have much responsibility to help nonprofits navigate the current context. One foundation leader who tried to put together a working group of foundations in their geographic area to respond to the current context details the negative response they received: "[We received] no interest. None. 'We're just going to wait and see how it all shakes out.' That's the line I keep hearing. It is shaking, people. Seriously. The earthquake is happening."

Stepping Up for the Nonprofit Sector

"I know every public health emergency when the government was dragging their feet and trying to make decisions and get money flowing, the nonprofit sector stepped up and did stuff and took care of crisis management, food, shelter, housing, those kinds of things. We looked to the nonprofit sector to help us out while the government was trying to figure it out. If we can lift up the nonprofit sector and demonstrate what their value is, then I think people might be interested in hearing about philanthropy, but I think our role is really to support the nonprofit sector. And we have an important role to play, and it is important for us to maintain our freedom of speech and ability, the freedom to give."

- Foundation Leader

Another foundation leader, who does not believe foundations have a large role to play in supporting the nonprofit sector, says:

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

FOUNDATIONS' RESPONSES RECEIVE MIXED REACTIONS FROM FOUNDATION LEADERS

More than 40 percent of foundation leaders interviewed are dissatisfied with the overall response from foundations and believe their peer funders could be doing more to help nonprofits and communities

weather the current moment. One leader questions the direction some foundations are moving, saying: “In this time I’ve really been questioning the value and utility of institutional legacy philanthropy. I see institutional philanthropy, which has never been the boldest of players, moving more and more towards so-called noncontroversial areas of work.”

Another foundation leader argues that, while a number of their peers have made changes, too many foundations have not. This leader suggests that this time offers an opportunity to be nimble and act more quickly:

I do think that a lot of funders understand the context and are changing their behavior and acting in different ways and realizing that the traditional model of philanthropy may not be relevant anymore. But it’s disappointing that maybe the majority doesn’t seem to be. And those are the folks who you wonder if it is about the community. Is it about what you’re doing or is it about you? Is all this just about you and your power and your legacy?

More than one third of foundation leaders — 35 percent — are skeptical that they even have the power to affect much change. One foundation leader questions how much philanthropy can do. “It’s not totally clear to me that foundations have that much power in our own voice to be directly fighting things,” the leader says. Another, unsure of what foundations can accomplish, says: “We know that there’s power in numbers, but I think there’s also a little bit of a — look, no one’s throwing in the towel, no one’s giving up — but I think there’s a little bit of a sense of, we don’t know what good it’s going to do.”

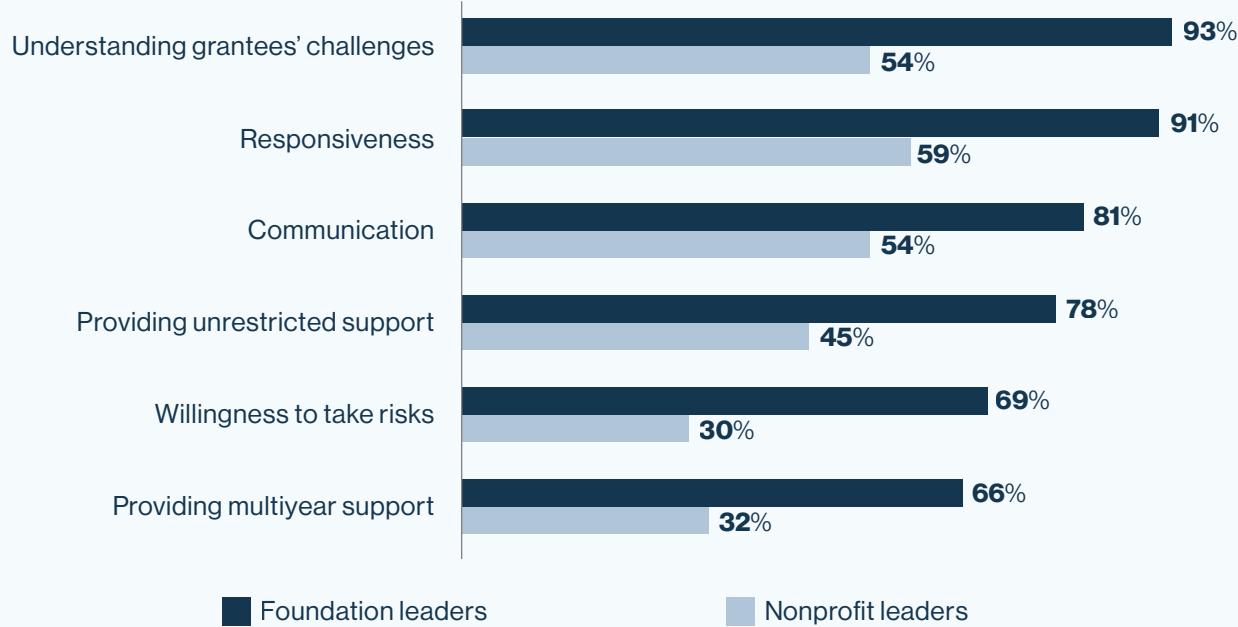
About 40 percent of foundation leaders express concern that foundation money cannot fill gaps left by changes in government funding. They worry about attempting to fill that gap, even temporarily, lest it be seen as an ongoing stopgap. As one foundation leader explains: “I think it’s about being honest with people — that, as horrific as some of these losses are, it’s not our job right now just to backfill that.” Another leader recounts a conversation with their board, saying: “Our board agreed that we were not going to replace lost federal funding because of the position being that we don’t believe it’s the role of philanthropy to do the role of government.”

Foundation leaders believe their response to the current context has been more effective than nonprofits believe their funders' responses have been.

NONPROFIT LEADERS ARE SEEKING MORE ACTION FROM FOUNDATIONS

Foundation leaders believe their response to the current context has been more effective than nonprofits believe their funders' responses have been (see Figure 8).

FIGURE 8. Proportion of Leaders Rating Foundation Response to Current Context as Moderately/Very Effective (N=221-401)



While 93 percent of foundation leaders believe their foundation has been effective in understanding the challenges their grantees are facing, only half of nonprofits report their funders have been effective in this way. This pattern of significant misalignment also applies to assessments of foundations' effectiveness when it comes to their responsiveness, communication, provision of unrestricted support, willingness to take risks, and provision of multiyear support in the current context.

This disconnect between what nonprofits are experiencing and what foundations believe to be happening is not unusual. However, when it comes to views on foundations understanding nonprofits' challenges, in 2014, CEP research found that funders and nonprofits rated similarly on foundations' level of awareness of nonprofits' challenges, as well as on foundations' use of their resources to address those challenges.¹⁸

¹⁸ In a 2014 study that CEP published in the journal *Foundation Review* (Ellie Buteau, Mark Chaffin, and Ramya Gopal, "Transparency, Performance Assessment, and Awareness of Nonprofits' Challenges: Are Foundations and Nonprofits Seeing Eye to Eye?" <https://scholarworks.gvsu.edu/tfr/vol6/iss2/7/>), we found that, of foundation CEOs surveyed, 60 percent agreed that "Foundations are very aware of the challenges that nonprofits face today," and 52 percent of nonprofit CEOs surveyed agreed with the statement "My foundation funders are aware of the challenges that my organization is facing." In addition, of nonprofit CEOs surveyed, 31 percent agreed with the statement "My foundation funders take advantage of their myriad resources to help my organization address its challenges." Of foundation CEOs surveyed, 41 percent agreed with the statement "Foundations take full advantage of their myriad resources to help their grantees succeed." In 2025, CEP asked foundation leaders how effective they feel their foundation has been in understanding challenges that their grantees face, and we asked nonprofit leaders how effective they feel their foundation funders have been at understanding challenges that their organization faces.

Stepping Up for the Nonprofit Sector

“Many of our fundholders are removed from the lived experience of those who are suffering the greatest from these federal cuts that have happened. And so the pain that some fundholders feel is very different than the pain being felt by those who are the target of these changes. And until someone sees something affecting their 403(b), life is good: ‘What do you mean there’s something happening?’ With so much disinformation and the lack of good journalism these days, it is incumbent upon us to get out the information as a trusted source of information about what’s really happening. We’ll be spending an awful lot of time helping to educate others about the cuts and how they are hitting those who are the least among us here in our city.”

– Foundation Leader

Almost all nonprofit leaders interviewed (93 percent) express dissatisfaction with foundations' responses to the current context, with some suggesting that "philanthropy is scrambling to figure out how to respond" and that foundations "have either retracted, become ambiguous, or [become] very mysterious about what their next move is going to be." One nonprofit leader describes frustration with the lack of action they have seen from philanthropy, saying: "I do think that this is a moment for courage, a moment for people to take a stand in a way that I haven't seen. A lot of philanthropy has folded in this moment. And I think that, often, philanthropy has the resources, the platform, and the connections to do that in a way that the nonprofit's leadership [cannot]."

More than half of nonprofit leaders interviewed (56 percent) indicate that they have a desire for foundations to be bolder and more outspoken in advocating for the nonprofit sector during this time. As one nonprofit leader says: "They should be rising to this occasion. For the most part, I don't see much of that happening. I think they're worried about their own financial status, to be honest with you. If this isn't the rainy day, when is the rainy day? What could be worse?" Some nonprofit leaders also express frustration with what they see as a lack of transparency from foundations. "It's the biggest foundations that are the most opaque, and we don't know why, and they're just saying things like, 'We don't think advocacy's what we should be investing in right now,' which seems like a wildly insane thing to say," says one leader. "Because we don't know and they're not really talking about it — [we don't know] how much of that is just because they lawyered up, and their boards of directors are saying, 'Just hunker down and don't do anything risky.'"

Nearly 40 percent of interviewed nonprofit leaders report that their funders have shifted their priorities or requirements in ways that are less supportive of or helpful to nonprofits in response to the current context. "People want to know their dollars are doing things," says one leader in an interview. "So we've seen more outcome measurement reports needed." Another explains that "some funders have requested more efforts, like having a community pitch in addition to the application, which didn't receive great community feedback."

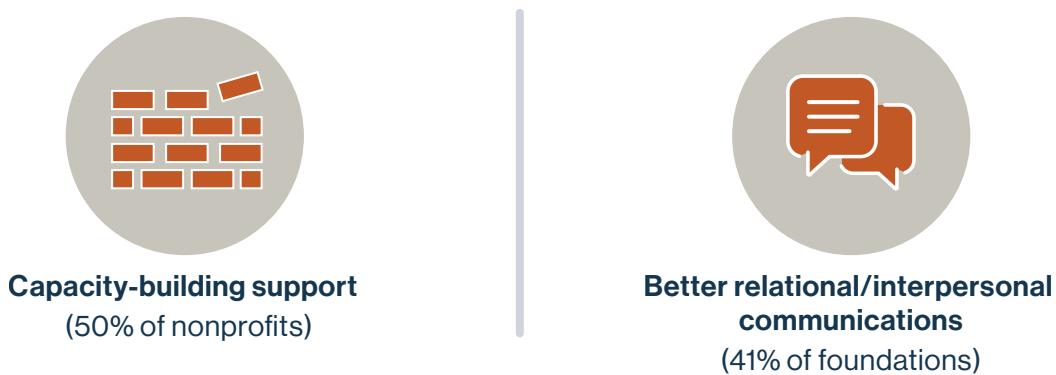
About half of nonprofit leaders interviewed also raise the issue of needing to change DEI-related language on their websites or in foundation grant proposals. "I would say the biggest shift is some of the DEI programs are just gone," says one leader. "There also used to be a focus on Black-led organizations or Black nonprofit leaders or Black founders. All of those programs are gone." One nonprofit leader describes their foundation's response to their use of DEI-related language in a proposal by saying: "One funder marked up our proposal like a fifth grade paper."

HOW FOUNDATIONS CAN BE MOST HELPFUL TO NONPROFITS IN 2026

Half of nonprofit leaders indicate that, in the coming year, they hope foundations will assist them in building skills, cultivating relationships, gaining knowledge, and acquiring resources that will enable them to best respond to challenges posed by the current context. Foundation leaders are quite aligned with nonprofit leaders in recognizing these needs, with about 40 percent of foundations and 50 percent of nonprofits listing capacity building as the most helpful action they can take to bolster nonprofits in 2026.

Foundation and nonprofit leaders also call attention to the need for more relational communication between foundations and nonprofits. About 40 percent of responding foundation leaders recognize that, to be most helpful to nonprofit organizations, foundations will need to be mindful about how they communicate with and support grantees at a more relational and interpersonal level, noting the need to “listen more [and] learn more.” In interviews, a similar percent of nonprofit leaders describe their own efforts to communicate more and be more open with their foundation funders about their organization’s needs and challenges. Yet, some note a gap in foundation leaders’ awareness of what many nonprofits are truly experiencing. “It feels like they didn’t know what is happening, which is weird, because I know they know what’s happening,” says one nonprofit leader. “I think the feeling that I got was more of like, ‘Oh, I didn’t know that it was affecting you.’” (See Figure 9.)

FIGURE 9. How Nonprofits and Foundations Believe Foundations Can Best Help Nonprofits Respond to the Current Context in 2026 (N=166-352)



Many foundation leaders believe that they need to be listening to nonprofits’ needs and “be ready to adapt and support” while focusing on “being responsive and providing professional support to help leaders think through challenges.” One foundation leader recognizes that, in order for foundations to meet this moment, they need to change how they work at a deeper level:

Funders talk a lot but do not follow with action. So much gets bottlenecked in process and the infrastructure we have built. CEOs need to empower their staff to innovate and disrupt these processes and measure efficacy by how quickly they can move money;

CEOs also need to educate their boards and bring them along by dismantling the myth that the ROI is built by made-up metrics on silly timelines, when, in fact, the very act of deep listening to grantee partners is a liberating act, and a very real ROI, that then loosens everything else that can deliver.

Nonprofit leaders ask that foundations “be the voice for change,” saying that “nonprofits cannot raise our voice without putting our clients at risk — but they can.” By pairing “financial support with advocacy, partnership, and infrastructure strengthening,” foundations can “help organizations remain resilient and responsive to community needs,” says another. One nonprofit leader requests that foundations “provide training and coaching support for leadership. Don’t just write a check, build a relationship.”

CONCLUSION

The work of nonprofit organizations is vital. In the words of John W. Gardner, co-founder of Independent Sector: “[The nonprofit sector] enhances our creativity, enlivens our communities, nurtures individual responsibility, stirs life at the grassroots, and reminds us that we were born free.”¹⁹ Nonprofits’ unique value — long recognized by both Democratic and Republican presidential administrations — is only underscored in the current context of government cuts to critical services and programs that exist to meet basic needs of the most vulnerable among us. Many nonprofits are facing the simultaneous challenges of significant funding cuts and increased demand for services. Some are facing mergers or closures, while others have been forced to lay off staff, cut long-standing programs, and change how they publicly describe and conduct their work. Despite this, there are many examples of nonprofits responding with creativity, resourcefulness, and resolve to meet their missions.

Many foundations report changing their grantmaking, application, and reporting practices to better support nonprofits. Some report they have had serious reflection within their organizations and their boards on the role of philanthropy in supporting the nonprofit sector in the face of unprecedented challenges. However, many foundations and nonprofits are looking for more when it comes to foundations’ responses and efforts in the year ahead, as nonprofits continue to adapt to a new and unpredictable reality. As one foundation leader says:

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

¹⁹ John W. Gardner, "Preserving the Independent Sector," Independent Sector, May 16, 1979, <https://independentsector.org/community/preserving-the-independent-sector/>.

METHODOLOGY

The findings presented in this report are based on data collected, analyzed, and interpreted by the Center for Effective Philanthropy. CEP fielded two surveys and received responses from leaders of 227 foundations and 408 nonprofit organizations, respectively.²² In addition, in-depth interviews were conducted with 27 nonprofit leaders and 31 foundation leaders. Information detailing the process for collecting and analyzing the data is below. The full methodology for this report, including demographics of survey respondents and interview participants, can be found [here](#).

NONPROFIT SURVEY METHODOLOGY

Nonprofit Sample Characteristics

In August 2025, CEP invited 893 nonprofit leaders from the Nonprofit Voice Project (NVP) — a panel of U.S. nonprofits that is representative of the national landscape of nonprofits that receive at least some foundation funding — to participate in this survey.²³ More information on the criteria for inclusion and the original NVP sample creation process can be found on our website [here](#).²⁴

Nonprofit Survey

This survey contained 45 items and was fielded online for a four-week period in 2025 — August 25 to September 24. A copy of the survey instrument can be found on our website [here](#).

Nonprofit Response Rate

Completed surveys, defined as having at least 80 percent of the core questions answered, were received from 404 nonprofit leaders. (See Table 1.)

TABLE 1. Nonprofit Survey Response Rate

Survey period	Number of eligible respondents	Number of completed/partial responses	Survey response rate
August 25, 2025, to September 24, 2025	893	408	46%

²² We did not use a probability methodology to construct these samples.

²³ Replacements for leaders who had agreed to be in the original NVP sample but had left the organization since the previous fielding of the survey were made only if their successors reached out and explicitly asked to take the survey in their stead. There was one replacement made.

²⁴ The first time a survey was administered to this group, the number of eligible respondents in the NVP sample was 893 leaders ("Challenging Times: How U.S. Nonprofit Leaders Are Experiencing the Political Context," <https://cep.org/report/challenging-times-how-u-s-nonprofit-leaders-are-experiencing-the-political-context/>).

FOUNDATION SURVEY METHODOLOGY

Foundation Sample Characteristics

In August 2025, CEP invited 769 foundation leaders to participate in a survey.²⁵ Foundation leaders were eligible for inclusion in this research study if the foundation they worked at was based in the United States; was categorized by Candid's online Foundation Directory or CEP's internal contact management software as an independent, health conversion, or community foundation; and provided \$5 million or more in annual giving, according to the most recent available year of financial information in Candid's online Foundation Directory or CEP's internal contact management software. Furthermore, to be eligible for inclusion, leaders of eligible foundations must have had a title of president, CEO, executive director, or equivalent, as identified through the foundation's website, Form 990, or internal CEP staff knowledge, and an email address that could be accessed online, such as on the foundation's website, or through internal CEP records.

Foundation Survey

This survey contained 48 items and was fielded online during a four-week period in 2025 — August 25 to September 24. A copy of the survey instrument can be found on our website [here](#).

Foundation Response Rate

Completed surveys, defined as having at least 80 percent of the core questions answered, were received from 227 foundation leaders. (See Table 2.)

TABLE 2. Foundation Survey Response Rate

Survey period	Number of eligible respondents	Number of completed responses	Survey response rate
August 25, 2025, to September 24, 2025	763	227	30%

INTERVIEW METHODOLOGY

To test and refine our interview protocol, three pilot interviews were conducted in August 2025 with members of the study's advisory group — one nonprofit organization and two foundations. A copy of the nonprofit interview protocol can be found [here](#), and the foundation interview protocol can be found [here](#).

CEP randomly selected 150 nonprofits and 150 foundations from the survey samples to reach out to for formal interviews. The foundation sample was stratified by giving size (half above and half below the median giving size) and region (approximately 25 percent representation of the sample in each U.S. census region). For nonprofits, the sample was stratified by total revenue (half above and half below the median annual revenue) and region (approximately 25 percent representation of the sample in each U.S. census region). There was greater interest in being interviewed than could be accommodated due to CEP's research timeline, and, ultimately, CEP interviewed 27 nonprofit leaders and 31 foundation leaders from these samples.

²⁵ Six foundations were removed from this initial sample for various reasons — including our inability to reach the foundation's leader during the survey period, the foundation not fitting CEP's sample requirements, the foundation's internal policies prohibiting participation in external surveys, and the foundation sunsetting during the survey period.



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