the state of nonprofits

IN NORTHERN VIRGINIA

A Community Foundation for Northern Virginia report with contributions from the Schar School of Policy and Government at George Mason University

September 2025

THE community foundation FOR NORTHERN VIRGINIA

insight› ›region® the center for community research AT THE COMMUNITY FOUNDATION FOR NORTHERN VIRGINIA

with contributions from

SCHAR SCHOOL OF POLICY AND GOVERNMENT George Mason University

THE COMMUNITY FOUNDATION FOR NORTHERN VIRGINIA

The Community Foundation for Northern Virginia is building a region that works for everyone. Since 1978, it has united thousands of generous Northern Virginians with the causes they care about through donor-advised funds, permanent funds, giving circles, and charitable endowments. The Foundation cultivates enduring partnerships with nonprofits, foundations, government, businesses, and community members to maximize impact and drive meaningful change.

Through Insight Region®, its original research initiative, the Community Foundation delivers data-driven insights that reveal the trends and issues shaping Northern Virginia's future. It proudly serves all Northern Virginians in Arlington, Fairfax, Loudoun, and Prince William Counties, as well as the Cities of Alexandria, Fairfax, Falls Church, Manassas, and Manassas Park.

Learn more at cfnova.org.

CENTER ON NONPROFITS, PHILANTHROPY, AND SOCIAL ENTERPRISE, GEORGE MASON UNIVERSITY

The Center on Nonprofits, Philanthropy, and Social Enterprise in the Schar School of Policy and Government at George Mason University helps to improve the effectiveness of nonprofit organizations through research, training, public education, and other initiatives that engage those who care about these important institutions and the communities they serve. As the Commonwealth is currently evaluating the impact of federal changes on individuals and businesses in the region, it will be important to be aware of the impact of these changes on the nonprofit sector and convey concerns to local and state leadership.[i] Sign up for information about current projects and events here: **https://nonprofitcenter.schar.gmu.edu/**

CENTER FOR REGIONAL ANALYSIS, GEORGE MASON UNIVERSITY

The Center for Regional Analysis (CRA) at George Mason University's Schar School of Policy and Government provides research and technical assistance to leaders in the public, private, and nonprofit sectors focusing on economic and community development. CRA faculty and staff have extensive experience and expertise in economic development planning, workforce development, regional economic analysis, market forecasting, and the impacts of public and private investments. In addition to sponsored projects, CRA publishes monthly economic updates for the National Capital Region and special topic papers through the Stephen Fuller Institute. Sign up for the Economy Watch Newsletter at **https://sfullerinstitute.gmu.edu/**

[i] The Stephen S. Fuller Institute for Research on the Washington Region's Economic Future is part of the Center for Regional Analysis at the Schar School of Policy and Government at George Mason University.

at a crossroads:

THE ECONOMIC OUTLOOK FOR NORTHERN VIRGINIA'S NONPROFITS

Nonprofits contribute over $1 billion to Northern Virginia's Gross Regional Product (GRP), but they now face the potential of a triple threat: declining donations, rising demand, and limited federal support.

Northern Virginia's nonprofits are under pressure to do more with less—serving growing community needs, while grappling with funding cuts. Many nonprofits will be faced with difficult decisions as they try to balance the desire to meet community needs and the current economic challenges. Nonprofits that can successfully pivot their funding streams especially from the public sector, will have a greater chance of surviving the uncertainty.

A recent survey by the Community Foundation for Northern Virginia revealed that nearly half of local nonprofits rely on federal support—accounting for an average of 23% of their operating budgets.[ii] Since some federal support reaches nonprofits through state and local programs, it may not be fully reflected in our survey data—meaning the true impact is likely greater than reported. While many had contingency plans or modest reserves, most warned that without replacement funding, cuts to staff or programs would be unavoidable by year's end. In the months since, those warnings have become reality. Between January and May 2025, the national nonprofit sector lost at least 20,000 full-time jobs, and this is likely a conservative estimate. Education, healthcare, and human services—sectors providing food, housing, mental health care, and other essentials to our most vulnerable neighbors—were the hardest hit.[1]

To weather this storm, nonprofits and funders must act boldly—advocating for support, strengthening partnerships, investing in capacity, and focusing on where the needs are greatest. These solutions are not cure-alls, but they can help nonprofits endure the challenges ahead.

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[ii] Although 50% of respondents reported receiving federal support, the actual impact may be understated, as some nonprofits may not recognize state or local funds originating from federal sources.

A SECTOR UNDER STRAIN,
a region at a crossroads

Northern Virginia has a vibrant nonprofit sector that is facing significant threats.

Northern Virginia's nonprofit sector is a vital part of the regional economy, contributing over $1 billion annually and employing thousands.[iii] Nationally, nonprofits are the third-largest employer—surpassing construction and manufacturing.[2] Yet most local nonprofits are small, grassroots organizations.[3] Of the 1,700 nonprofits the Community Foundation for Northern Virginia engages with, the majority operate on budgets between $100,000 and $5 million.

Despite driving over $1 billion in economic activity and employing thousands of workers, the evolving federal funding landscape threatens both the federal workforce and the region's nonprofit sector.[2,4]

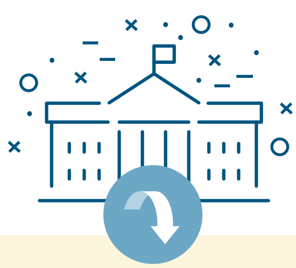
Giving has become more complex,[5] federal support is uncertain,[6] and demand for services—especially in human services—is rising[7] (figure 1). Recent economic turbulence, driven by changes in federal policy, has presented new challenges for nonprofits around the U.S. By March 2025, many nonprofits had already noticed a drop in individual giving. Nearly half rely on some level of federal funding, which now hangs in the balance. In response, many are cutting programs, reducing staff, and preparing for worst-case scenarios just to stay afloat.

Nonprofits have begun planning for worst-case scenarios—adjusting programs and staffing just to keep the lights on through the end of the year.

Figure 1. Current Threats to Northern Virginia's Nonprofit Sector

Declining Donations

Economic uncertainty has made individuals hesitant to donate.



Decreased Federal Support

Nearly half of nonprofits receive some federal support, which has been frozen or cut for many.

Increased Demand

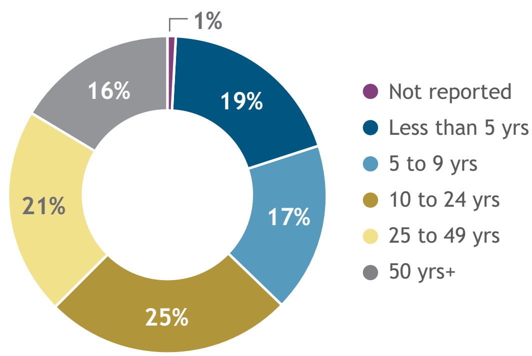
Demand is rising as economic ripple effects—from federal job losses to reduced consumer spending—strain nonprofits providing essential services.

[iii] Some nonprofits have a national focus and choose to locate in Northern Virginia due to its proximity to Washington, D.C.

A DIVERSE *and dynamic sector*

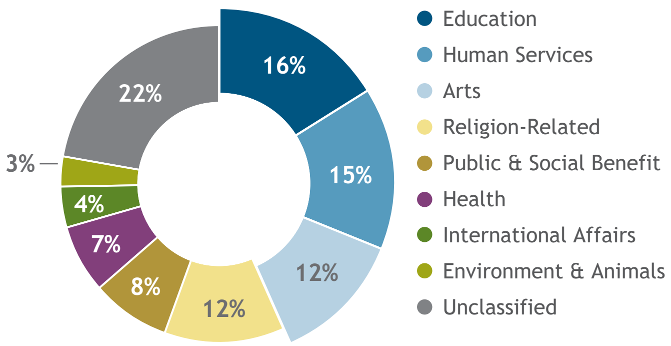
Nonprofits play a critical role in advancing social and economic mobility across Northern Virginia. To better understand this sector, we analyzed organizations' age, mission focus, and financial profile. What emerges is a picture of a diverse and evolving ecosystem—shaped by both long-standing institutions and emerging changemakers.

Figure 2. Age of Organization



Source: Insight Region® analysis of IRS Business Master File, April 2024.

Figure 3. Focus area of Organization



Source: Insight Region® analysis of IRS Business Master File, April 2024.

Age of Organization: Nonprofits that have been around longer often benefit from stronger relationships with donors, volunteers, and community partners. In Northern Virginia, the sector is evenly split between newer and more established organizations (Figure 2).

Focus area: *The top three focus areas among local nonprofits are Human Services, Arts & Recreation, and Education.* This aligns with national[8] and statewide[9] trends that highlight Human Services and Education as dominant areas—but Northern Virginia stands out for its strong nonprofit engagement in the arts, where it ranks third locally.

Financial Profile: Northern Virginia has over 12,000 registered 501(c)(3) nonprofits, but only a small share report annual revenues above $5 million. These larger organizations often have the infrastructure to manage economic shocks, though they remain vulnerable if reliant on limited funding sources.

UNDERSTANDING NONPROFIT REVENUE

Nonprofit revenue is the income organizations receive to fund their mission and operations. It can come from donations, grants, fundraising events, government contracts, service fees, and investments. Unlike businesses, nonprofits reinvest this revenue into their programs rather than distributing profits.

On the other end of the spectrum, more than 8,000 nonprofits report no revenue. These nonprofits may be either inactive or just getting started. The majority of nonprofits with revenue fall in between—**$100,000 and $5 million** (figure 3). These small to mid-sized organizations—often supported by the Community Foundation—face the greatest financial risk. With limited resources and narrow funding streams, even modest revenue declines can threaten their ability to operate and serve the community.

HUMAN SERVICES & SOCIAL ASSISTANCE

This includes organizations that deliver direct support to individuals and families to enhance well-being and self-sufficiency. Services often meet basic needs and assist vulnerable populations through family support, youth programs, food assistance, job training, elder care, and disability services.

PULSE SURVEY FINDINGS:

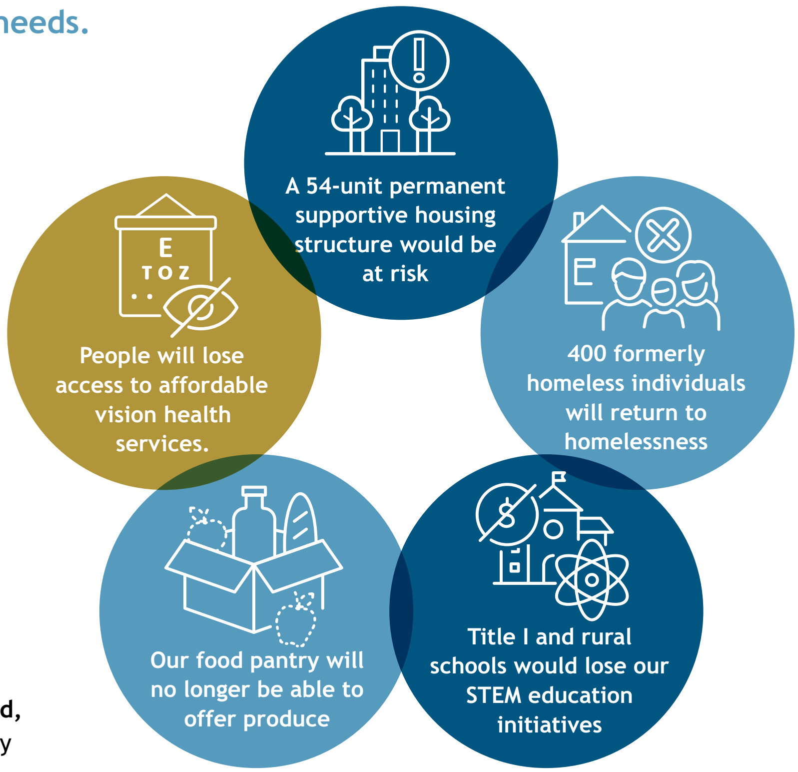
voices from the front lines

The Community Foundation for Northern Virginia regularly surveys local nonprofits to understand their challenges and needs.

In March 2025, we surveyed 260 grant applicants and asked them about current and actual changes in federal funding, their organizations' reliance on federal funding, and any reserve funds or contingency plans they had to continue operations without federal funding—125 applicants responded. Many of the responses were heartbreaking. The scenarios below exemplify the range of impacts shared by nonprofits serving Northern Virginia.

Nearly half of those surveyed rely on federal funding, which makes up an average of *23% of their budgets*. For some, it's as high as 95%.

Federal funding cuts would have immediate and devastating consequences: **Staff layoffs, program closures, and reduced access to food, shelter, healthcare, and education**—especially for the region's most vulnerable residents.



Nonprofits are already hearing from clients who are anxious about the future. Without action, those fears could soon become reality.

MEETING THE MOMENT:
nonprofits under strain in northern virginia

Nonprofits across Northern Virginia are confronting a perfect storm: shrinking reserves, rising demand, and the end of pandemic-era support.

Limited Reserves, Growing Risk

62% of nonprofits—who are at risk of losing federal funds—have some reserves

28% can sustain services beyond one year

"We can keep the lights on for another 8-9 months if we stop serving clients."

- Survey Respondent

Scrambling for Alternatives

Many are developing contingency plans, but options are limited. Private donations are slowing, and competition for foundation support is intensifying.

"We are already seeing donors pulling back, and we know competition is only going to grow."

- Survey Respondent

Still Recovering from COVID-19

The pandemic strained nonprofits—and with the end of temporary relief like ARPA (American Rescue Plan Act of 2021), many are still grappling with lasting challenges.

37% lost program funding or struggled to reach donors

33% saw increased demand—especially in mental health, education, and healthcare

28% had to restructure, reduce staff, or scale back services

"Students are further behind due to COVID, so the demand for tutoring increased as ARPA funding ended."

- Survey Respondent

Nonprofits are working to adapt—but without new support, many will be forced to make painful cuts even as community needs remain high.

BUILDING STRONGER NONPROFITS: WHAT ORGANIZATIONS NEED MOST

To better understand how nonprofits are building internal capacity to improve their skills, systems, and strategies—and where support is still needed—our Pulse Survey explored their recent experiences. While 44% reported receiving capacity building support in the past year, the majority (56%) did not. Those who did often received it at no cost, but few had a consistent source of help.

Despite varying needs, organizations shared common priorities. Budgeting and financial management emerged as a top need, yet no nonprofits reported receiving support in that area. Funders have an opportunity to address critical gaps: **supporting scenario planning and cash flow analysis, enabling the use of AI and digital tools, and strengthening staff well-being in a post-pandemic landscape.**

PARTNER
perspectives

THE NONPROFIT SECTOR'S ROLE
in northern virginia's volatile economy

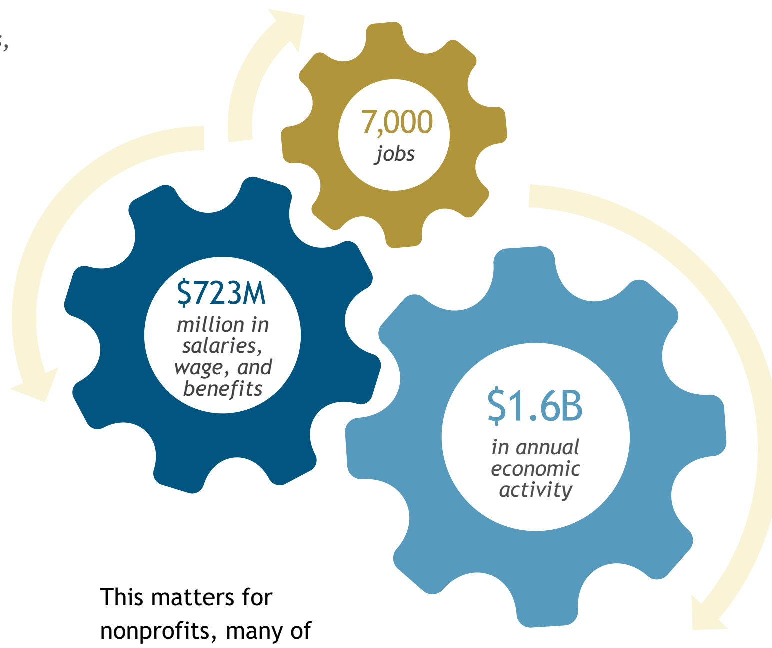
By Terry L. Clower, PhD, Center for Regional Analysis, George Mason University

Northern Virginia's nonprofit sector creates 7,000 jobs and contributes 1.6 billion in economic activity.

Northern Virginia's nonprofit sector is a quiet economic force—creating **7,000 jobs** and contributing **1.6 billion** in annual economic activity. The sector produces over **$723 million** in salaries, wages, and benefits. These figures likely *understate* the sector's full impact, as not all nonprofits are captured in the available data.

In a region that generates nearly half of Virginia's total economic output, nonprofits are not just supporting communities, they are helping to drive economic growth.

But this vital sector is facing serious challenges. Job losses—in key industries like professional, scientific, and technical fields—are raising concerns about declining tax revenues and weakening commercial property values. These economic pressures may also lead to reduced corporate and individual donations, further straining nonprofit budgets at a time when demand for their services is rising. **Consumer confidence**—a key indicator of how people feel about the economy—has been shaky. In early 2025, consumer confidence declined, reflecting broader economic uncertainty, especially around federal policy.[iv]



This matters for nonprofits, many of whom rely on individual donations. When consumer confidence falls, charitable giving often follows. As the region navigates economic headwinds, the resilience of its nonprofit sector will be critical—not only for community well-being, but for the region's economic stability and future prosperity.

As the region navigates economic headwinds, the resilience of its nonprofit sector will be critical.

[iv] After a 13% decline in March 2025, consumer confidence increased 0.3% in April 2025, largely due to changes in tariff policy and gains in construction jobs—the biggest gains in 20 years.

A TIPPING POINT FOR OUR COMMUNITIES: *why nonprofits need you now*

By Alan J. Abramson, PhD, Center on Nonprofits, Philanthropy and Social Enterprise, George Mason University

Northern Virginia's nonprofit sector is under strain—facing rising demand, shrinking public support, and flat philanthropic funding. To meet this moment, both nonprofits and funders—including foundations, institutions, and individual donors—can take key steps to strengthen the sector:[v]

ADVOCACY:

The dissolution of the Nonprofit Roundtable of Greater Washington in 2015 left a gap in collective advocacy. While some leaders speak up, many organizations lack the resources or expertise to engage in policy work alone. *A new Northern Virginia or DMV-wide coalition could amplify the voice of the nonprofit sector.* Funders can support nonprofits in building this capacity.[vi]

COLLABORATION:

Greater partnership among nonprofits—across both similar and complementary service areas—can reduce duplication and improve outcomes. *Shared services, co-location, and strategic alignment* are all avenues for increased effectiveness. Philanthropic support can help catalyze these collaborative efforts.

FLEXIBLE FUNDING:

Given today's uncertainty, funders should consider increasing their support, offering more flexibility, and listening closely to grantee needs. *While philanthropy cannot offset major government cuts*, it can play a vital role in sustaining key services and seeding innovation. Funders may also benefit from re-establishing their own regional philanthropic network or forming a pooled emergency fund for nonprofits.

NONPROFIT CAPACITY BUILDING:

Funders should support a broad range of nonprofit capacity needs to help organizations stay resilient amid ongoing challenges. This includes strengthening fundraising, communications, and marketing; improving scenario planning and financial analysis; adopting AI and other technologies for greater efficiency; and addressing staff well-being to prevent burnout. Nonprofits, in turn, must be prepared to make tough decisions—including strategic cutbacks—rather than delay necessary changes.

Northern Virginia's nonprofit sector would benefit from having a stronger voice as critical policy decisions are made; decisions which could impact their funding, operations, or even survival.

SUPPORT FOR COMMUNITIES IN NEED:

Nonprofits serving communities that have historically lacked access to resources—whether due to geography, income, disability, or other barriers—often face the greatest challenges. Targeted support for these organizations is essential.

Stronger nonprofits mean stronger communities.

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[v] Additional guidance is available from the Chronicle of Philanthropy, Independent Sector, National Council of Nonprofits, and Nonprofit Finance Fund.

[vi] The Northern Virginia Idea Exchange (NoVIE) is an informal group of Northern Virginia nonprofit chief executives that is a helpful network to many regional nonprofit leaders.

The views and analysis in this section reflect the independent expertise of our partners at the Schar School of Policy and Government at George Mason University.

REFLECTIONS AND
recommendations

Northern Virginia's nonprofit sector is more than a network of service providers—it is a vital part of the region's economic and social infrastructure. These organizations create jobs, drive innovation, and provide essential services that support upward mobility and community well-being. But today, they are being stretched to the breaking point.

As this report has shown, nonprofits are navigating a volatile economy, rising demand, and shrinking public support. Their ability to adapt and endure will shape the region's future. To support this essential sector, we offer the following reflections and recommendations:

1. ADVOCATE FOR THE SECTOR

Nonprofits need champions. Policymakers, funders, and civic leaders must advocate for sustained public investment and policies that recognize the nonprofit sector as a critical part of the region's economic engine.

2. COMMUNICATE—AND STAY INFORMED

Needs are evolving rapidly. Funders and partners must stay connected to the nonprofit community and responsive to changing conditions. The Community Foundation will continue to share timely insights through Insight Region® and other platforms.

3. PARTNER AND COLLABORATE

No single organization can meet today's challenges alone. Cross-sector collaboration—between nonprofits, philanthropy, business, and government—can amplify impact, reduce duplication, and build shared infrastructure.

4. INVEST IN LONG-TERM SUSTAINABILITY

Short-term grants are not enough. Nonprofits need flexible, sustained funding to build capacity in areas like financial planning, technology, and workforce well-being. This includes support for scenario planning, cash flow analysis, and the adoption of tools like AI to improve efficiency.

5. TRUST ORGANIZATIONS ON THE GROUND

Resources should be directed to organizations serving the communities most affected by economic instability, housing insecurity, and health disparities. These nonprofits are often closest to the challenges—and the solutions.

This is a moment of challenge—but also of opportunity. By listening to nonprofits, investing in their strength, and working together, we can ensure that Northern Virginia's nonprofit sector not only survives, but thrives.

The cost of inaction is high. Nonprofits often deliver services that substitute for or supplement government programs—at lower cost and with deeper community trust. If these organizations cannot sustain their work, the burden will fall to local governments and public systems, resulting in greater long-term costs to the region. Supporting nonprofits is a strategic investment in the region's stability and future.

JOIN US

Northern Virginia's nonprofits are essential to our region's resilience. Now is the time to stand with them. Join us at the Community Foundation for Northern Virginia in strengthening your philanthropic impact—and in building a more resilient Northern Virginia. Together, we can ensure that the region's nonprofits continue to thrive, now and into the future.

ENDNOTES AND REFERENCES

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PROJECT TEAM

This report was developed by the Community Foundation for Northern Virginia in partnership with the Schar School of Policy and Government at George Mason University.

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- *Denise Bellows, PhD, former Senior Director of Insight Region®, Community Foundation for Northern Virginia*
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- *Terry L. Clower, PhD, Center for Regional Analysis, George Mason University*

Community Foundation for Northern Virginia grantee images in this report include: Girls on the Run Northern Virginia, Fairfax CASA, the English Empowerment Center, and Rock Recovery.

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