

## Only 1 in 4 Australian non-profits feels financially stable – this new philanthropic model hopes to change that

**New study highlights the need for stronger financial stability in Australia’s NFP sector and how to get there: the Future Fund.**

New research by the Australian Communities Foundation (ACF) reveals the financial challenges and opportunities that Australia’s not-for-profit (NFP) sector is currently facing. Across the country, just one in four NFPs feels financially stable, with adequate reserves in place to sustain them long term. For most organisations, unstable or short-term funding is the top concern, with 60% relying primarily on short-term grants.

The study, titled [The NFP Resilience Report](#), surveyed 240 NFPs around Australia to understand how they’re navigating the current landscape to meet growing demand, and managing financial sustainability for the long term.

“So many of these organisations rely heavily on project-based income and face increasing competition for philanthropic dollars,” says Andrew Binns, CEO of the Australian Communities Foundation. “With 25% of respondents reporting highly variable income year to year, it’s clear we need better financial models to support them.”

The report identifies opportunities NFP leaders are seeking to build more sustainable financial foundations, including building financial reserves or long-term endowments. “We’re in a reasonably healthy financial position. However, this is largely because we endlessly apply for, and manage, short-term grants,” said one survey respondent. “The whole process is pretty exhausting.”

For many non-profits, surplus funds sit idle in low-yield bank accounts (40%), while others are using term deposits (23%) or external investment advisors (16%). While these options offer security, they may not support long-term financial growth, and managing reserves independently can come with administrative burdens.

To help address this gap, Australian Communities Foundation designed its NFP Future Fund model, specifically for NFPs seeking long-term financial resilience. The Future Fund enables organisations to increase their reserves through ACF’s responsibly managed portfolio, which is designed to deliver strong financial returns while also driving positive social and environmental outcomes. Importantly, organisations retain flexible access to their capital when needed.

“Through our ethically invested portfolio, Future Funds have returned an average of 10% p.a. over the past three years. This is an effective alternative to the typical 4% returns of term deposits,” said Binns. “This model also provides NFPs assurance that their reserves are investing in positive outcomes for people and the planet, rather than industries or activities that conflict with their mission.”



Since 1997, Australian Communities Foundation has helped donors across the country give more effectively, facilitating over \$220 million in grants to Australian NFPs. The Future Fund is one of its more recent initiatives supporting the sector, and is already being used by over 40 organisations, including Australian Multicultural Community Services, Victorian National Parks Association, Women’s Health Victoria and BackTrack.

BackTrack, a non-profit focused on helping at-risk youth achieve independence, established an ACF Future Fund to help keep its 100-year dream alive. “ACF was a clear winner for BackTrack when we were approaching how we might structure our endowment fund. Knowing our Future Fund is growing provides a sense of security and empowers BackTrack to keep dreaming big to deliver for vulnerable young people now and into the future,” says Founder, Bernie Shakeshaft. Backtrack is using its Future Fund as a stress-free, sustainable source of funding for operations that can continue rolling for generations.

“We’re really excited to offer the Future Fund to Aussie NFPs like BackTrack at such a critical time,” said Binns. Despite financial insecurity emerging as the sector’s most pressing challenge, few organisations highlighted financial strategy as their primary opportunity. This suggests a gap between the urgent need for long-term solutions and awareness of the tools available to achieve them.

“There has never been a greater need for non-profits to support Australians – and now is the time to strengthen the sector for the long haul. With the right financial tools and strategies, we can help organisations not just survive, but thrive. The Future Fund is one way we’re helping NFPs build lasting resilience and continue delivering impact for generations to come.”

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