Visory

AN NFP REPORT

JUNE 2026 · ISSUE 01

MID-MARKET AUSTRALIAN NOT FOR PROFITS (NFPS)

$1M TO $20M REVENUE

# Are you ready for the changing NFP *climate?*

Three policy shocks in nine months. A $222 billion sector with mid-market margins compressing. The NFP organisations that move now will be the ones setting the terms for what comes next.

SECTOR

~60,000 ACNC-registered charities. $222B revenue. 1.5M employees.

FOCUS

Mid-market NFPs ($1M to $20M revenue). The operational backbone of paid service delivery.

FOR

CEOs, CFOs, boards. And the accountants and advisors who serve them.

WHERE THE SECTOR STANDS TODAY

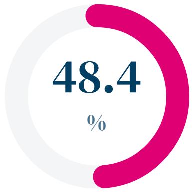
# Record revenue. *Record pressure.*

The 11th ACNC Australian Charities Report (June 2025) showed a sector at record size. The financial reality on the ground inside mid-market NFP organisations is a different story. Both are true at once.

**$222B**

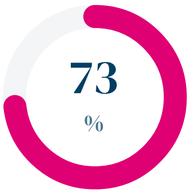
**Total sector revenue in 2023, up 10.7% YoY.**

Net income $13.9B, 2.4 times the prior year. Headline growth masks deepening margin pressure underneath.



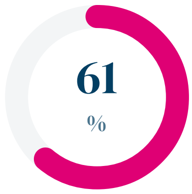

**Of all sector revenue is government-funded.**

Government concentration is the single largest financial variable in the sector and the most exposed to the next 12 months of policy change.




**Of mid-market NFP leaders report financial performance was negatively affected**

in the past 12 months. Up from 68% in 2024.




**Report planned cash reserves are being eroded**

by the current economic environment. Reserves are being drawn down faster than FY26 budgets assumed.

The 0.5% of charities at the top of the sector capture 56% of revenue. The mid-market band ($1M to $20M) is the operational backbone of community-anchored service delivery. It is also the band most exposed to indexation lag, single-funder concentration, and the structural shifts now in motion. The next four pages explain what is changing, how the numbers compare, and what the strongest mid-market organisations are doing about it.

Sources · ACNC Australian Charities Report, 11th edition (June 2025, n≈52,627 AIS submissions). HLB Mann Judd NFP Financial Management Report (September 2025, n=100+ NFP leaders, 66% in $3M to $50M band).

THE FORCES RESHAPING ORGANISATIONAL SUSTAINABILITY

# Six pressures, *compounding at once.*

The challenge for mid-market NFP organisations in 2026 is not any single threat. It is the speed at which six independent pressures are converging on the same balance sheet.

## *01*

FUNDING

### The NDIS social participation reset.

NDIS-registered providers face an average **50% cut** to social, civic and community participation budgets from **1 October 2026**, and a 10% cut to capacity-building daily activity. NDS reports **81% of quality providers** were already worried they could not continue at current prices. Beyond the directly exposed: this is the clearest recent signal of how quickly government can unilaterally reset a discretionary program. Aged care, employment services and family services all sit on the same risk axis.

## *02*

FUNDING

### Aged care margin compression.

For aged care providers, Support at Home took effect 1 November 2025. The home care operating margin fell from **$3.77 to $1.44 per client per day** (StewartBrown Dec-25). 61% of residential aged care homes operated at a loss in 1H FY26. The wider read-through for the sector: indexation lag is now a structural feature of major government-funded programs, not a temporary anomaly. Any For Purpose organisation drawing more than 30% of revenue from government should model it.

## *03*

CONCENTRATION

### Single-payer dependency.

NDIS-exposed providers commonly run **85% or more of revenue through a single payer**. Faith-based and community organisations often depend on a small handful of legacy donors. The $4.9B Minderoo gift accounted for roughly a quarter of all reported sector giving in 2023. Strip it out and donations grew just **0.4%** year-on-year.

## *04*

WORKFORCE

### Talent density and turnover.

NDS Workforce Census 2025: **26% casual turnover, 16% permanent turnover**. Permanent full-time roles collapsed from 30% to 21% of the workforce. Invisible cost to the disability workforce alone: over **$50M annually**.

## *05*

POLICY

### The Giving Funds reform paradox.

Announced 26 February 2026. Private and Public Ancillary Funds renamed Giving Funds. Minimum distribution rate lifted to **6%** from FY26-27. Government estimates $60M to $100M in additional annual flow. Treasury's own modelling concedes total long-term giving is maximised at the previous 5% rate. Koda Capital calls it "squeezing the golden goose."

## *06*

TECHNOLOGY

### AI adoption without governance.

Infoxchange 2025: AI adoption doubled to **67%** of NFPs in 12 months. Only **14%** have an AI policy. **23%** have a documented cyber security plan. MIT puts the enterprise GenAI failure rate at 95%. The vendors are louder than the value.

Sources · NDIS Amendment (Securing the NDIS for Future Generations) Bill 2026 (introduced 14 May 2026). StewartBrown Aged Care Financial Performance Survey, Dec-25. ACNC Australian Charities Report 11th edition. NDS State of the Disability Sector Report 2025; NDS Workforce Census Report (29 August 2025). Assistant Minister Andrew Leigh media release (26 February 2026). Infoxchange Digital Technology in the NFP Sector Report (December 2025). MIT NANDA, The GenAI Divide: State of AI in Business 2025.

WHERE MID-MARKET NFP ORGANISATIONS ACTUALLY SIT

# The numbers your board *should be comparing against.*

The figures below are drawn from public sources where they exist and flagged as sector observation where they do not. Use them as a directional benchmark. The gap between your numbers and these is where capability earns its return.

| METRIC | SECTOR BENCHMARK | SOURCE · NOTE |
|---|---|---|
| **Median surplus margin**<br>Across mid-market NFPs, all sub-sectors<br>Revenue left after all costs. Negative means the org spent more than it earned. | 1%–5% | AICD 2024-25 · 46% profit / 26% loss / 28% break-even. Sector observation by sub-sector. |
| **Cash reserves**<br>Months of operating expenses covered | 3–12+ mo | HLB Mann Judd 2025 · 40% hold 12+ months, 60% hold 6+, 14% hold 1-3. |
| **Revenue growth (sector)**<br>Total sector revenue, 2022 to 2023 | +10.7% | ACNC 11th edition · Mid-market growth varies sharply by sub-sector. |
| **Employee expense ratio**<br>As % of total revenue (whole sector) | ~55% | ACNC 11th edition · $117B employee expenses on $222B revenue. |
| **True indirect cost ratio**<br>vs 0% to 20% typically reimbursed<br>Overhead costs (rent, admin, IT, HR) as a share of total spend. Funders cover 0–20%. The gap is absorbed by reserves. | 25%–35% | SVA / CSI / Philanthropy Australia, Paying What It Takes (2022). Funder gap of 10 to 20 points. |
| **Government revenue concentration**<br>% of revenue from government, sector average | 48.4% | ACNC 11th edition · NDIS-exposed providers commonly 85%+. |
| **Average tech spend per FTE**<br>Annual, sector-wide | $4,592 | Infoxchange 2025 · Roughly half the equivalent mid-market for-profit benchmark. |

THE CFO TEST

If your indirect cost recovery is below **30%**, your reserves are under **six months**, your surplus is under **2%**, or a single funder is more than **50%** of recurring revenue, the next 12 months will test you on each of these. The NDIS reset, indexation lag, and tightening funder terms will hit these pressure points hardest · organisations without the buffer will face those shocks with little room to respond. Capability built now compounds. Capability built under pressure costs more.

Sources · ACNC Australian Charities Report 11th edition. HLB Mann Judd Financial Management Report (Sept 2025). AICD NFP Governance and Performance Study 2024-25. SVA / CSI / Philanthropy Australia, Paying What It Takes (2022). Infoxchange Digital Technology in the NFP Sector Report (December 2025).

SEVEN MOVES THE STRONGEST MID-MARKET NFPS ARE MAKING

# Build to thrive, *not just survive.*

The NFP organisations that come out of the next 18 months ahead will not be the ones that adopted the most technology. They will be the ones that built the operating discipline to absorb shocks, redeploy resources, and act on data the same week it lands. Seven moves, in order.

## *01* Track program performance daily, not quarterly.

Live revenue and cost views by program, by funder, by region. A 13-week rolling cash forecast that updates overnight. Variance flagged at source, not at month end. **The boards that respond fastest to the FY27 reset will be the ones whose CFO walks in Monday morning with the picture, not a printout.**

## *02* Consolidate tech and AI, decide what stays in-house.

The 95% enterprise AI failure rate from MIT applies even more sharply to a sector at 14% AI policy coverage. Operating model first, data second, technology third. Audit the stack. Kill what is not earning its place. **Treat AI as a productivity multiplier on a clean process, not a fix for a broken one.**

## *03* Diversify income streams deliberately, before they diversify themselves.

The Giving Funds reform privileges multi-year capital-style grants. Earned income (fee-for-service, social enterprise, contracted services) is growing faster than donations. **71% of mid-market NFPs are now actively diversifying.** Boards that move first add a second or third revenue line before the next NDIS-style shock.

## *04* Hire with purpose. Build talent density, not headcount.

NDIS-exposed providers face 26% casual and 16% permanent turnover. The sector loses $50M+ per year to invisible churn. The strongest organisations are reducing total headcount while raising revenue per FTE. **Each new hire should add capability the team did not have, not duplicate capability that already exists.**

## *05* Optimise OPEX through supplier spend, not headcount.

The first move under cost pressure is usually a hiring freeze. The bigger and faster lever is supplier consolidation: fewer vendors, longer contracts, better terms, and rigorous renewal discipline. **For most mid-market NFPs, supplier rationalisation is one of the few meaningful OPEX levers available without touching frontline delivery.**

## *06* Drive better decisions with the board.

Boards do not need more reports. They need clearer drivers. Replace totals with unit economics. Replace last-year comparisons with industry benchmarks. Replace narrative updates with scenario plans. **A board that knows where the organisation sits relative to the median makes faster, sharper decisions.**

## *07* Manage cash in bank as the strategic asset it is.

40% of mid-market NFPs hold 12+ months of operating reserves. 14% hold less than three. The next 12 months will reward whichever extreme has a plan. Set a board-endorsed reserves policy. Maintain a 13-week rolling cash forecast. Stress-test against a 30% revenue shock to your largest single line. **Cash discipline is the cheapest form of strategic flexibility a board can buy.**

Sources · Pitcher Partners NFP Survey 2025. HLB Mann Judd Financial Management Report (Sept 2025). NDS State of the Disability Sector Report 2025; NDS Workforce Census (Aug 2025). MIT NANDA, State of AI in Business 2025. Productivity Commission, Future Foundations for Giving (May 2024).

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FOR MID-MARKET NFP ORGANISATIONS

# Capability is the new *moat.*

Visory partners with mid-market Australian NFPs to build the finance function the next 18 months will demand. Daily program tracking. Live unit economics. Board-grade reporting. Without the cost of building it all in-house.

*01*

### See your numbers daily.

Live income and cost tracking by program and funder. A 13-week rolling cash forecast that updates overnight. Variance at source, not at month end.

*02*

### Free leadership for mission.

Finance as enabler, not overhead. CEO and CFO hours redirected from spreadsheets to funders, partners, and community.

*03*

### Build board-grade insight.

Industry benchmarks. Scenario plans. Unit economics. The reporting layer the next funder, regulator, or merger conversation will demand.

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Working with NFP CEOs, CFOs, and boards across Australia.

CONTINUE THE CONVERSATION

If you would like to compare your organisation against the benchmarks in this report, or stress-test your finance function for the next 18 months, get in touch.

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