

Nonprofit Finance Fund Business Volunteers Unlimited



Northeast Ohio Survey Results

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October 2009



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Background on Northeast Ohio Survey



In February-April 2009, Nonprofit Finance Fund conducted a national nonprofit survey on how nonprofits are faring during the economic crisis. 1150 nonprofit leaders responded.

In August 2009, Business Volunteers Unlimited and Nonprofit Finance Fund adapted that survey to assess the condition of nonprofits in Northeast Ohio (NEO).

103 nonprofits completed the NEO survey, a robust 22% response rate.

The full Northeast Ohio results can be found at businessvolunteers.org or nonprofitfinancefund.org.

To see the national survey results, visit nonprofitfinancefund.org.



Voices from the field: What challenges are NEO nonprofits facing?



Cutback in foundation giving. Locked-in to fixed expenses like rent. No staff benefits to cut, salaries already on the low side. Elimination of staff will result in curtailment of programs and services. No one income area has dropped drastically (yet), but the cumulative effect of across-the-board decreases is mounting.

We see 2010 being very difficult. We may have to close locations and continue to reduce operating costs aggressively.

More time is being spent on fundraising and less on program delivery.

Staff morale is diminished and the waiting lists of children in need of emergency placement are hitting 30+ daily - over 150 will be unplaced on an annual forecast, based on the number of beds closed in response to the recessionary decline in donations.

We will be able to serve fewer people at a time when more need the services. Our clients' and potential clients' needs do not go away, so they default to far costlier systems, such as the jails, state hospitals, emergency rooms.

Can't expand... programs to serve the increasing need. Program resources are rationed and therefore waiting lists grow.

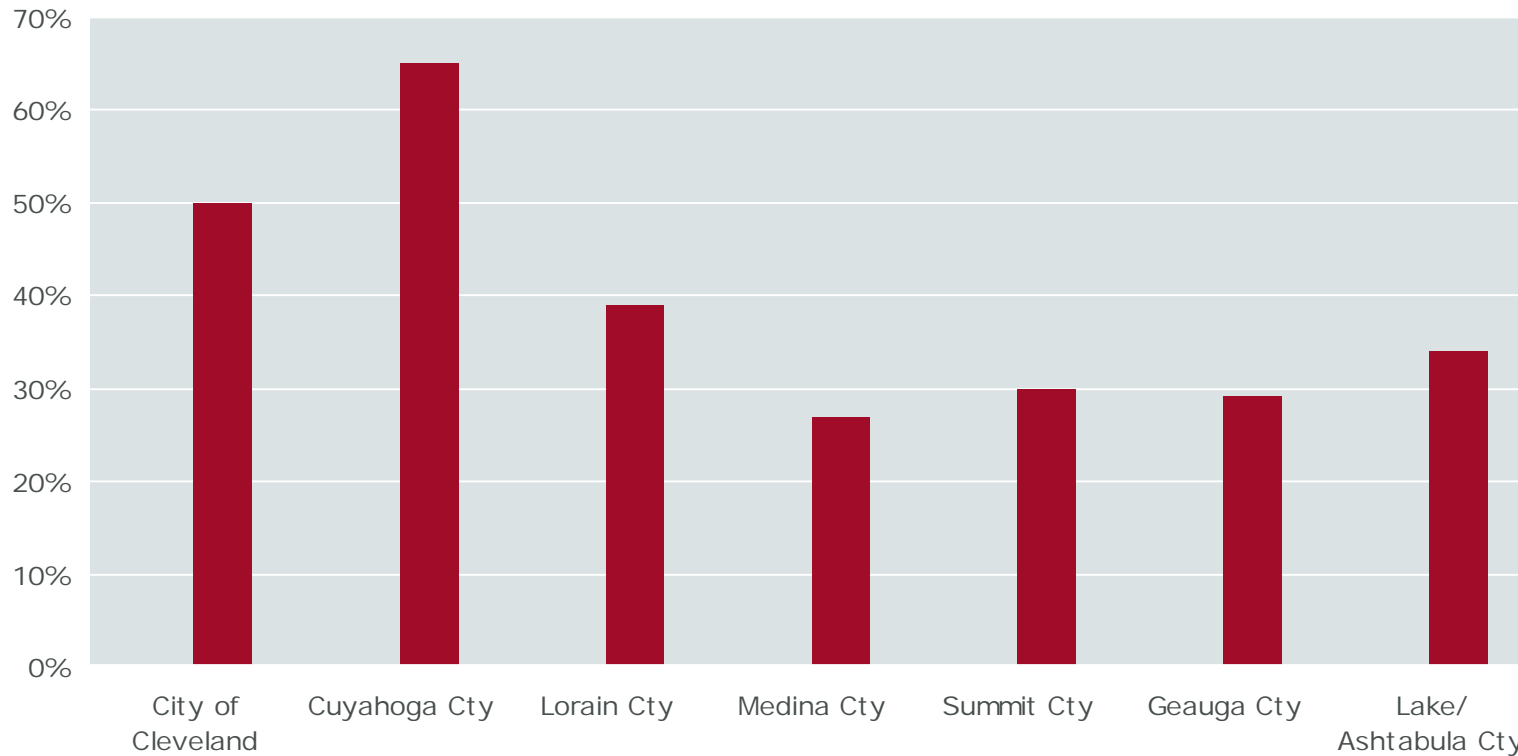
We are actually fortunate that our organization is accustomed to operating on a lean budget, and our advisory board is stepping up to find ways to meet the shortfall. We will not cut programs; we will have to expend considerably more hours to secure the funding needed. We could not sustain this level of development activity with such a small staff for a prolonged period.



Survey respondents span the NEO region



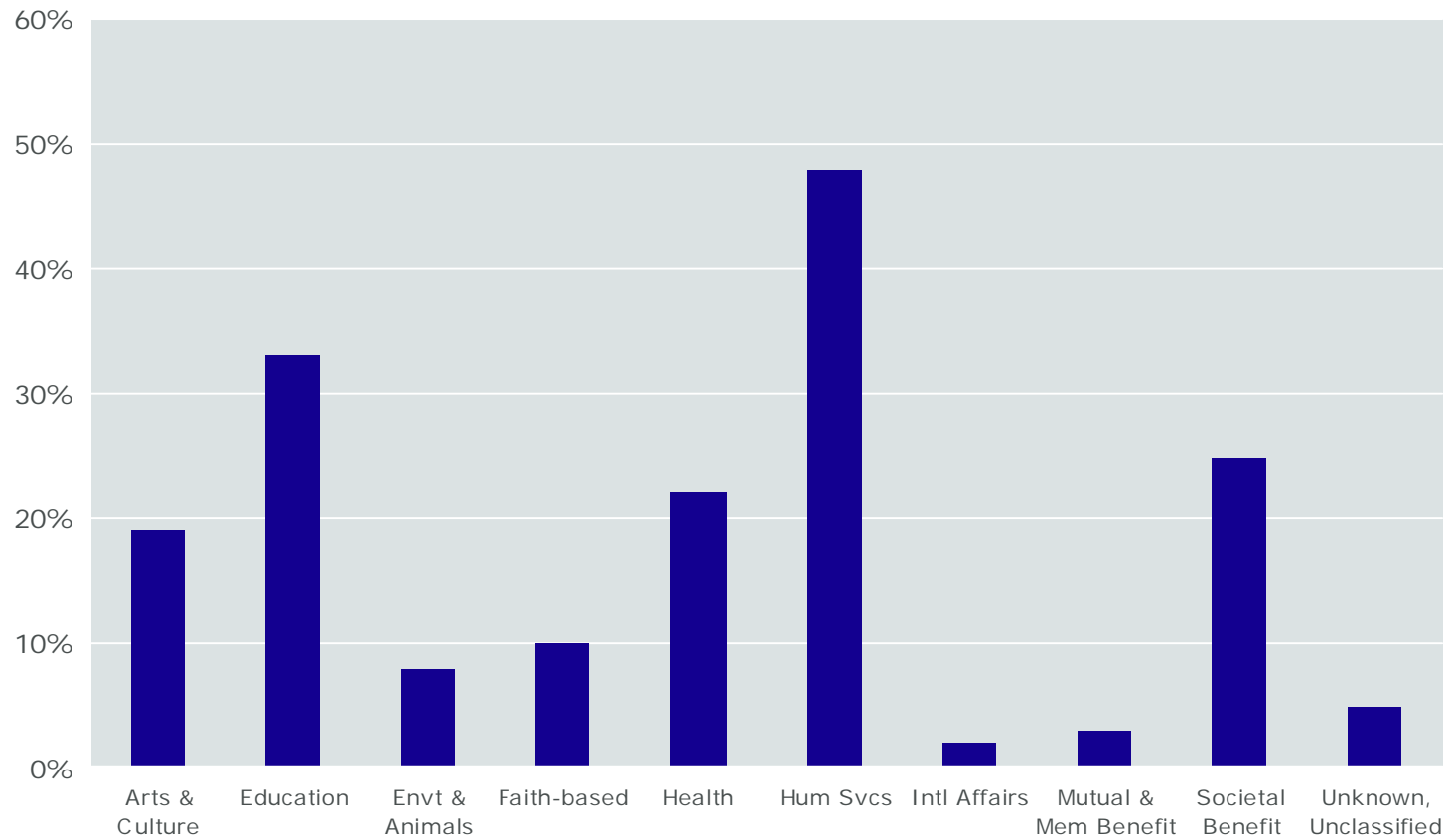
What are all the areas you serve?



All sectors responded; human services, education are particularly well-represented



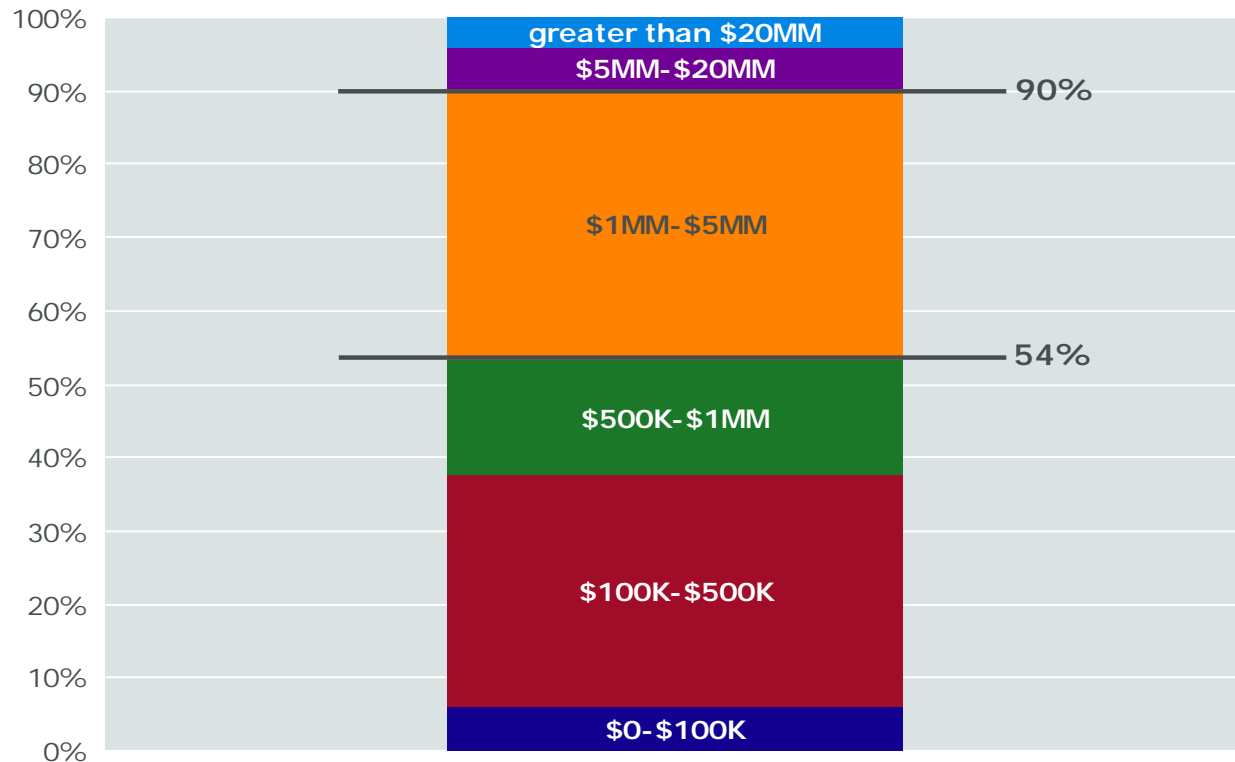
What are all the types of services you provide?



90% of respondents have annual operating expenses of \$5MM or less; 54% have less than \$1MM



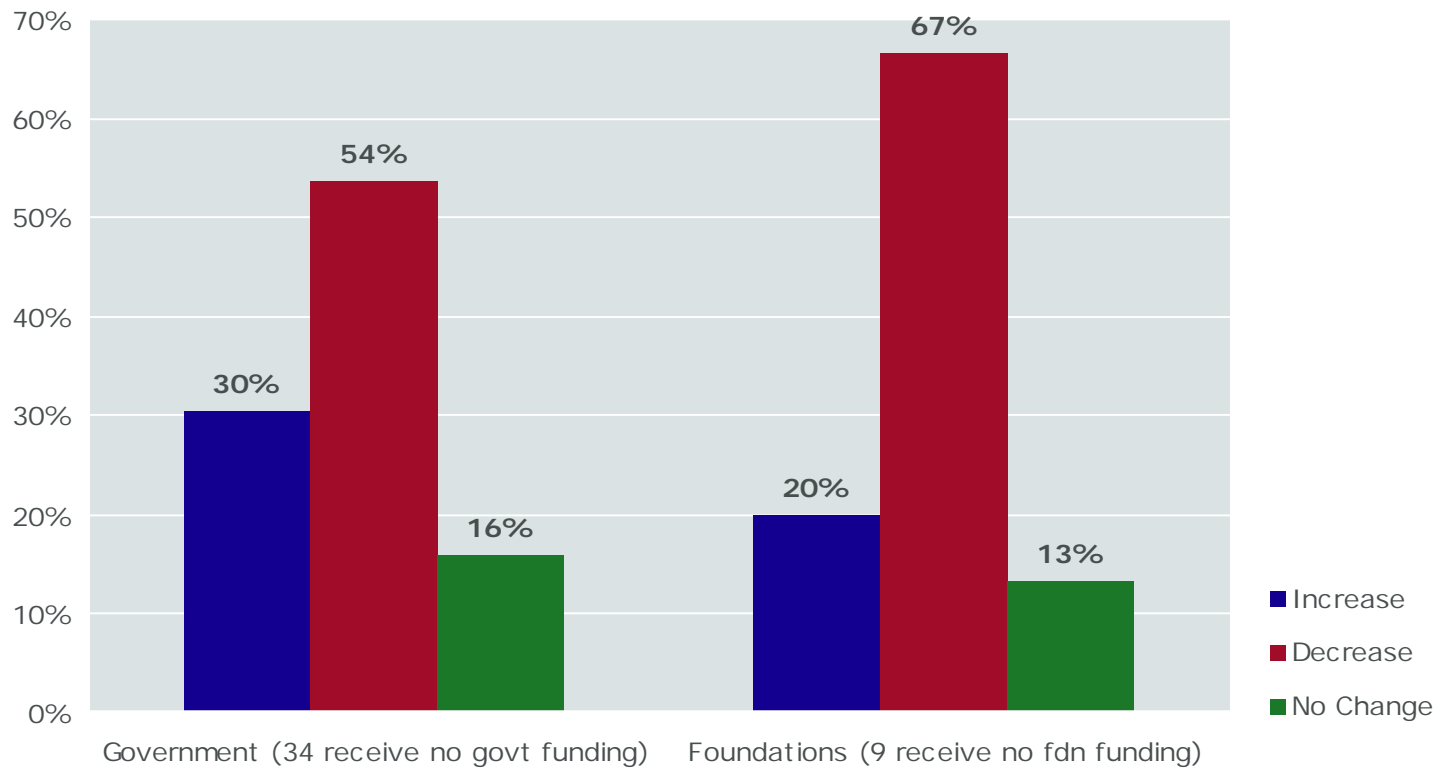
What is your total operating expense?



NEO NPOs are expecting decreased donations from government & foundations



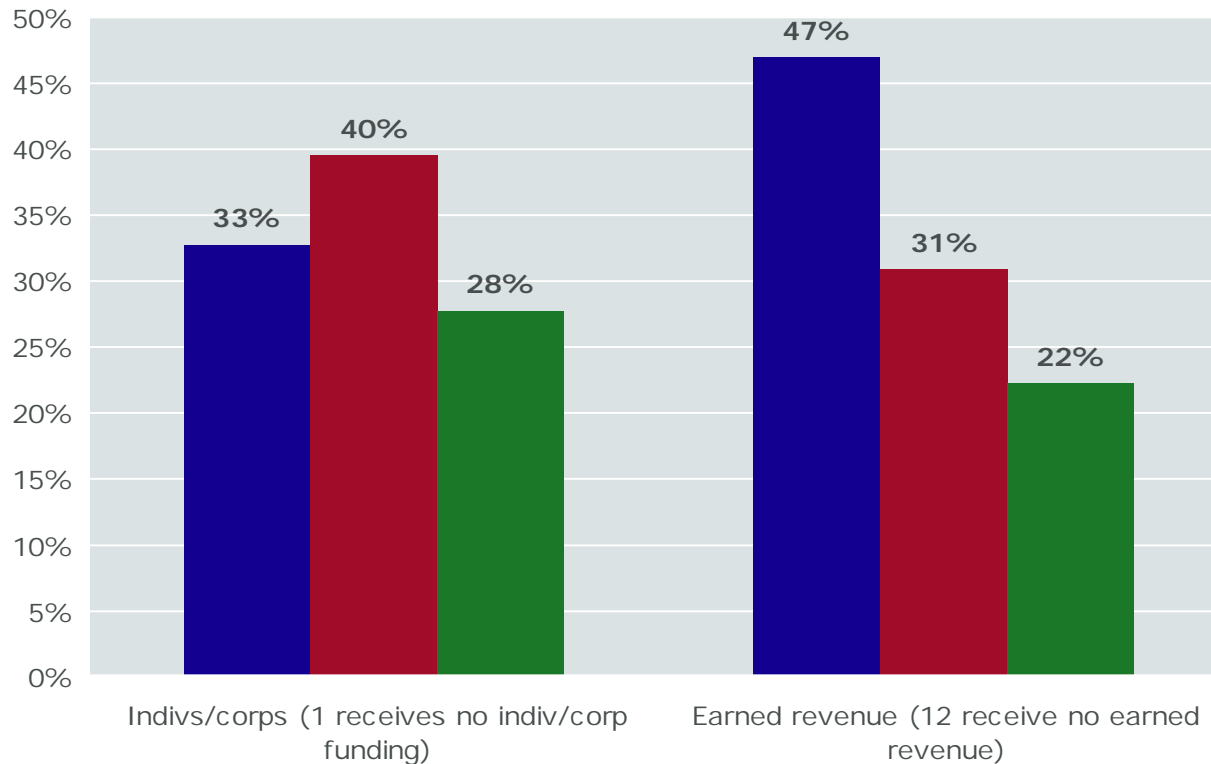
What are your revenue expectations in 2010?



NEO NPOs are most optimistic about earned revenue opportunities



What are your revenue expectations in 2010?



While government and foundation expectations in NEO follow a similar pattern to national results, there is greater variation for earned revenue and individuals.

24% of national respondents expect an increase in individual giving, and 55% expect a decrease.*

29% of national respondents expect an increase in earned revenue, and 44% expect a decrease.*

- Increase
- Decrease
- No Change

*'N/A' responses have been excluded from the national results for consistency with NEO results reporting



How will nonprofits fare financially this year?



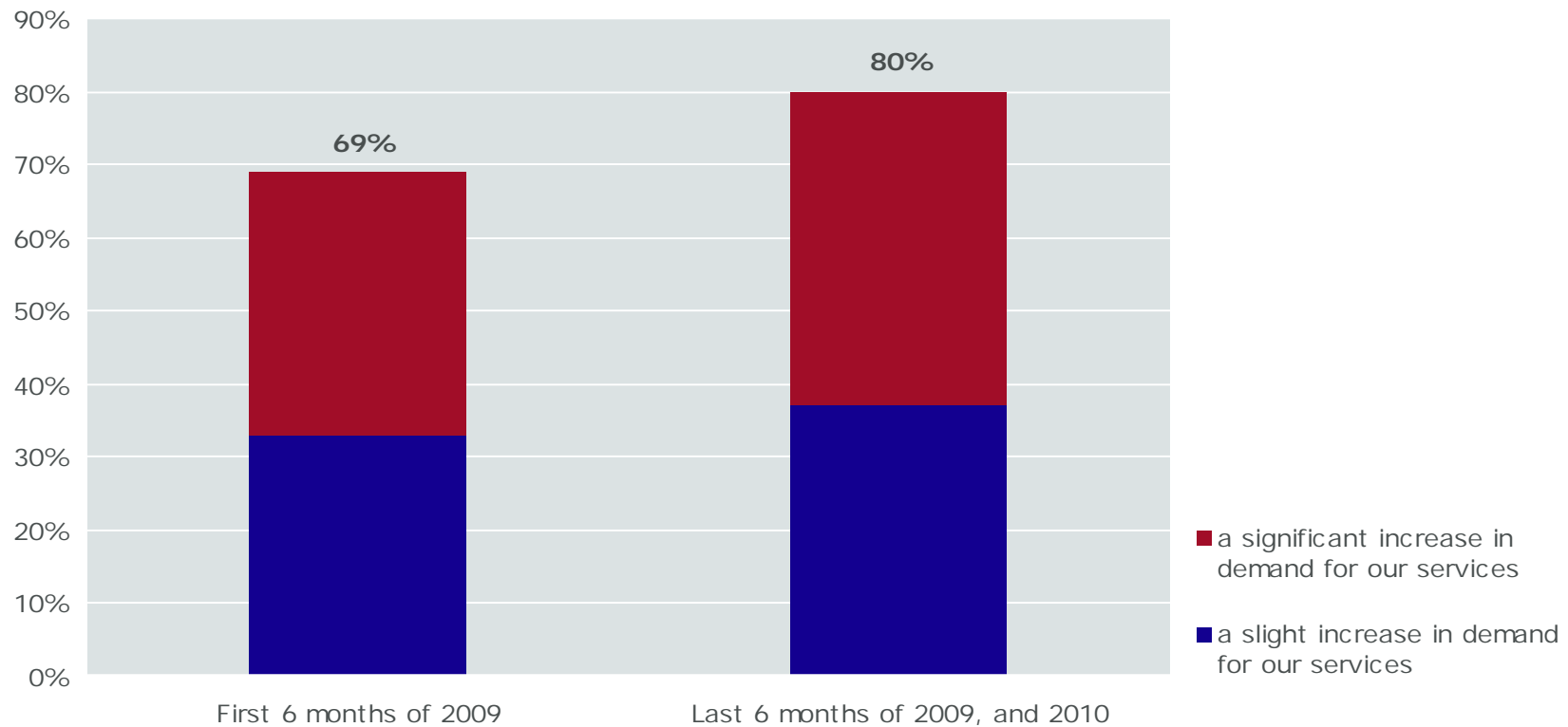
- Of the 36 nonprofits with a surplus last year, only one-third are expecting a surplus this year.
- Of the 30 nonprofits that broke even last year, a little over half are expecting a deficit or can't predict results for this year.
- Of the 37 nonprofits with a deficit last year, nearly half are expecting a positive result this year; the other half expect a deficit or can't predict.



While dealing with their own financial challenges, 80% of NEO respondents are now seeing increased service demand



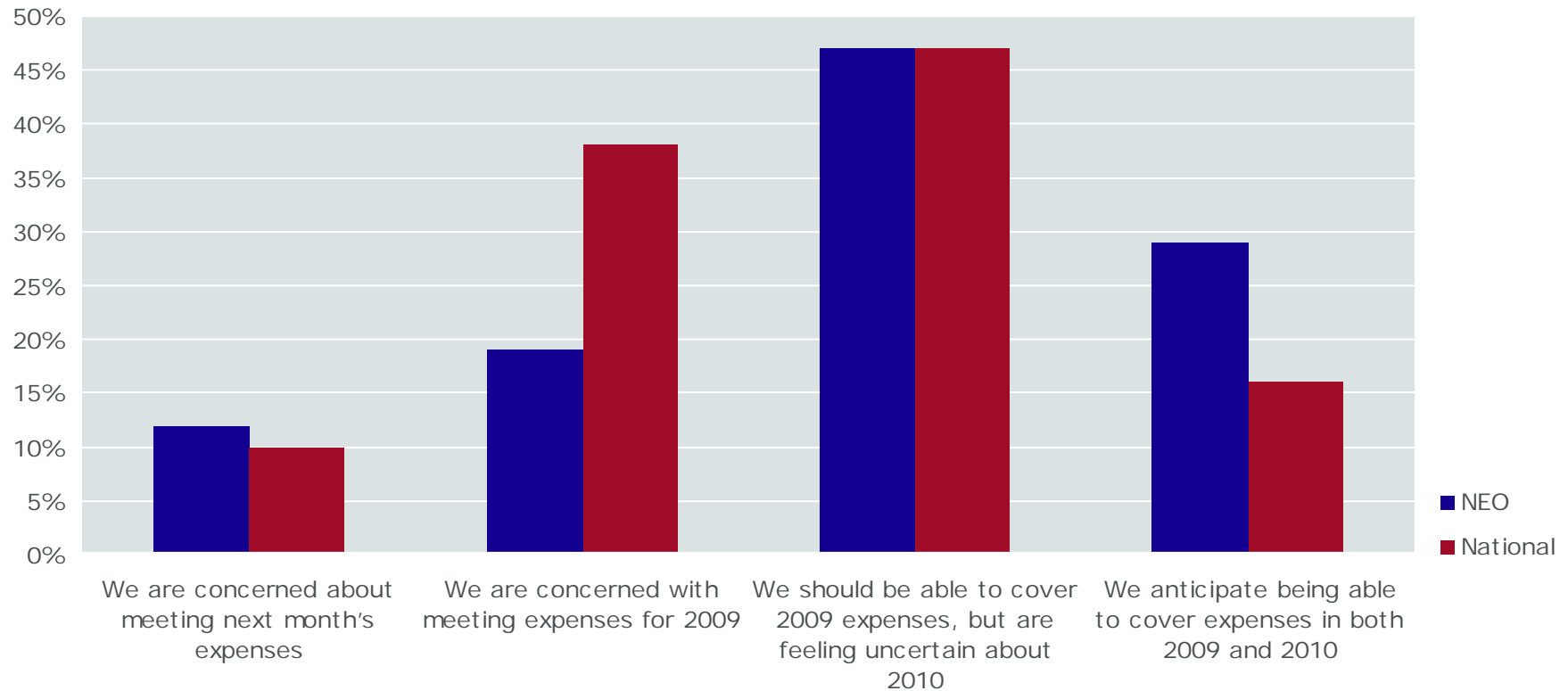
Are you seeing an increase in service demand?



NEO respondents are generally more optimistic than their national counterparts, but 71% still worry about covering costs in 2009 or 2010



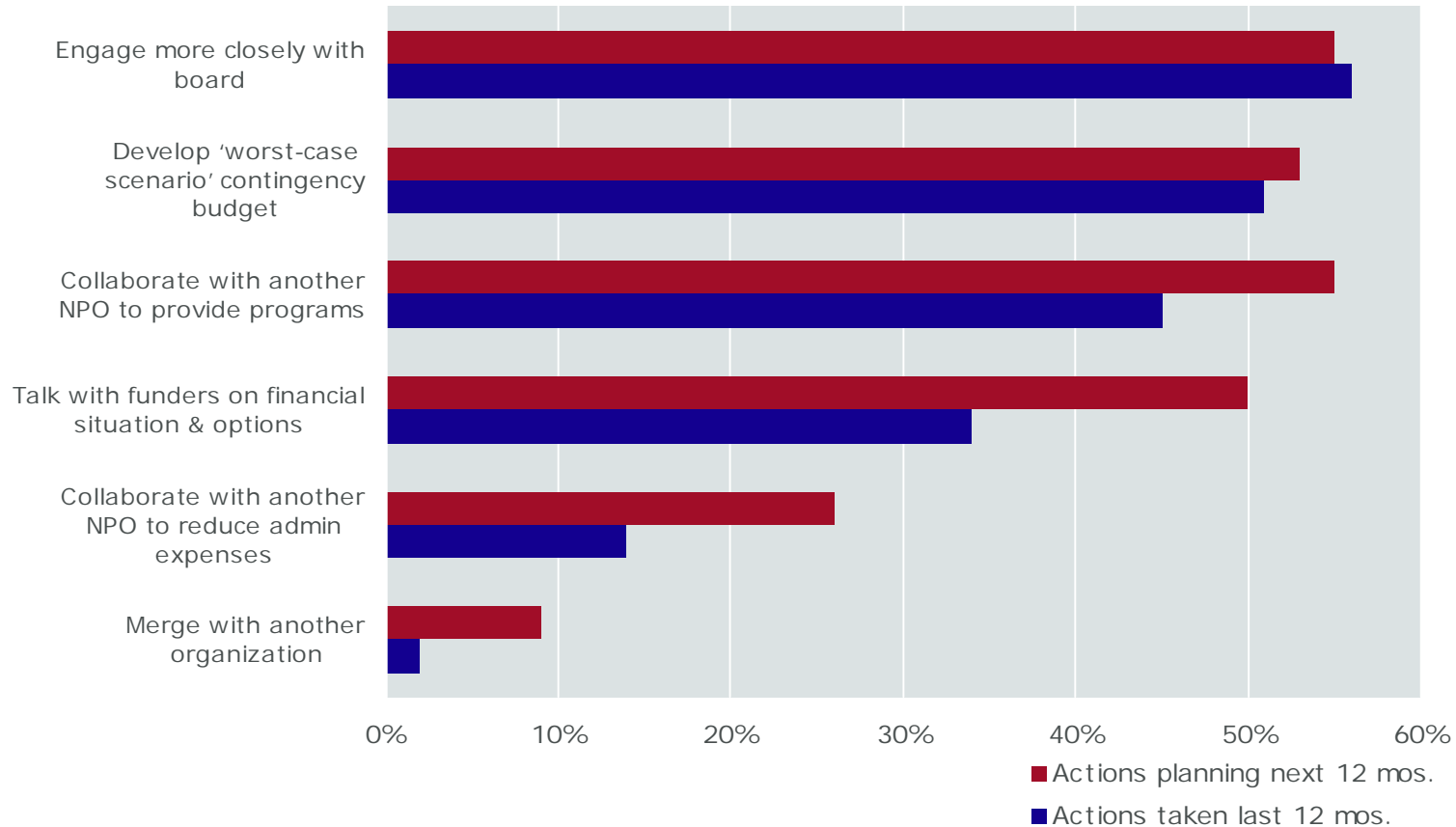
How would you describe your financial situation?



Many NEO respondents are taking and considering strategic steps



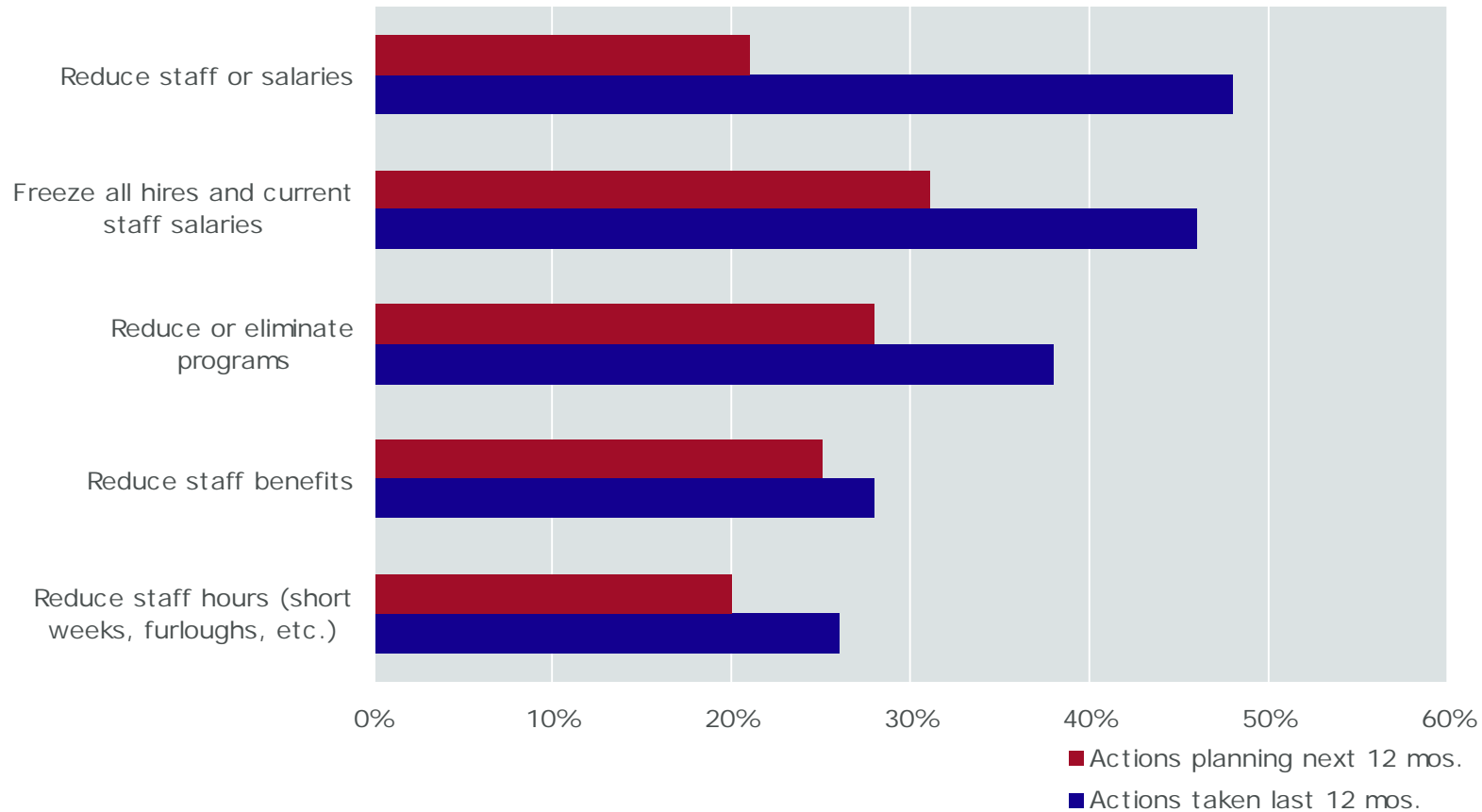
What strategic actions have you taken or planned?



In the last 12 months, many staff and programs have been affected by the recession



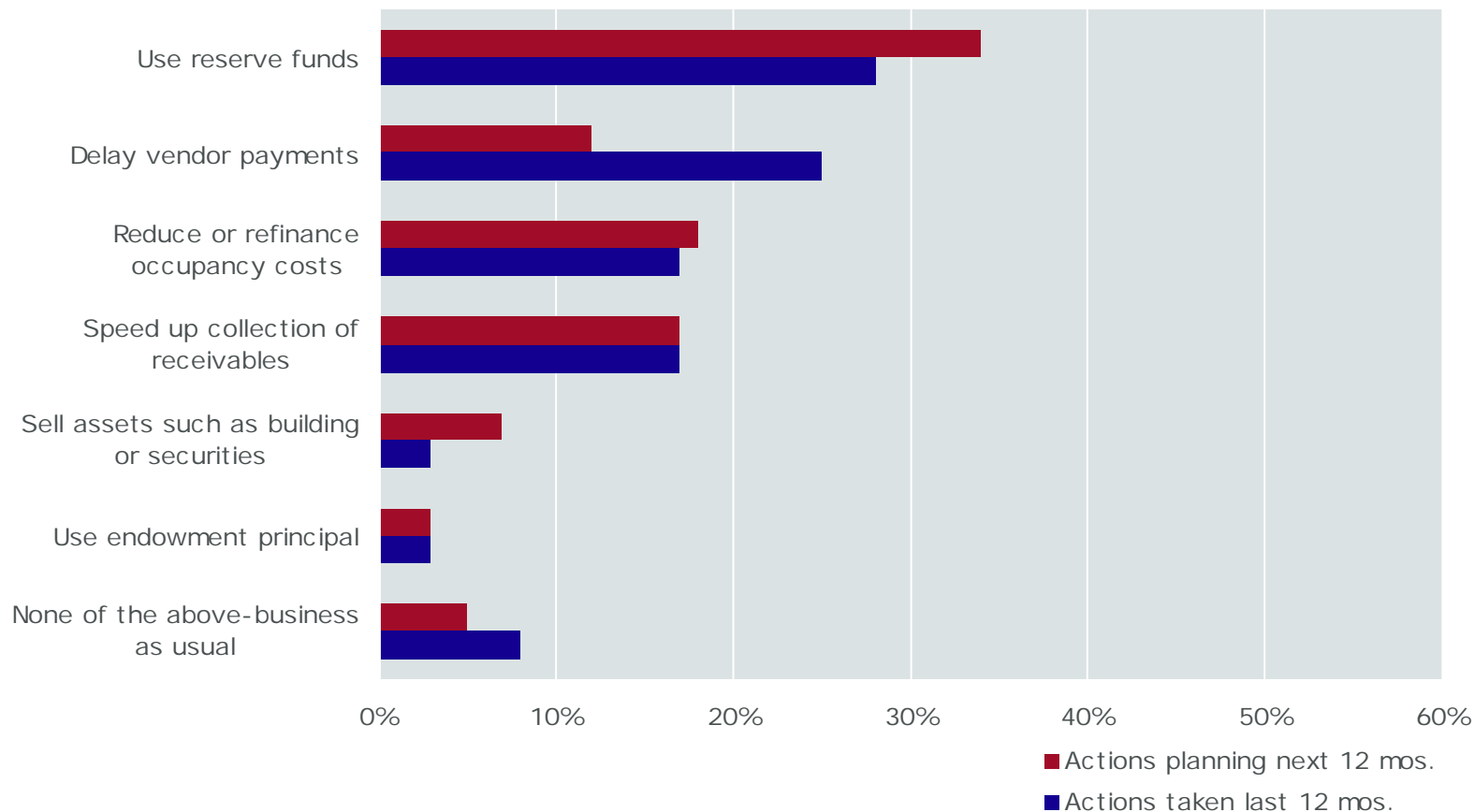
What actions have you taken or planned that impact staff?



What financial strategies are nonprofits employing? Which might they be considering?



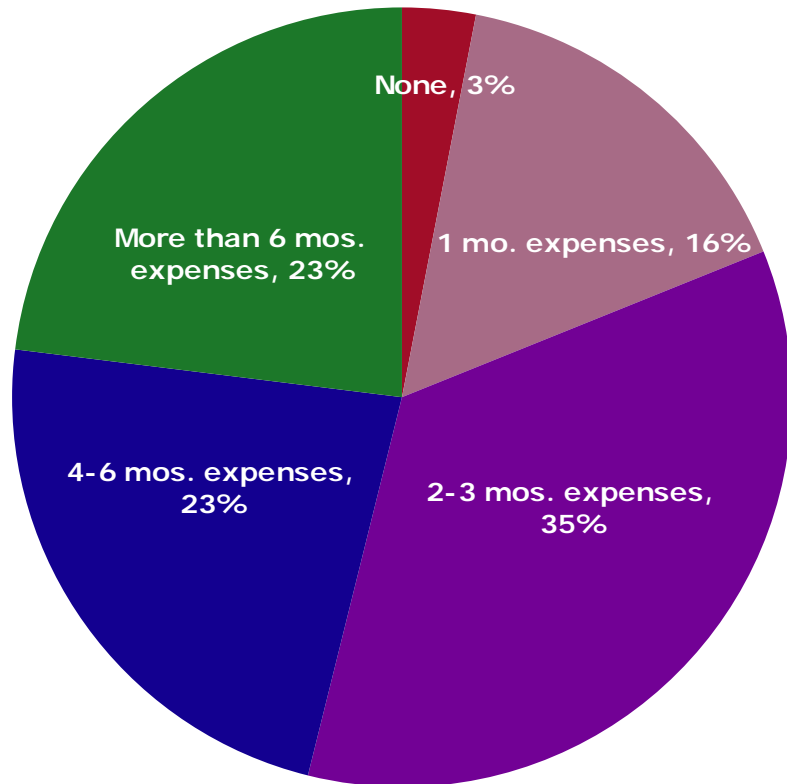
What financial steps have you taken or planned?



46% of respondents have 4 or more months of cash reserves; 54% have less than 90 days' worth



How much cash do you have available to cover expenses?*



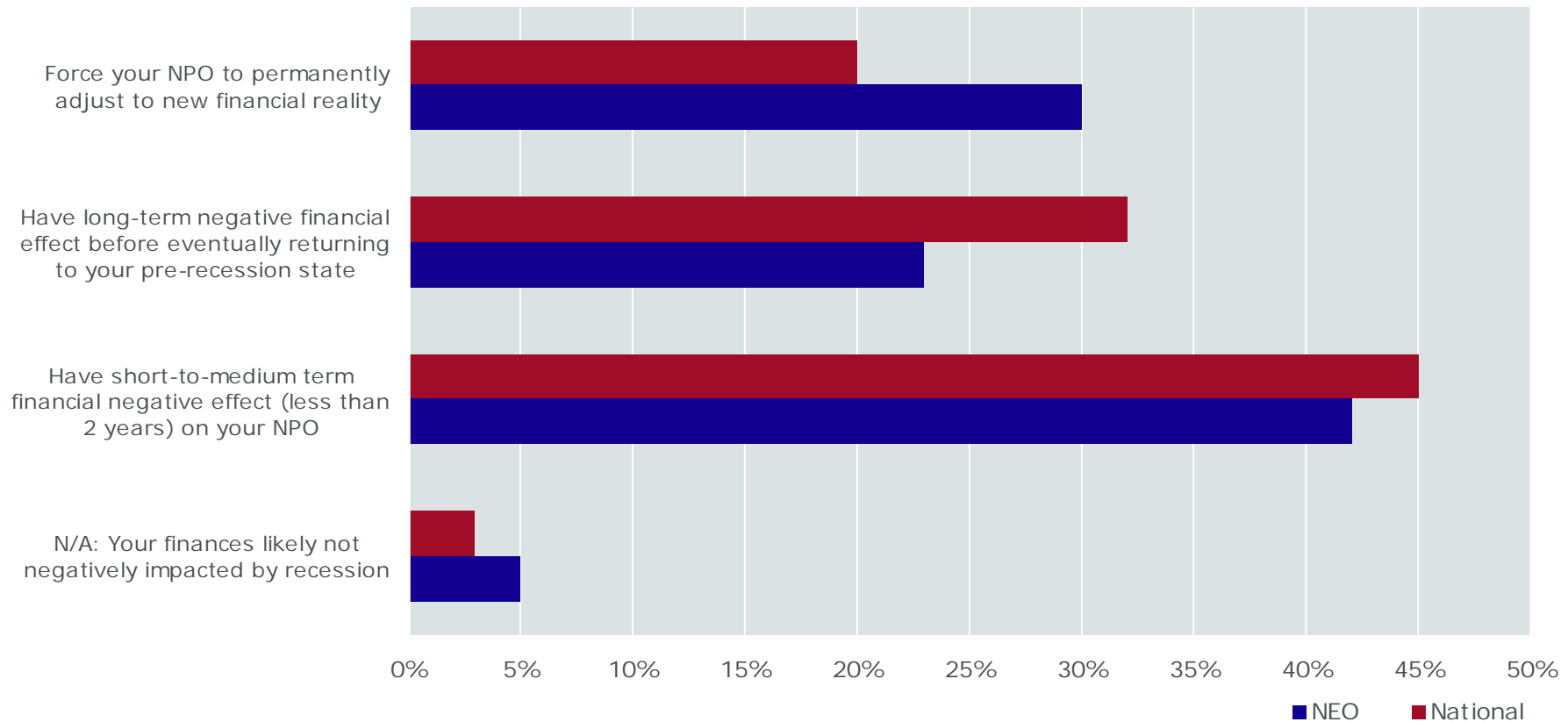
*As of July 1, 2009



42% of NEO respondents expect a short-to-medium term financial impact



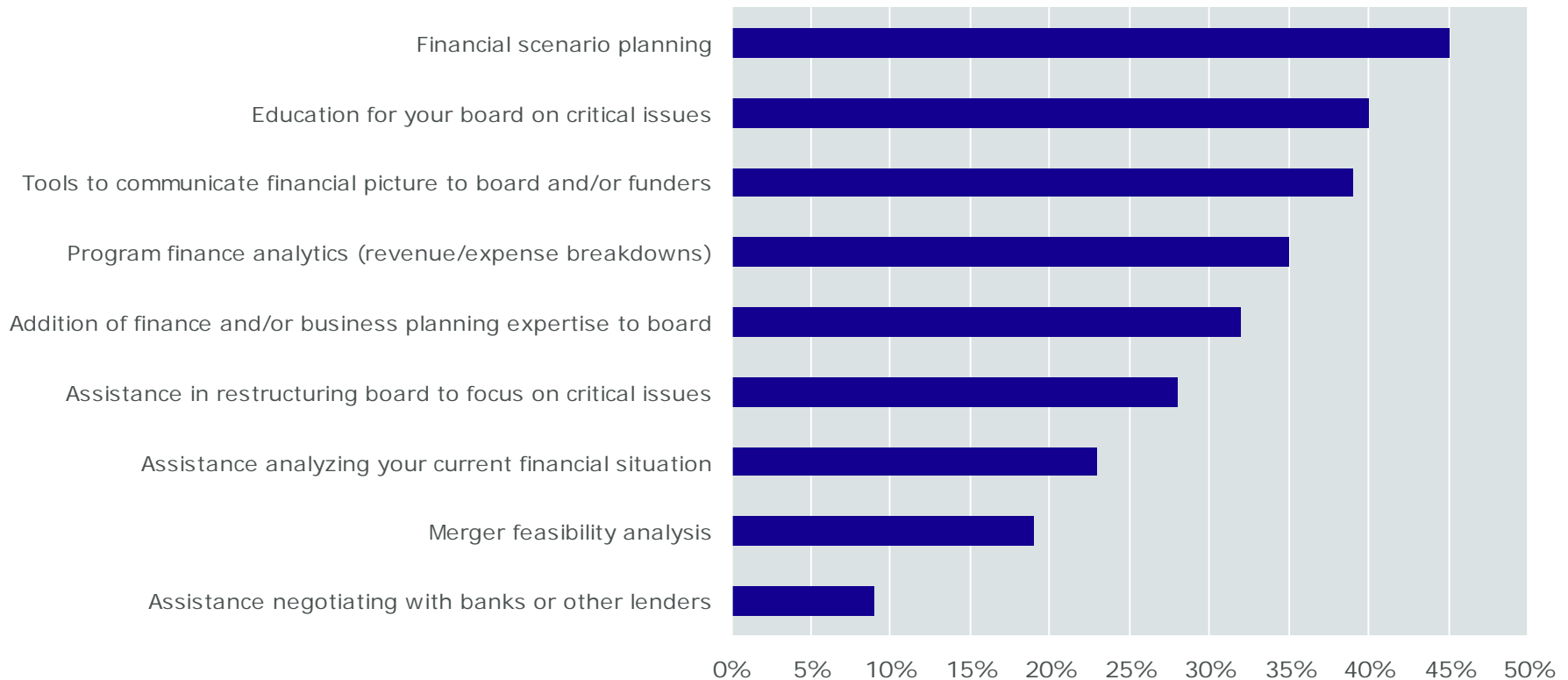
Do you expect the economic recession to:



NEO NPOs want help with scenario planning, board education, financial communication



What types of assistance would you like?



Summary of Key Findings



- NEO nonprofits in general are more optimistic than their national counterparts, but still have serious concerns and challenges.
- 71% of NEO nonprofits are concerned about meeting their expenses in 2009 and/or 2010.
- A majority (80%) predict an increase in service demand next year, but less than half of this majority plan on reducing programs.
- A majority of nonprofits are predicting decreases in government, and foundation giving; 47% have higher hopes for earned revenue.
- Nonprofits in NEO have already instituted significant belt-tightening actions, and continue to search for creative solutions. NEO nonprofits mention collaboration more frequently as a solution than did their national counterparts.
- 30% of NEO respondents believe the current recession will have a permanent impact on their financial situation.



Points for discussion



- Are the differences in the national and NEO outlooks a function of time, geography, or (unfounded) optimism?
- Collaboration is a significant action in the NEO results. What are the implications of this, good and bad?
- What steps can nonprofits take that are concerned about rising service demand and lower revenue? (What kind of help can they access?)
- Based on the survey results, do nonprofits have realistic revenue expectations? What role can we all play to help nonprofits plan and make well-informed decisions in a changed economic environment?



About Nonprofit Finance Fund (NFF)



NFF connects finance to nonprofit success

Serving thousands of nonprofit and funder clients nationwide since 1980

- \$200 million in loans in support of \$1 billion+ in projects
- Over 500 customized financial consultations
- Hundreds of strategic partnerships to advance the nonprofit sector
- Thought leadership to advance friendlier funding practices across the nonprofit sector

Serving nonprofits nationwide from seven local offices

- Northeast: Boston, New York
- Mid-Atlantic: Philadelphia, Washington, DC, Newark, NJ
- **Midwest: Detroit**
- West Coast: San Francisco

nonprofitfinancefund.org

"We're in the business of helping nonprofits run better."

*—Clara Miller, NFF
President & CEO*



About Business Volunteers Unlimited (BVU)



BVU links businesses and nonprofits to foster excellence in the nonprofit sector.

Established in 1993 by business leadership in collaboration with United Way of Greater Cleveland, The Cleveland Foundation and The George Gund Foundation, BVU now serves 150 businesses and 800 nonprofits annually.

- BVU strengthens nonprofits through engaging businesses, mobilizing the community, and leveraging external and internal resources to provide high-quality consulting and training.
- BVU trains and refers diverse board members and volunteer consultants to nonprofits, matching the needs with the individuals.
- BVU connects individuals and community groups to thousands of volunteer opportunities.

Businessvolunteers.org

“BVU's unique niche is linking businesses and nonprofits - a win for businesses, nonprofits, and the community.”

*-Brian Broadbent,
BVU President & CEO*



Thank you



To learn more about BVU,
visit us at businessvolunteers.org

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