

## 2011 State of the Nonprofit Sector Survey Results

---

March 2011

For more information, please contact Jen Talansky or Anjali Deshmukh at 212.868.6710 or visit [nonprofitfinancefund.org](http://nonprofitfinancefund.org)

For full survey results, please visit  
<http://nonprofitfinancefund.org/2011Survey>

*Data is based on a nationwide Zoomerang survey of nonprofit leaders conducted by Nonprofit Finance Fund, January-February 2011.*

*Generously supported by Bank of America Charitable Foundation*



# Adjusting to a 'New Normal'



Nonprofit Finance Fund (NFF) recently conducted its third 'State of the Sector' nonprofit survey. The survey focused on the intersection between finance and mission: what financial strategies are nonprofits employing to keep up with ever-climbing demand for services?

We asked nonprofit managers nationwide to assess the current financial challenges they face, and to share the coping and adapting strategies they're using to manage through these times.

1935 nonprofit leaders responded to our survey. Respondents stretched from coast to coast, representing 48 states. They came from large organizations and small, and from all sub-sectors.

What did we learn from their collective reply?

***While there are some signs of hope, many nonprofits are straining under year-after-year increases in service demand. As an ever-resourceful sector, they are creatively responding to these conditions.***



## **Meeting the Survey Respondents**

## **Examining the Financial Situation**

## **Taking Action**

## **Working with Government and Funders**

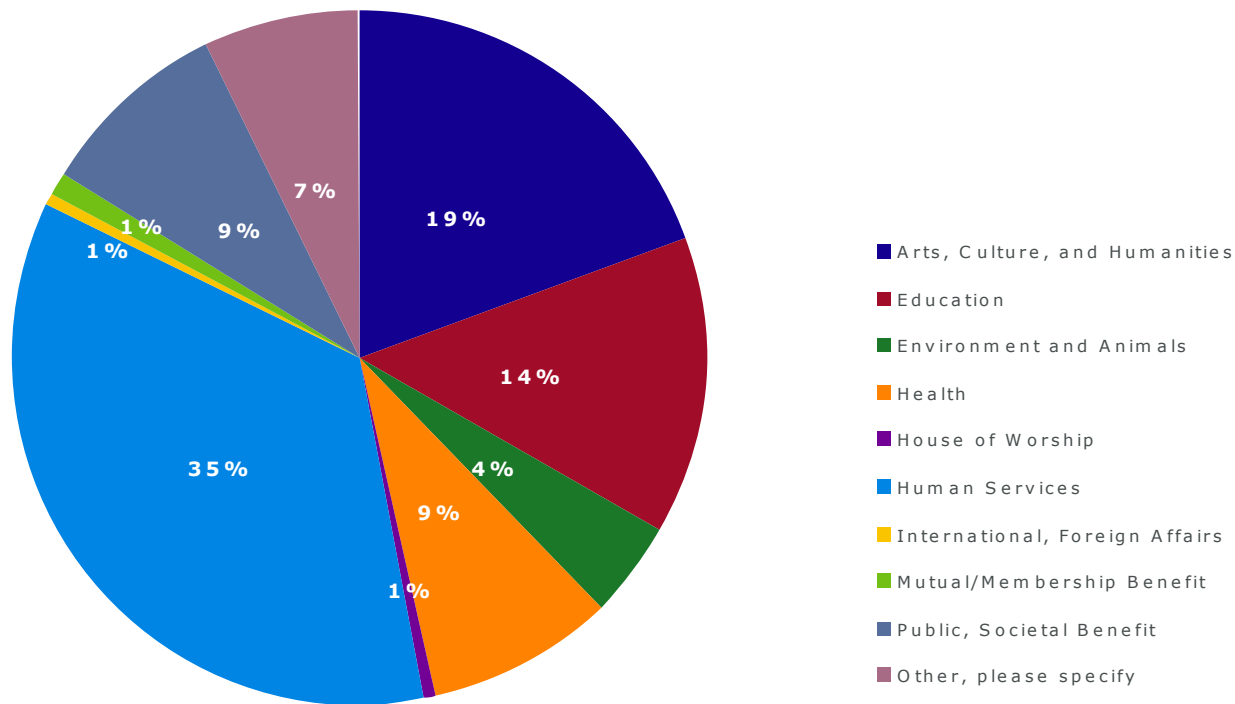
## **Taking a Look at Lifeline Organizations**

## **Conclusion**

# What Areas of Need Do Survey Respondents Address?

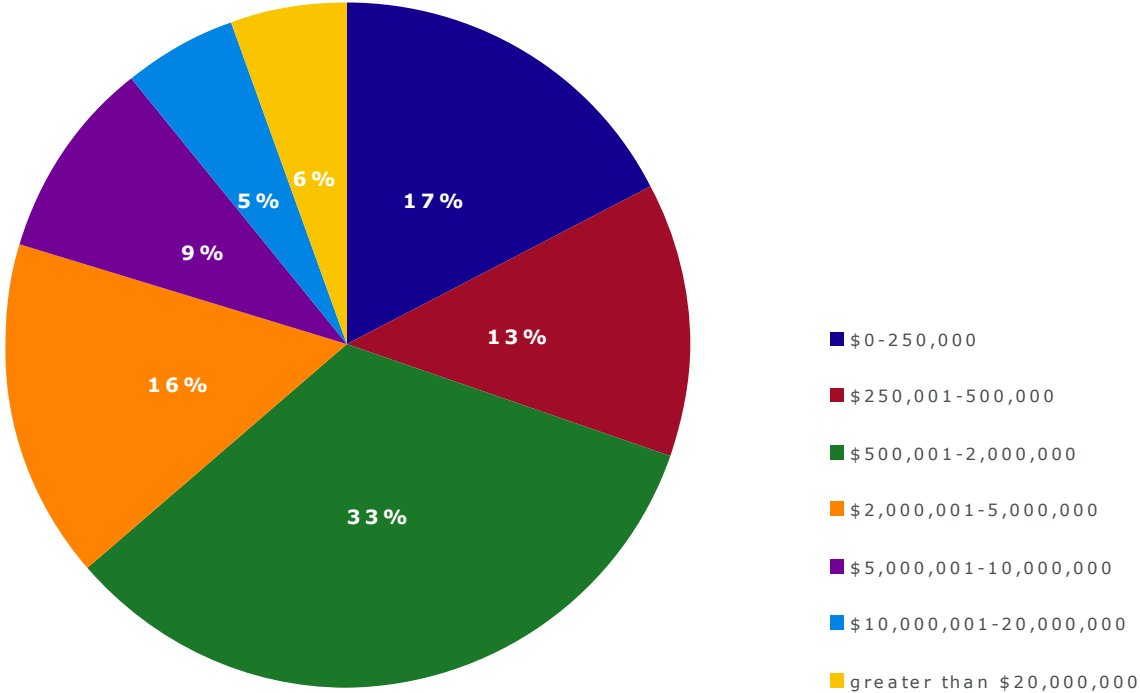
## Human Services organizations represent over one-third of respondents

Organizational Sectors



# What Are the Annual Expense Sizes of Respondents?

Most respondents from small- to mid-sized nonprofits



**Meeting the Survey Respondents**

**Examining the Financial Situation**

**Taking Action**

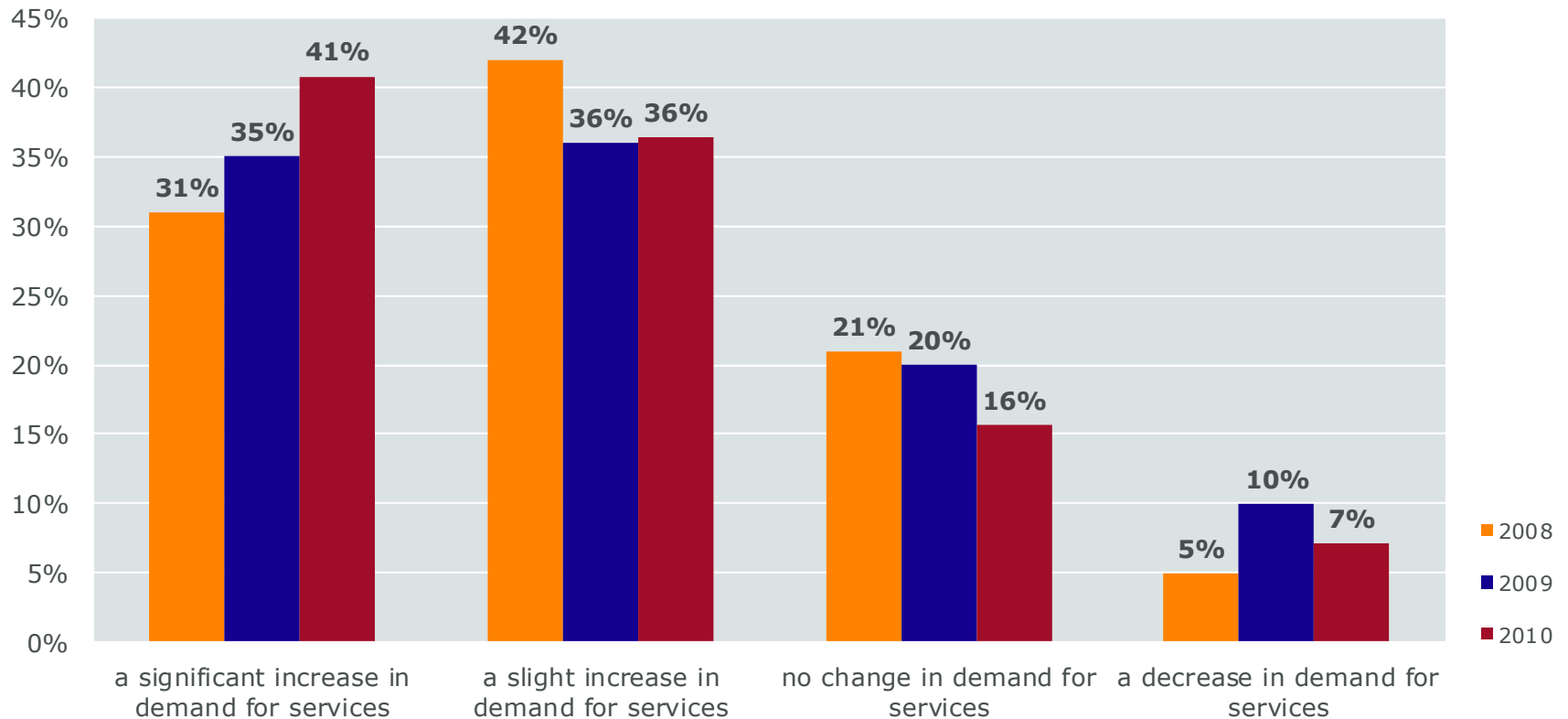
**Working with Government and Funders**

**Taking a Look at Lifeline Organizations**

**Conclusion**

# What Levels of Service Demand Have Nonprofits Experienced?

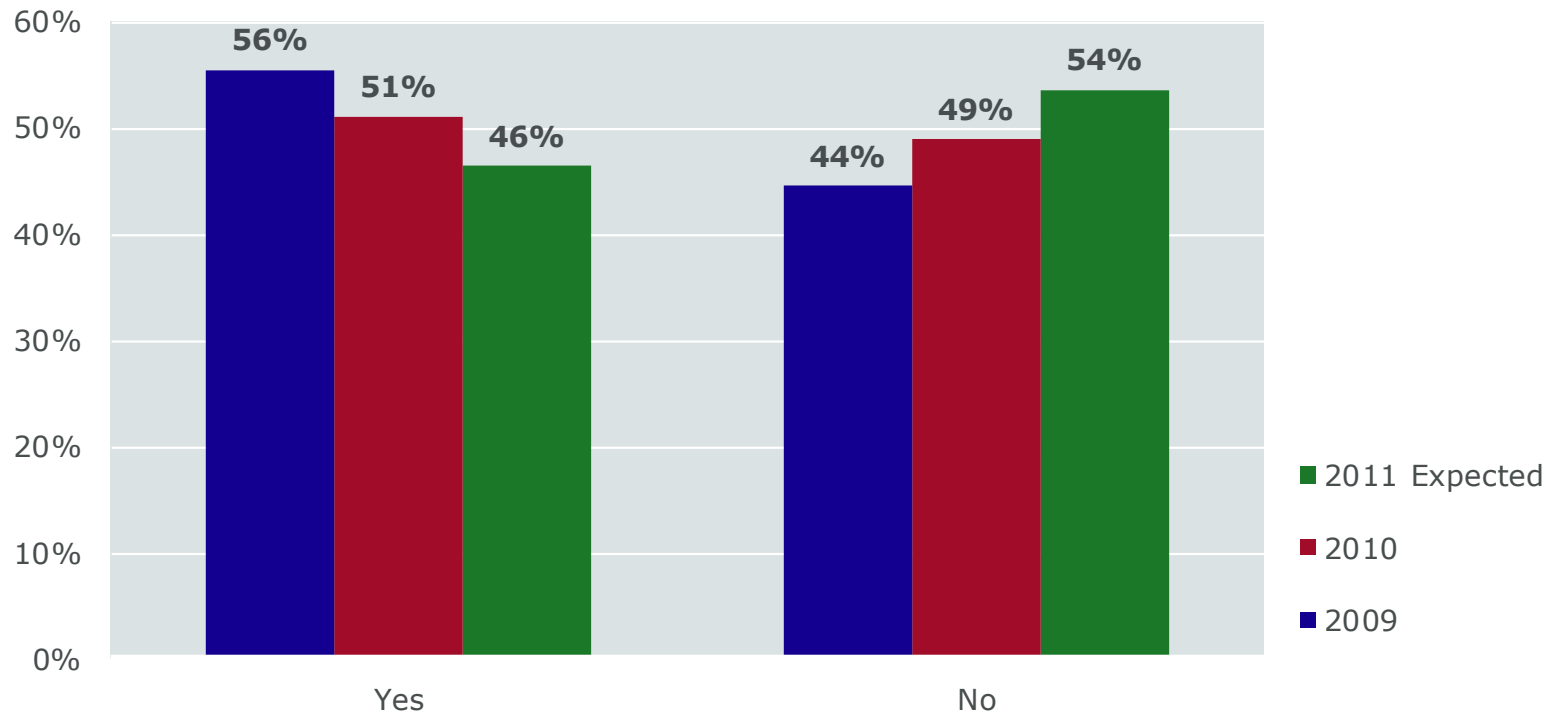
**Service demand has climbed over the last 3 years, with each year's increase coming on top of the prior year's**



# Are Nonprofits Able to Keep Up with the Increases in Demand?

**We see a growing trend of organizations struggling to meet demand**

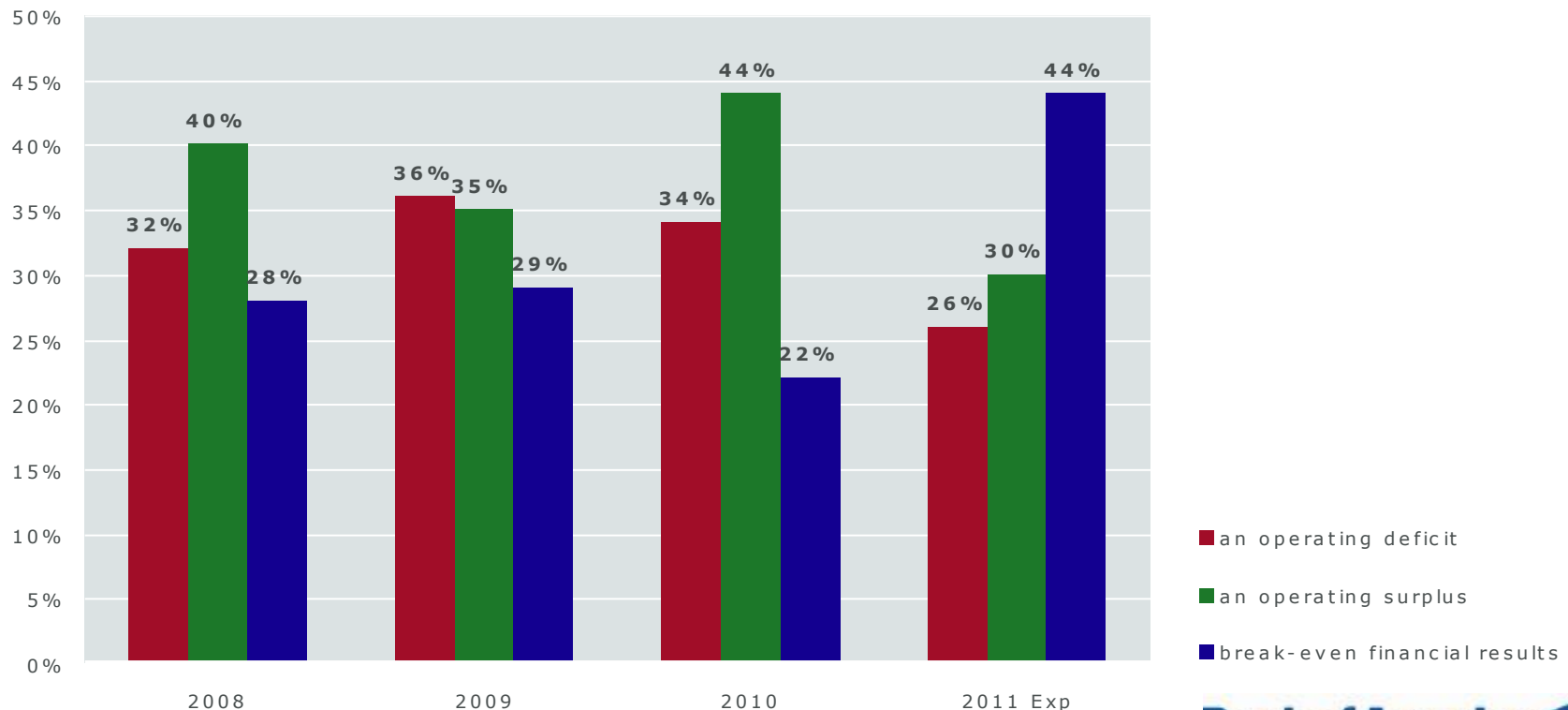
## Able to fully meet demand for services?



# What Are Organizations' Operating Results?

**More organizations reported a surplus in 2010 compared to 2009. 44% of respondents ended 2010 with a surplus vs. 35% in 2009.**

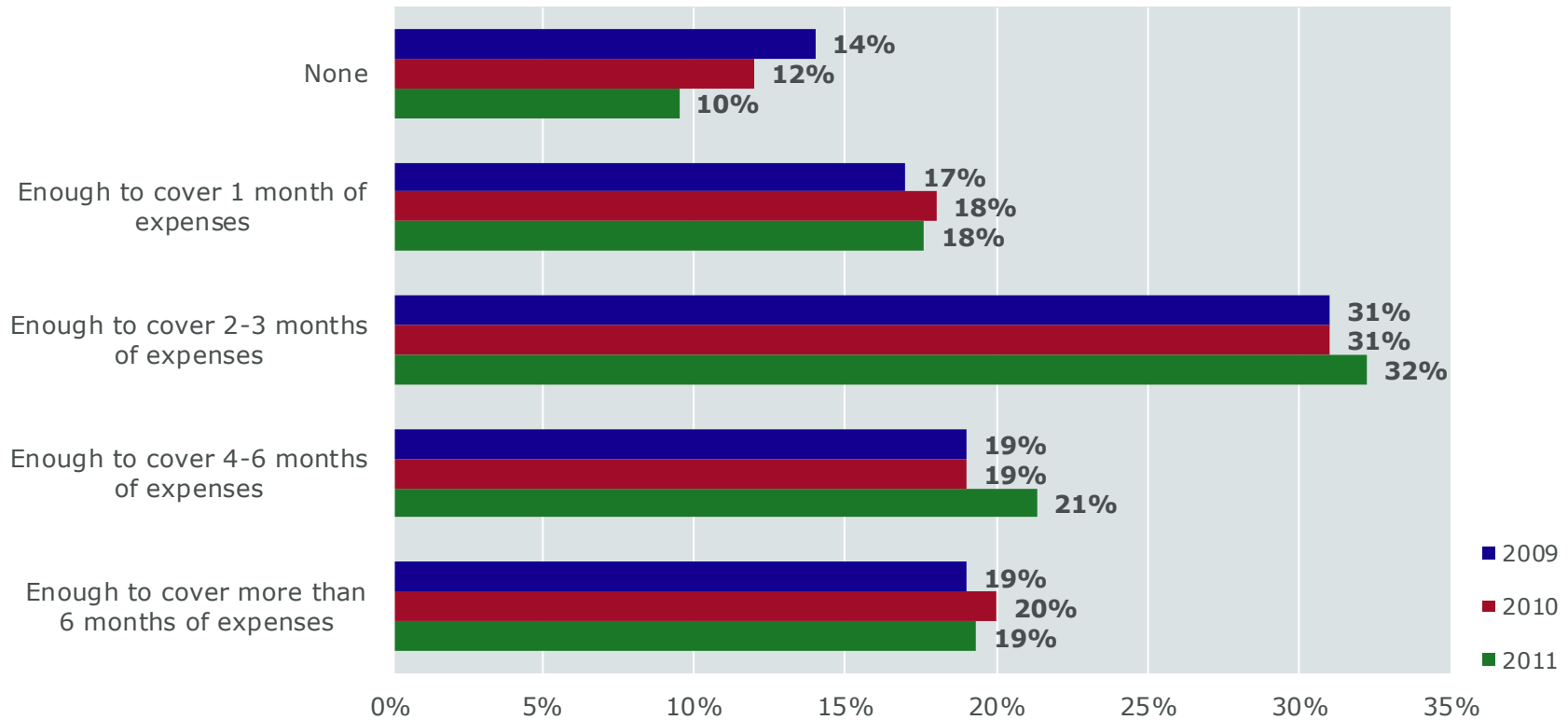
## Respondents' Operating Results



# How Many Months of Cash Do Organizations Have Set Aside?

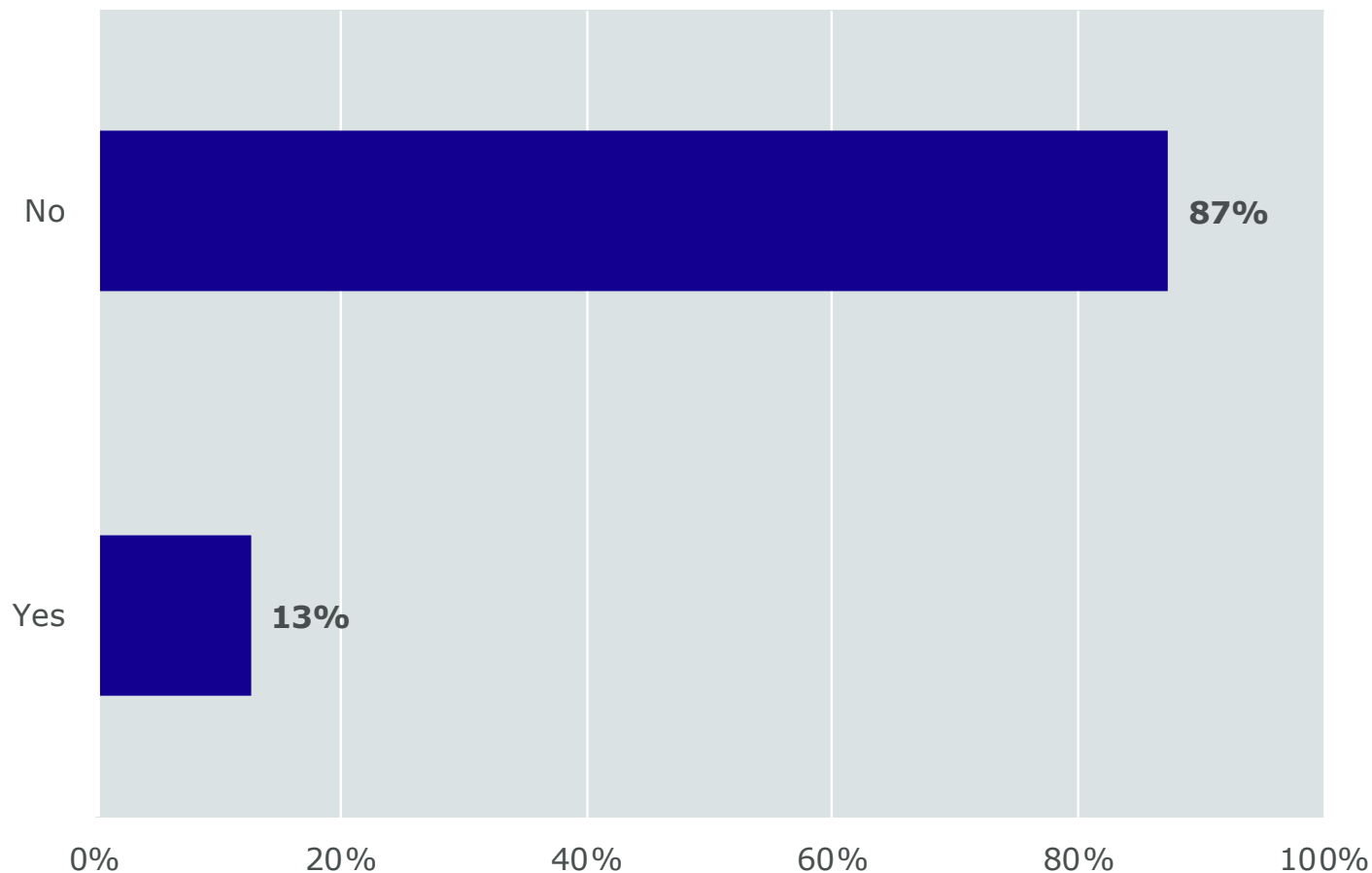
**For the 3<sup>rd</sup> year in a row, 60% of organizations have 90 days or less of cash on hand**

## Months of cash



# The Recession Is Officially Over. Does It Feel Like It Has Ended for your Organization?

## Does it feel like the recession has ended?



**Meeting the Survey Respondents**

**Examining the Financial Situation**

**Taking Action**

**Working with Government and Funders**

**Taking a Look at Lifeline Organizations**

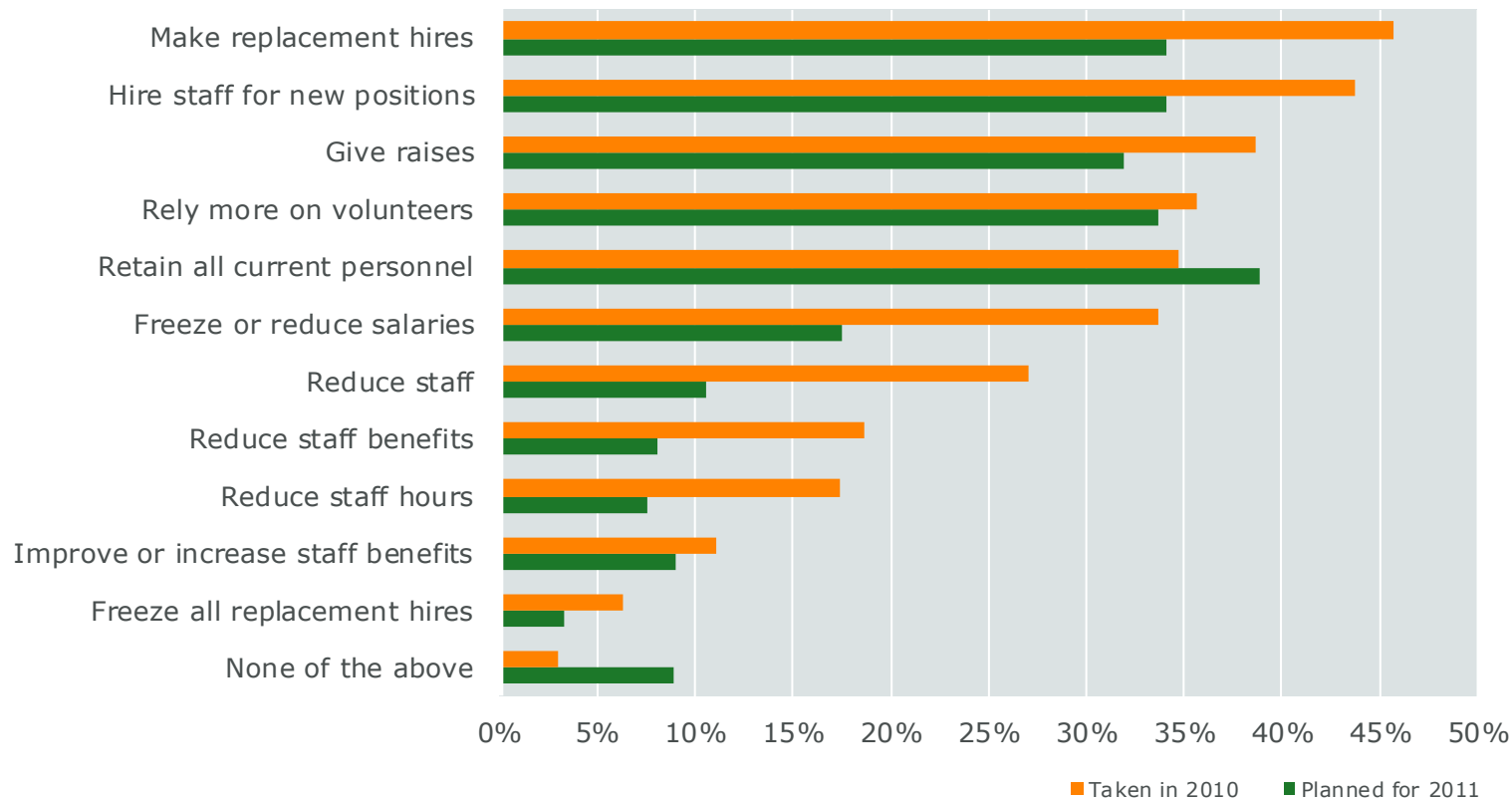
**Conclusion**

# What Personnel-Related Actions Did NPOs Take in 2010; What Actions Are Planned for 2011?



## There were signs of personnel-related growth in 2010

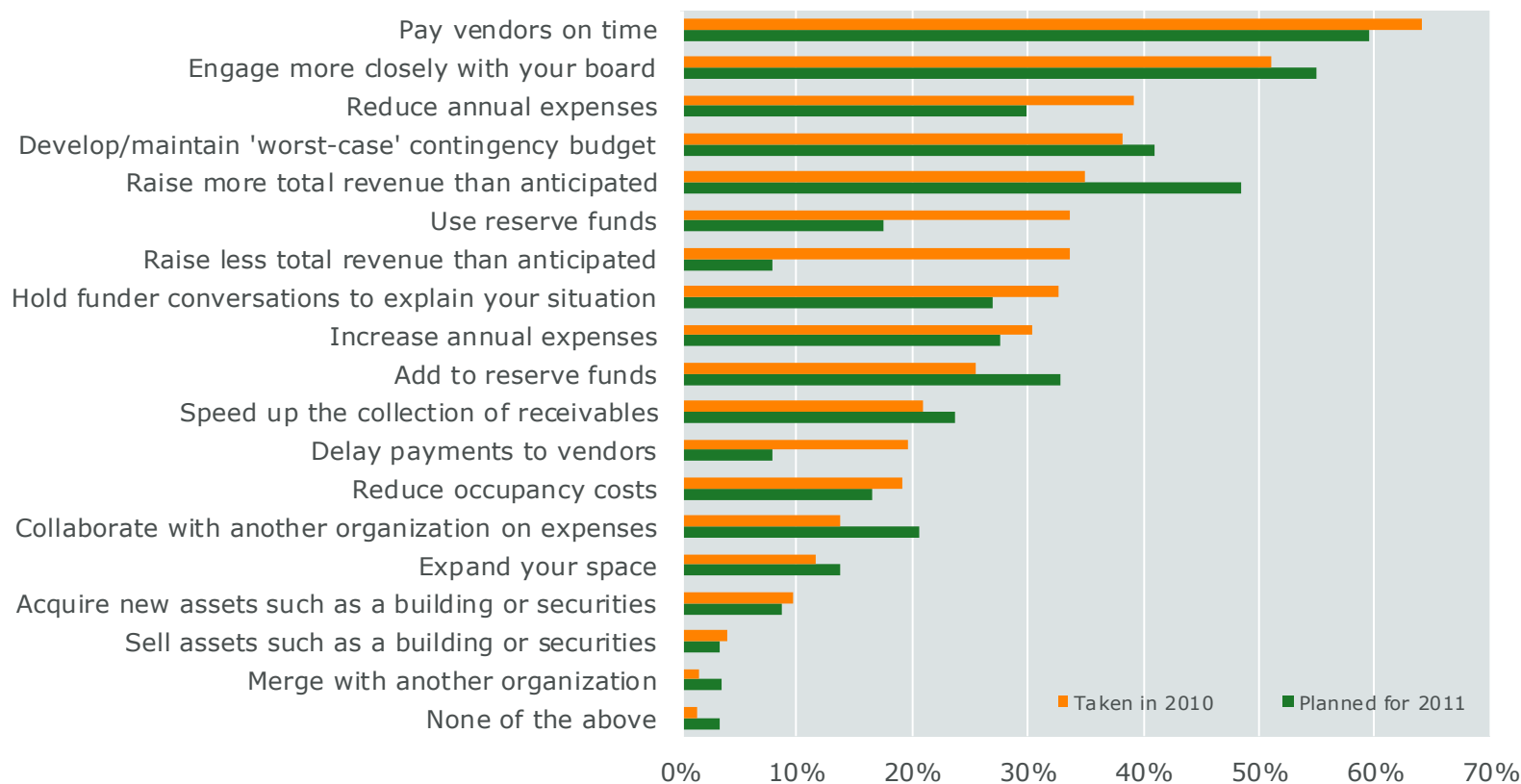
### Personnel: actions taken vs. actions planned



# What 2010 Financial Management Actions Did NPOs Take; What Actions Are Planned for 2011?

## Nonprofits are taking a range of actions to manage their financial situation

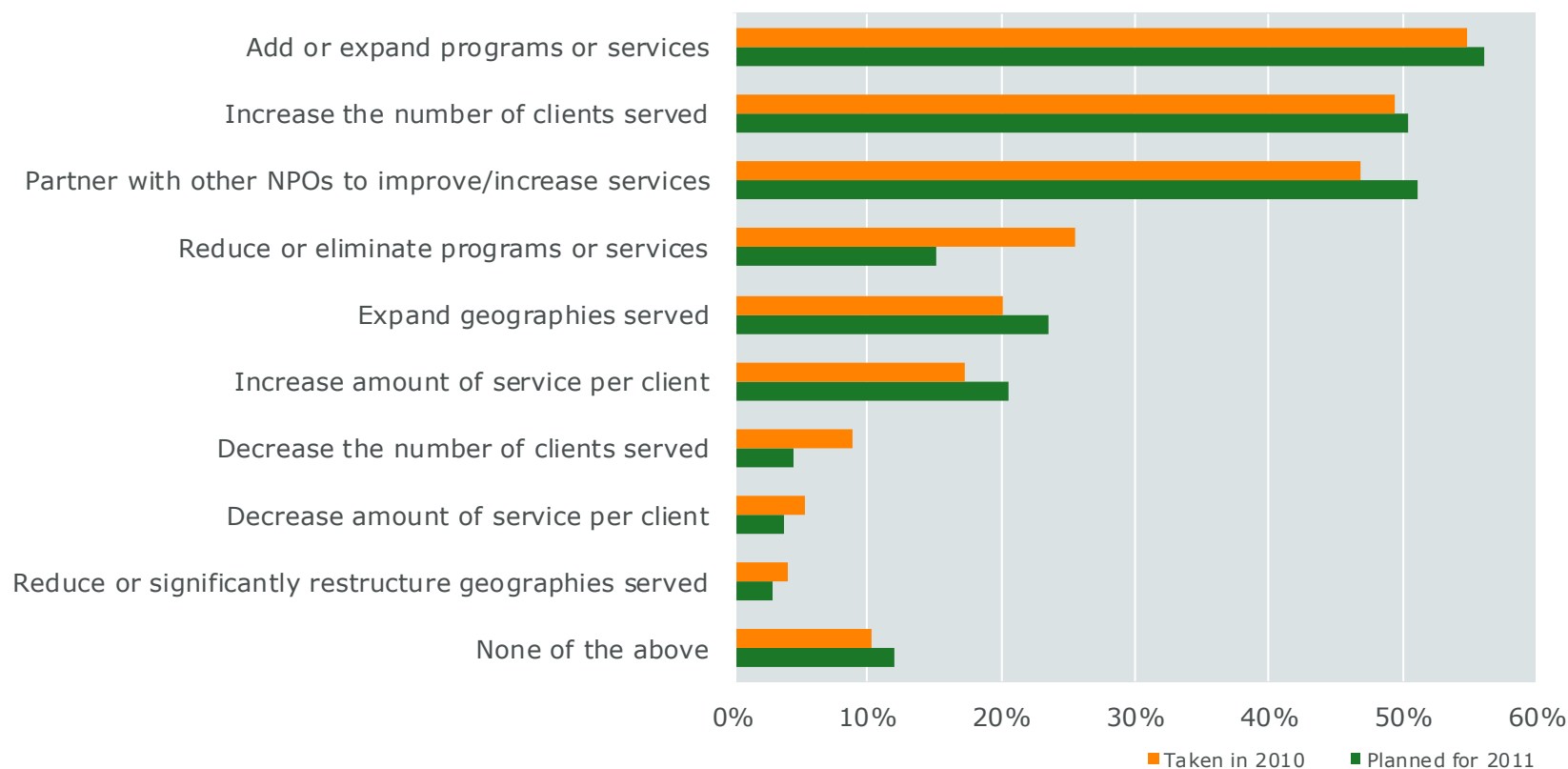
### Financial management: actions taken vs. planned



# What Service-Related Actions Did NPOs Take in 2010; What Actions Are Planned for 2011?

## In spite of financial difficulties, many NPOs are providing more service

### Service-related: actions taken vs. actions planned



**Meeting the Survey Respondents**

**Examining the Financial Situation**

**Taking Action**

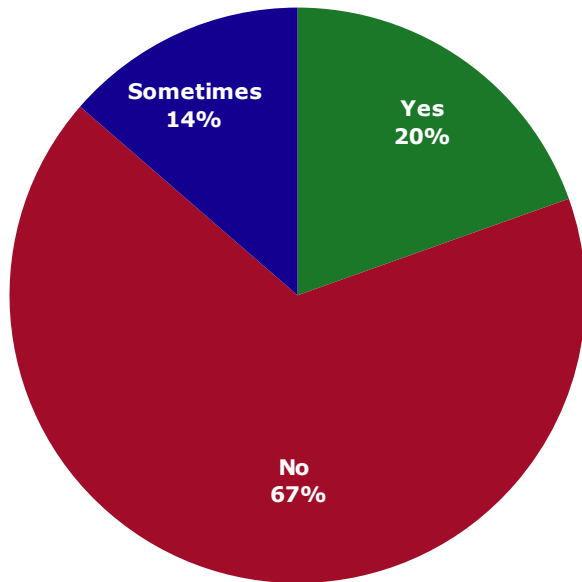
**Working with Government and Funders**

**Taking a Look at Lifeline Organizations**

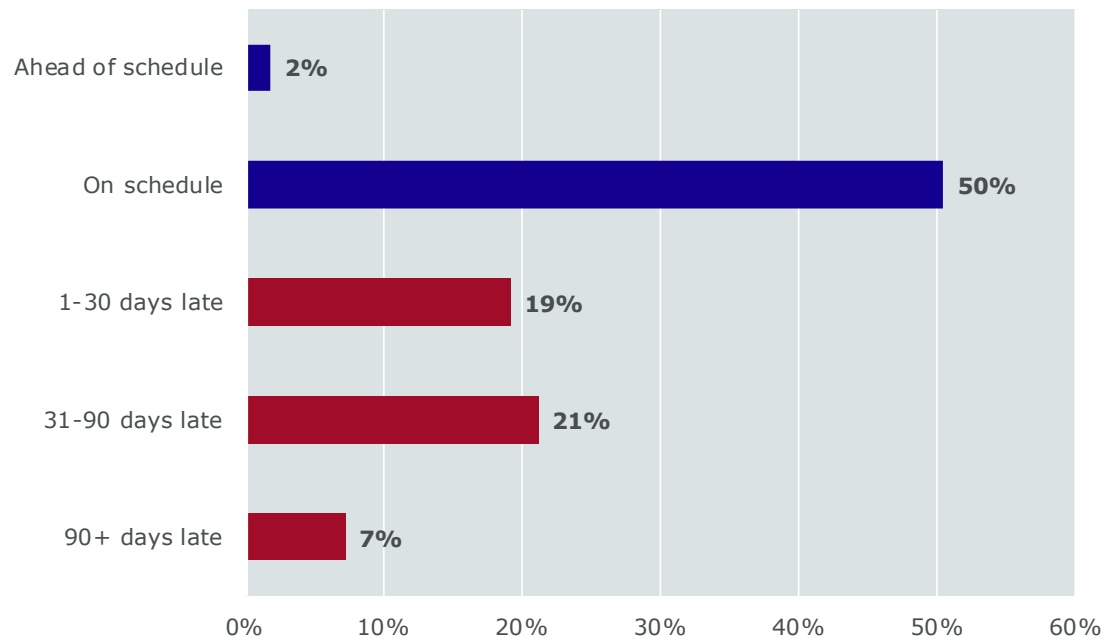
**Conclusion**

# What Are Nonprofits' Experiences with Federal Funding?

## Federal government pays for full cost of services?

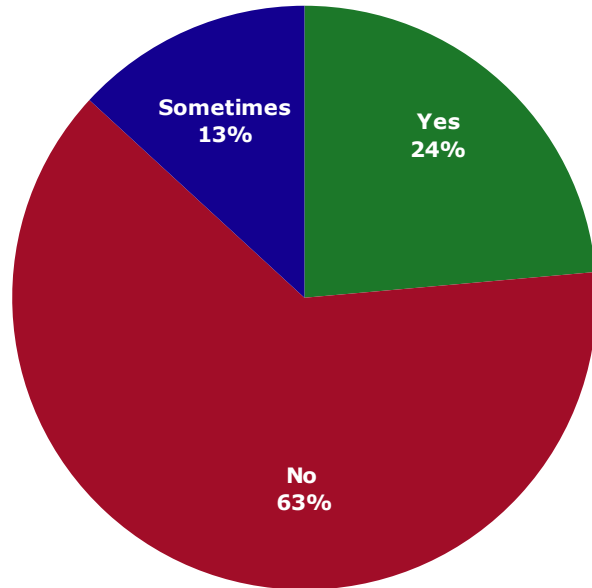


## When do you receive payment from the federal gov't?

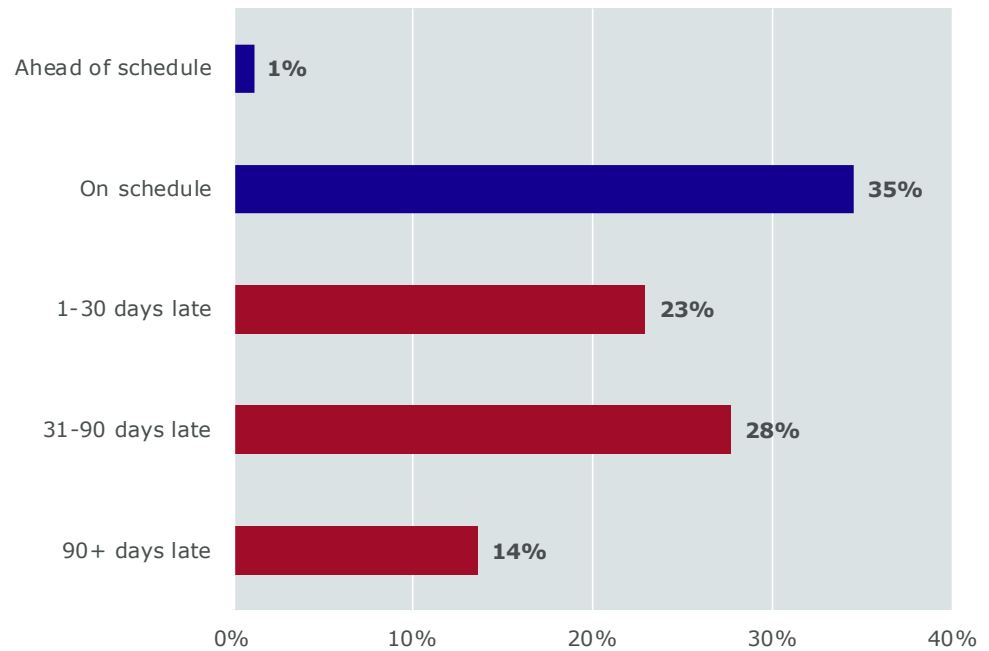


# What Are Nonprofits' Experiences with State and Local Government Funding?

## State/local govt pay for full cost of services?

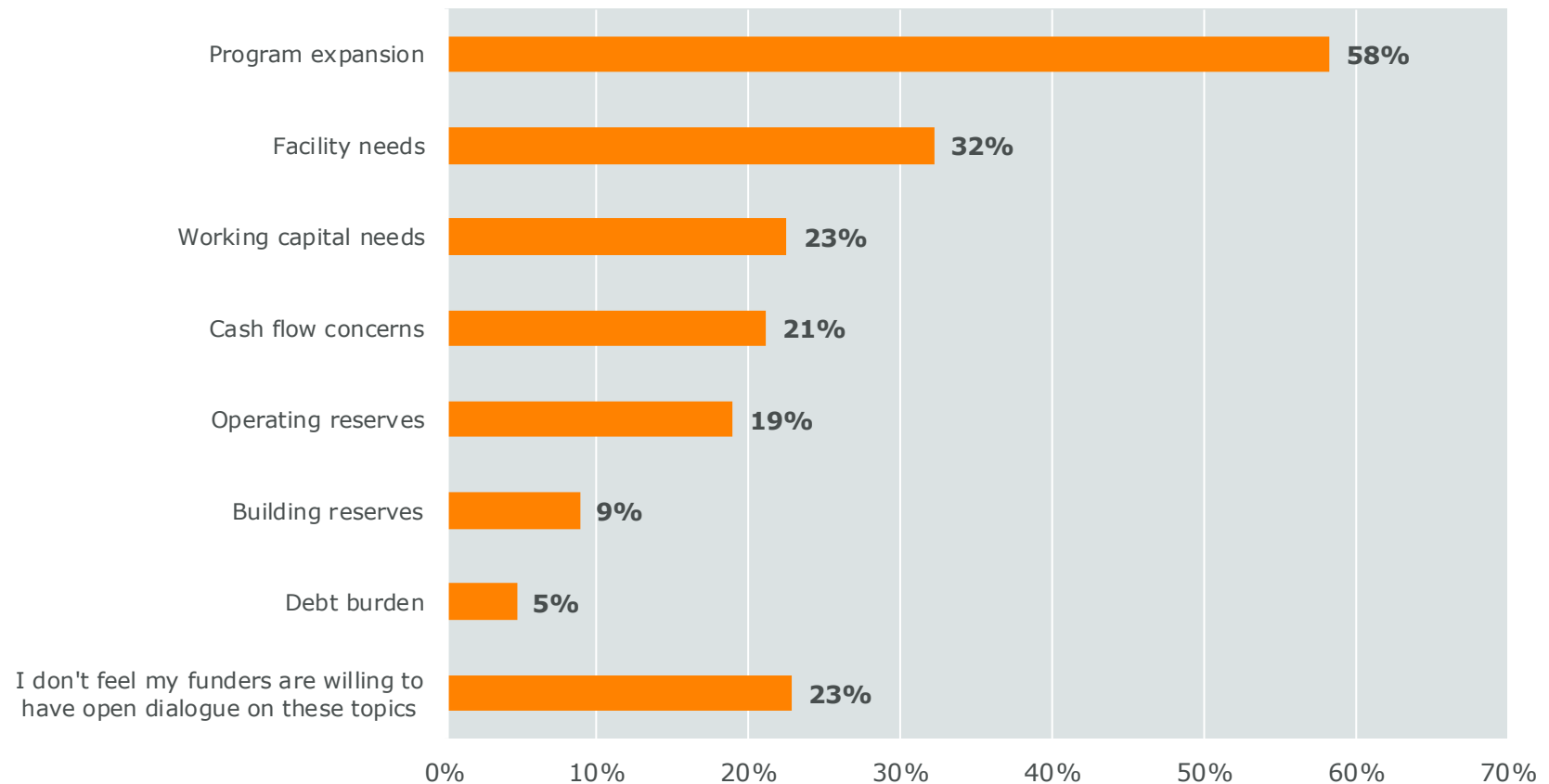


## When do you receive state/local govt payment?



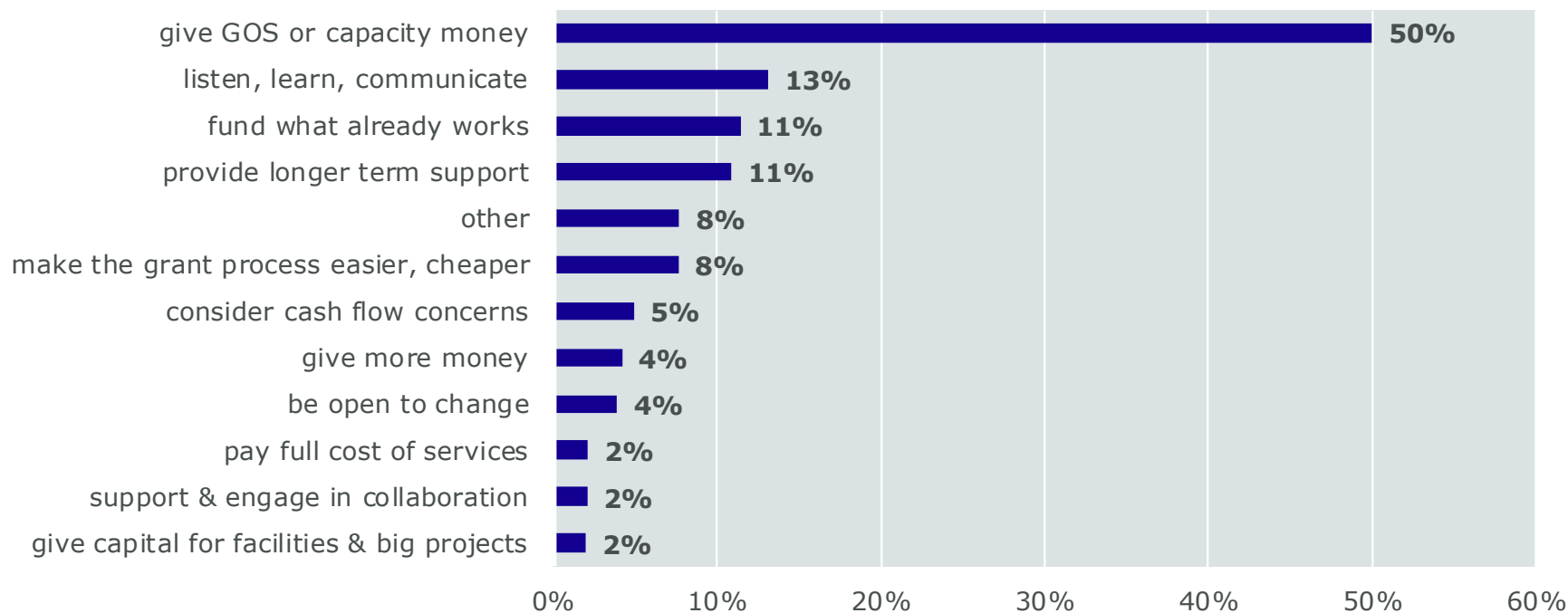
# Which Financial Topics Do NPOs Feel Comfortable Discussing with Funders?

**At 58%, program expansion easily tops the list**



# What Do Nonprofits Feel Funders Can Do to Better Help their Nonprofits?

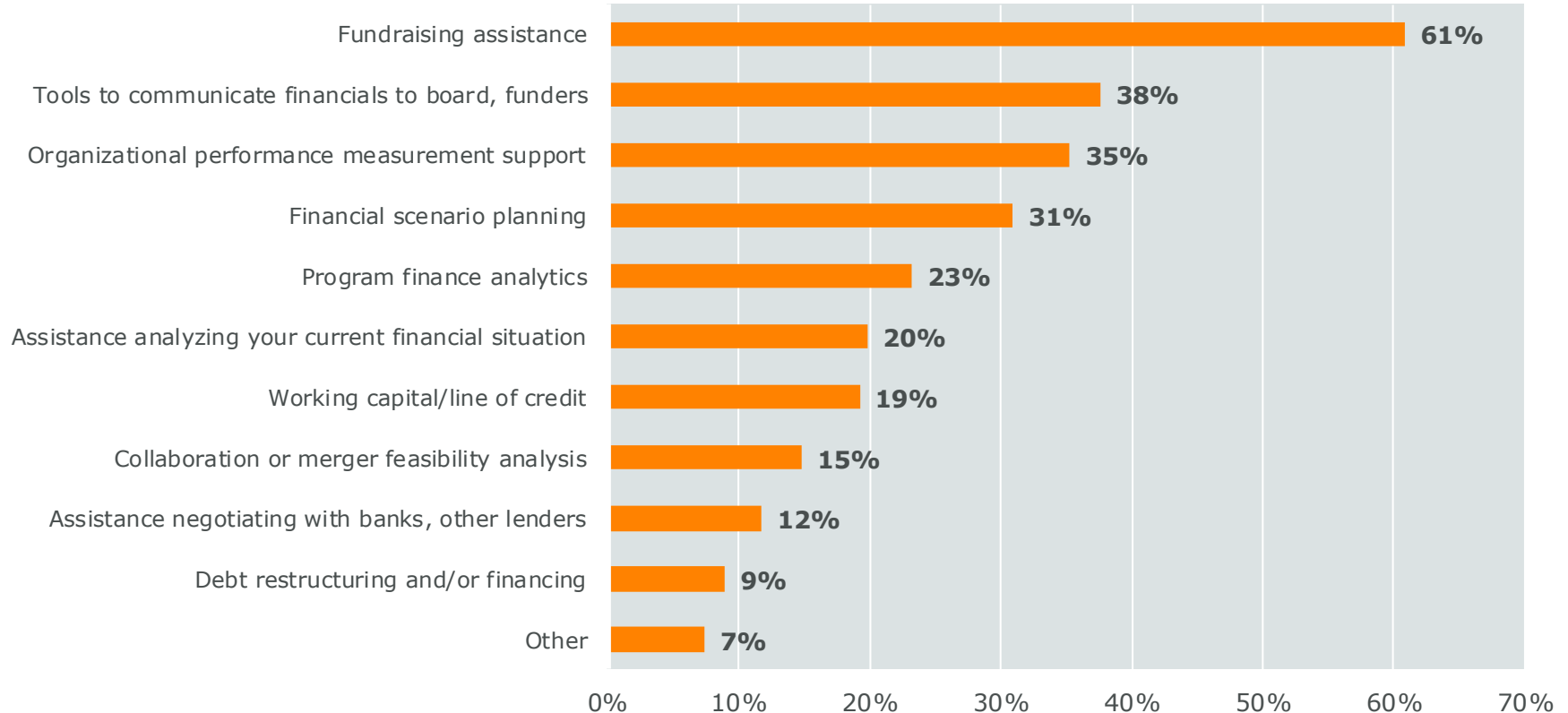
**“If I could ask funders to do one thing differently to be most helpful to my organization, it would be \_\_\_\_\_”\***



*\*The themes 'Fund small nonprofits', 'provide or help us manage loans', and 'support the arts' each represent 1% of the responses*

# What Types of Technical Assistance Would Be Helpful?

## Helpful technical assistance or capital access services



**Meeting the Survey Respondents**

**Examining the Financial Situation**

**Taking Action**

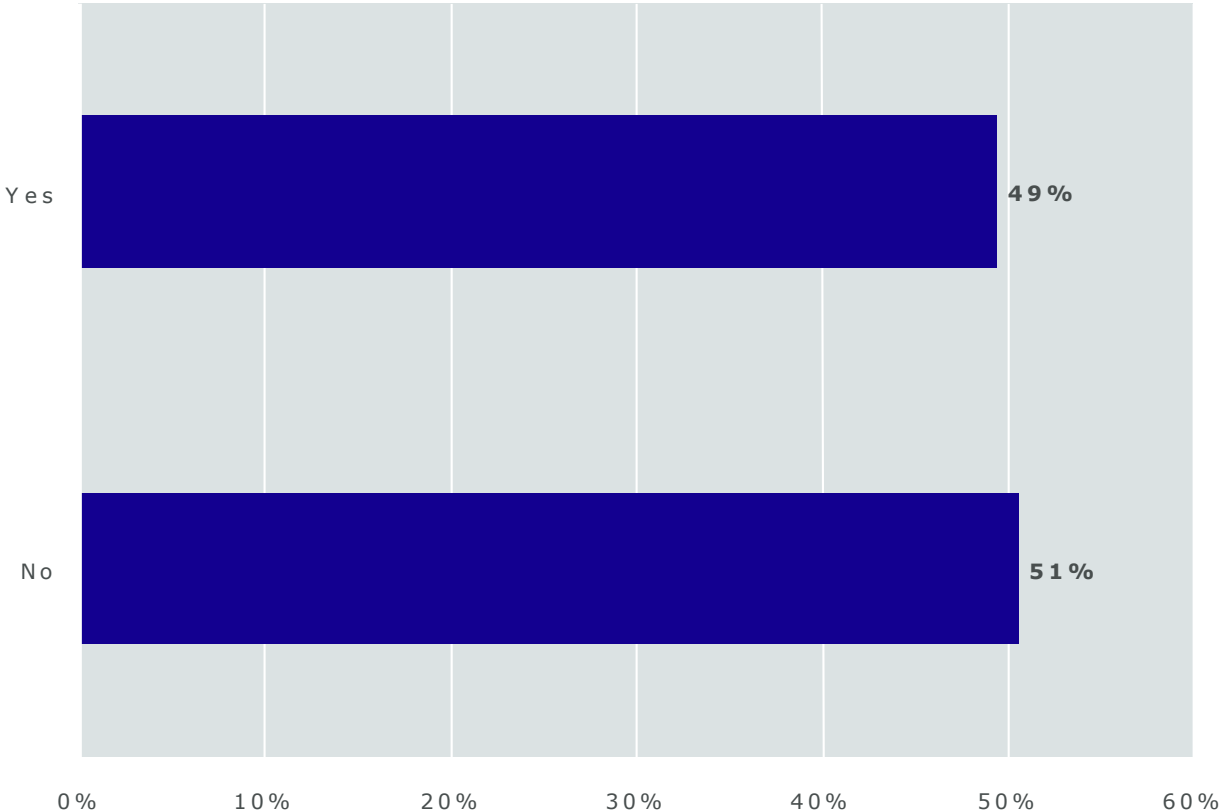
**Working with Government and Funders**

**Taking a Look at Lifeline Organizations**

**Conclusion**

# How Many Respondents Primarily Provide Essential Services?

## Are you a "lifeline" organization?



# What Are the Trends Among These Lifeline Organizations?

“Lifeline” organizations that provide critical services to people in need are finding it hard to meet the demands in their communities:

- 87% saw an increase in demand for services in 2010, compared with 68% of non-lifeline organizations.
- 60% of lifeline organizations increased the number of clients served in 2010, yet only 43% were able to fully meet the demand for services.
- Just 37% of lifeline organizations expect to be able to fully meet demand in 2011.

**Meeting the Survey Respondents**

**Examining the Financial Situation**

**Taking Action**

**Working with Government and Funders**

**Taking a Look at Lifeline Organizations**

**Conclusion**

# What Makes You Proudest about how your NPO Responded to 2010 Financial Challenges?



We reduced expenses and ended the FY in the black despite a very difficult fundraising year. We "turned the corner" by engaging our board in fundraising...

We survived almost 4 months without our major income source from the [local government] by laying off 2/3 of the staff and operating on minimal expenses. Our laid off staff put in over 1000 hours of volunteer time during that period...

We learned to do more with little and still maintain our budget...

We were able to keep personnel moves and budget issues from affecting services to clients. We were very proactive in reducing staff and overall expenses as well as defining our core service offerings. This helped when we lost 85% of our funding in October 2010...

I'm most proud of the way the staff has come together, made huge sacrifices, increased their workload so as not to compromise our program offerings - all the while, reducing expenses while increasing revenues. I'm proud of the staff's "We Can Do It" attitude. In addition to the budget amendments, the organization became debt-free.



Nonprofits face ongoing increases in service demand, while the financial situation for many continues to be difficult. Half the respondents say they need funders to provide more unrestricted or general operating support.

Nonprofits are responding to this 'new normal' with creativity and resilience, even finding ways to increase services in the face of funding uncertainty.

While some nonprofits are adapting to changed circumstances in healthy ways, such as strategic collaborations and careful expense management, others are entering into situations that threaten their survival, such as substantial layoffs or deficits.

Now more than ever, nonprofits need open dialogue with internal and external stakeholders, and support for the overall organization and core programs.

# About Nonprofit Finance Fund®: Where Money Meets Mission®



## Nationwide network of experts in nonprofit finance

- Served thousands of nonprofits & funders since 1980
- CDFI with \$235 million in loans and over \$1.2 billion in capital leveraged for nonprofits
- Financial consultant with over 1,000 customized consultancies/workshops
- Hundreds of strategic partnerships to advance the sector
- Debt, PRI/MRI management, New Markets Tax Credits
- Assistance in structuring philanthropic equity for change
- Thought leadership to advance friendlier funding practices across the nonprofit sector

**"[NFF is]...  
arguably the  
most  
influential  
voice in the  
ongoing effort  
to reshape  
thinking and  
practice about  
nonprofit  
capitalization."**

***-The NonProfit  
Times***



**Thank you.**

**For the full survey results, please visit our web site, [nonprofitfinancefund.org](http://nonprofitfinancefund.org), or click on this link:**

**<http://nonprofitfinancefund.org/2011Survey>**

**For questions related to the survey, please contact Jen Talansky or Anjali Deshmukh at 212.868.6710.**