

Nonprofit Finance Fund
2015 State of the Nonprofit Sector Survey
 National Results
 May 2015



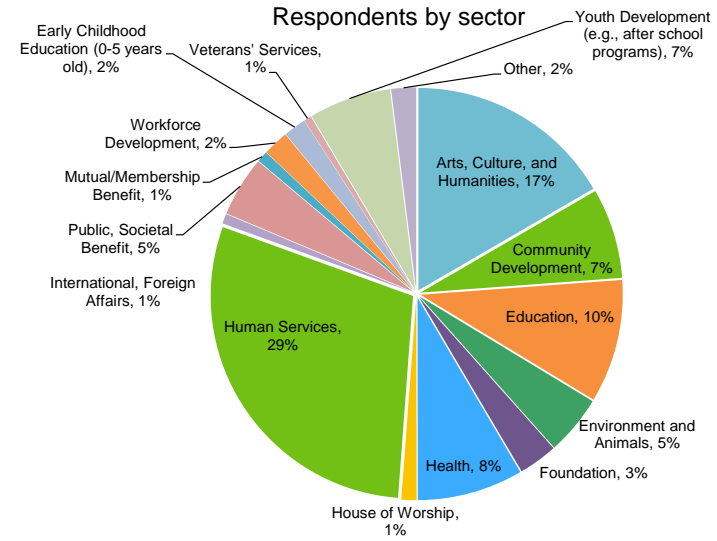
Generously supported by the Bank of America Charitable Foundation



About the Respondents

Nonprofit respondents by state		
AK	16	0%
AL	15	0%
AR	22	0%
AZ	73	1%
CA	1112	20%
CO	46	1%
CT	132	2%
DC	84	2%
DE	69	1%
FL	162	3%
GA	84	2%
HI	304	6%
IA	23	0%
ID	17	0%
IL	444	8%
IN	86	2%
KS	21	0%
KY	20	0%
LA	53	1%
MA	302	6%
MD	110	2%
ME	25	0%
MI	97	2%
MN	58	1%
MO	80	1%
MS	7	0%
MT	15	0%
NC	122	2%
ND	2	0%
NE	54	1%
NH	30	1%
NJ	105	2%
NM	43	1%
NV	26	0%
NY	240	4%
OH	78	1%
OK	32	1%
OR	65	1%
PA	158	3%
PR	3	0%
RI	19	0%
SC	42	1%
SD	6	0%
TN	80	1%
TX	185	3%
UT	67	1%
VA	402	7%
VT	8	0%
WA	107	2%
WI	35	1%
WV	37	1%
WY	7	0%
Other	21	0%
Total	5451	100%

What type of organization are you?



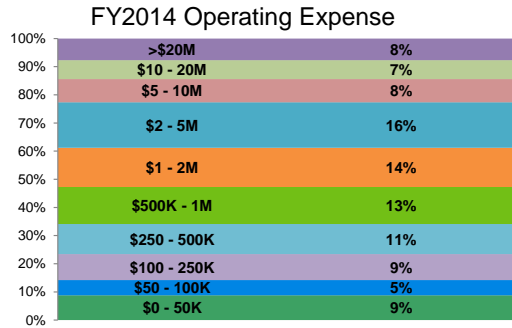
Sectors	Total #	% of total
Arts, Culture, and Humanities	906	17%
Community Development	393	7%
Education	536	10%
Environment and Animals	259	5%
Foundation	169	3%
Health	461	8%
House of Worship	66	1%
Human Services	1600	29%
International, Foreign Affairs	43	1%
Public, Societal Benefit	262	5%
Mutual/Membership Benefit	48	1%
Workforce Development	112	2%
Early Childhood Education (0-5 years old)	98	2%
Veterans' Services	32	1%
Youth Development (e.g., after school programs)	358	7%
Other	108	2%
Total	5451	100%

In what year was your organization founded?



Year	Total #	% of total
1750-1899	220	4%
1900-1949	520	10%
1950-1964	387	7%
1965-1979	1024	19%
1980-1989	1009	19%
1990-1999	1009	19%
2000-2009	879	16%
2010-2012	247	5%
2013-2015	117	2%
Total	5412	100%

What was your total annual operating expense for the fiscal year ending in 2013?

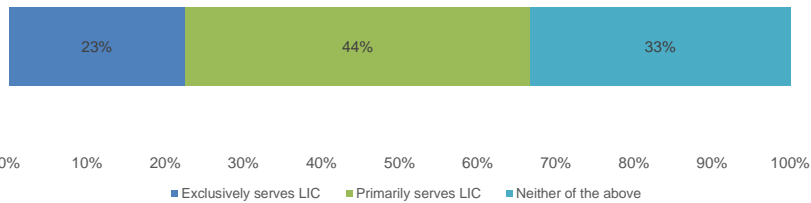


Total Annual Op Exp 2014	Total #	% of total
\$0-\$50,000	479	9%
\$50,001-\$100,000	296	5%
\$100,001-\$250,000	502	9%
\$250,001-\$500,000	583	11%
\$500,001-\$1,000,000	723	13%
\$1,000,001-\$2,000,000	755	14%
\$2,000,001-\$5,000,000	878	16%
\$5,000,001-\$10,000,000	452	8%
\$10,000,001-\$20,000,000	366	7%
Greater than \$20,000,000	417	8%
Total	5451	100%

Demand for Programs/Services

Does your organization serve low-income communities?

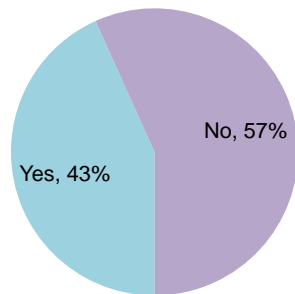
Does your organization serve a low-income community?



Serve low-income communities (LIC)?	Total #	% of total
Exclusively serves LIC	1227	23%
Primarily serves LIC	2408	44%
Neither of the above	1813	33%
Total	5448	100%

Is your organization located in a low-income community?

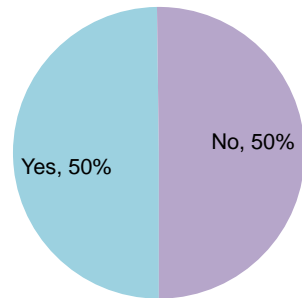
Located in a low-income community?



Located in a low-income community?	Total #	% of total
Yes	2355	43%
No	3089	57%
Total	5444	100%

Do you consider yourself a 'lifeline' organization? (i.e., providing critical services to people in need)?

'Lifeline' organization?

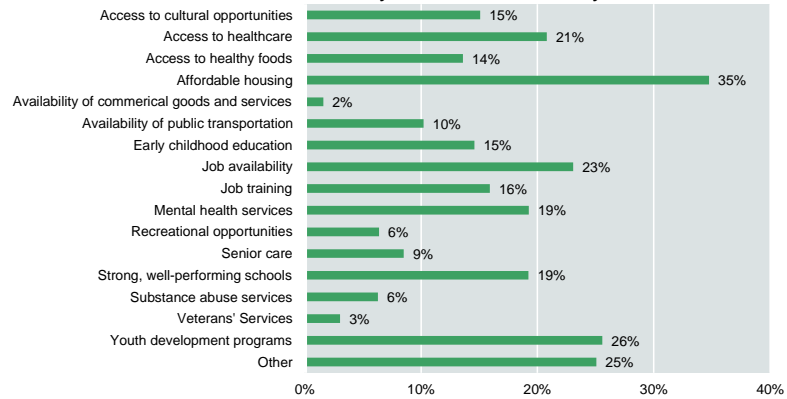


'Lifeline' organization?

	Total #	% of total
Yes	2683	50%
No	2705	50%
Total	5388	100%

What would you identify as the most critical need(s) of the communities your organization serves? (Select up to 3)

Most critical community needs identified by NPOs

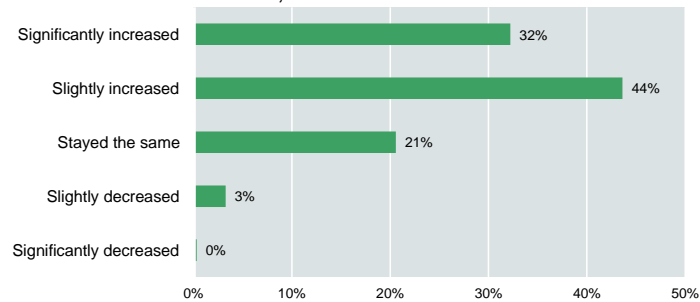


Most critical needs identified by NPOs

	Total #	% of total
Access to cultural opportunities	822	15%
Access to healthcare	1134	21%
Access to healthy foods	741	14%
Affordable housing	1894	35%
Availability of commercial goods and services	87	2%
Availability of public transportation	557	10%
Early childhood education	795	15%
Job availability	1258	23%
Job training	867	16%
Mental health services	1050	19%
Recreational opportunities	348	6%
Senior care	464	9%
Strong, well-performing schools	1048	19%
Substance abuse services	343	6%
Veterans' Services	166	3%
Youth development programs	1394	26%
Other	1366	25%
Total survey respondents	5451	

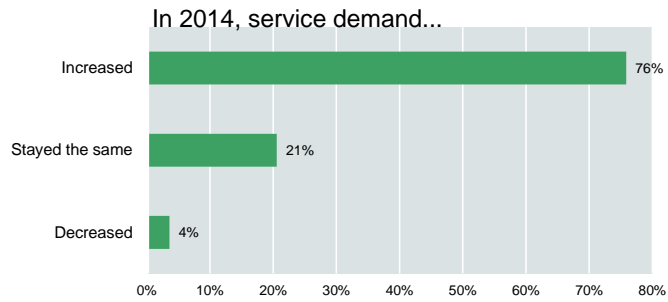
In 2014, demand for my organization's services or programs...

In 2014, service demand...



In 2014, service demand...

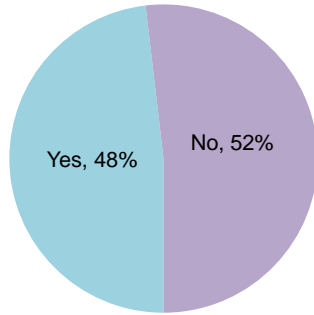
	Total #	% of total
Significantly increased	1726	32%
Slightly increased	2337	44%
Stayed the same	1102	21%
Slightly decreased	175	3%
Significantly decreased	17	0%
Total	5357	100%



In 2014, service demand...	Total #	% of total
Increased	4063	76%
Stayed the same	1102	21%
Decreased	192	4%
Total	5357	100%

In 2014, were you able to fully meet demand for your services or programs?

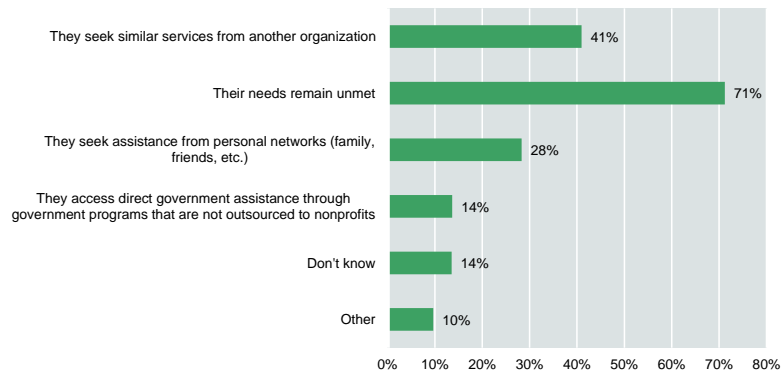
Able to meet 2014 service demand?



Able to meet 2014 demand?	Total #	% of total
Yes	2580	48%
No	2779	52%
Total	5359	100%

When you cannot meet community demand for services, how are client needs met? Select all that apply.

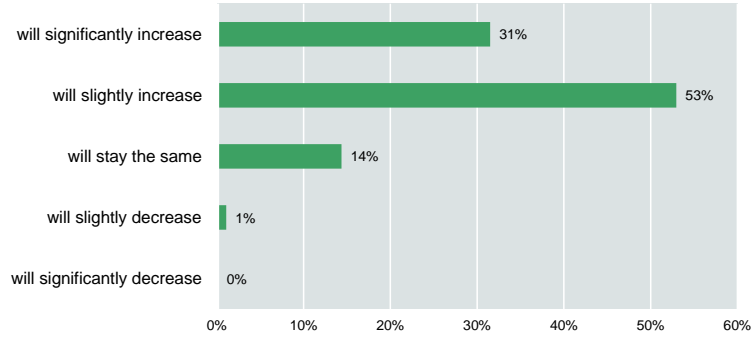
When you cannot meet demand for services, how are client needs met?



How are client needs met? Select all that apply.	Total #	% of total
They seek similar services from another organization	1138	41%
Their needs remain unmet	1979	71%
They seek assistance from personal networks (family, friends, etc.)	787	28%
They access direct government assistance through government programs that are not outsourced to nonprofits	380	14%
Don't know	376	14%
Other	269	10%
Total unable to meet demand	2779	

In 2015, I anticipate that demand for my organization's services or program...

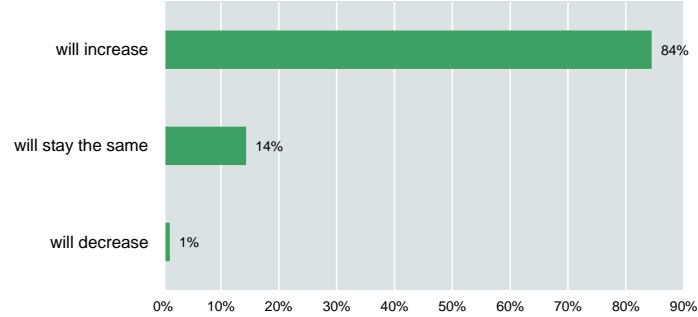
In 2015, we anticipate service demand will...



2015 anticipated service demand

	Total #	% of total
will significantly increase	1689	31%
will slightly increase	2840	53%
will stay the same	770	14%
will slightly decrease	58	1%
will significantly decrease	5	0%
Total	5362	100%

In 2015, we anticipate service demand will...

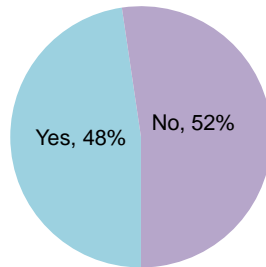


2015 anticipated service demand

	Total #	% of total
will increase	4529	84%
will stay the same	770	14%
will decrease	63	1%
Total	5362	100%

In 2015, do you anticipate that you will be able to fully meet demand for your services or programs?

In 2015, will you be able to meet demand?

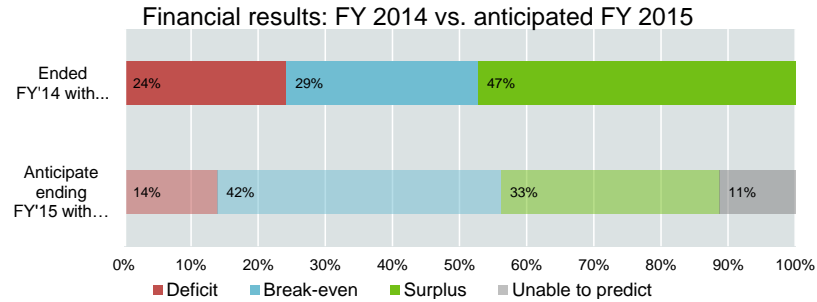


Will you be able to meet 2015 demand?

	Total #	% of total
Yes	2559	48%
No	2810	52%
Total	5369	100%

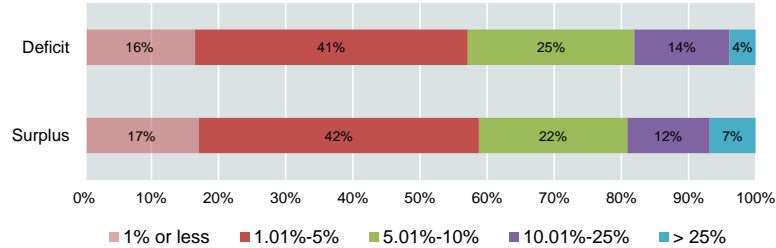
Financial Story

Operating results: FY2014 vs. FY2015 Anticipated



If you finished FY 2014 with a surplus or deficit, please approximate it as a percent of annual expense:

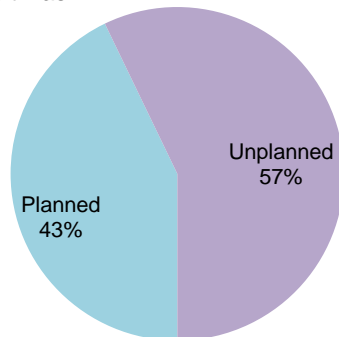
In FY 2014, how big was your surplus or deficit?*



*respondents were asked to classify surplus/deficit size as a % of annual expense

This deficit was...

NPOs reporting FY 2014 deficit say their deficit was...



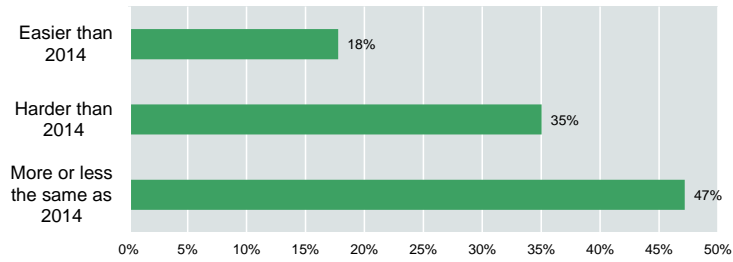
	Ended FY'14 with...		Anticipate ending FY'15 with...	
	Total #	% of total	Total #	% of total
Operating deficit	1148	24%	646	14%
Operating surplus	2245	47%	1509	33%
break-even financials (revenue matched expenses)	1356	29%	1958	42%
Unable to predict			525	11%
Total	4749	100%	4638	100%

	Surplus		Deficit	
	Total #	% of total	Total #	% of total
1% or less	367	17%	180	16%
1.01%-5%	895	42%	443	41%
5.01%-10%	475	22%	271	25%
10.01%-25%	261	12%	154	14%
> 25%	149	7%	43	4%
Total	2147	100%	1091	100%

	Total #	% of total
This deficit was...		
Planned	473	43%
Unplanned	631	57%
Total	1104	100%

What is your financial outlook for your organization in 2015?

For our organization, 2015 will be...

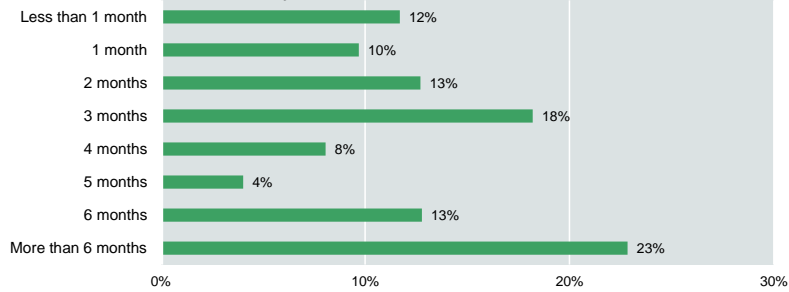


For our organization, 2015 will be...

	Total #	% of total
Easier than 2014	823	18%
Harder than 2014	1622	35%
More or less the same as 2014	2184	47%
Total	4629	100%

Please indicate how many months of cash the organization has in reserves. Months of Cash = Total available (unrestricted) cash divided by average monthly operating expenses.

How many months of cash are in reserves?



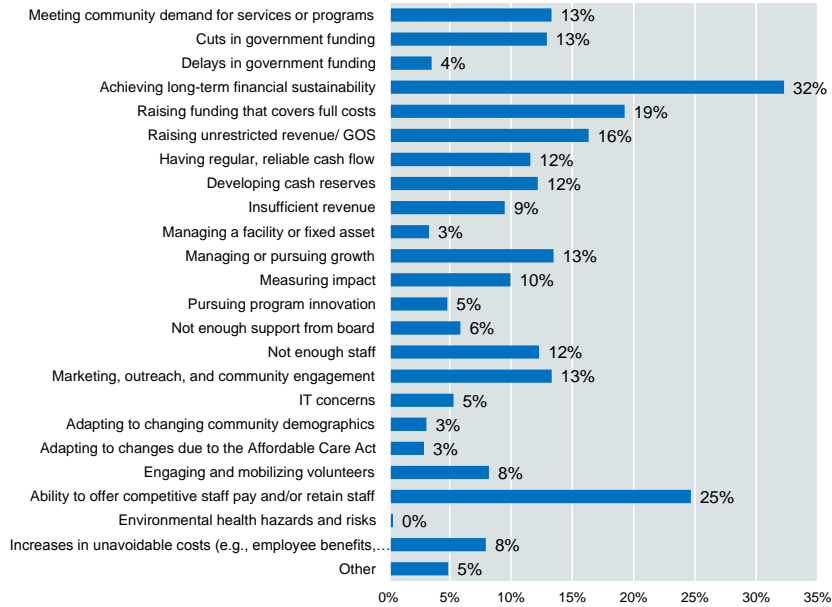
Months of cash in reserves:

	Total #	% of total
Less than 1 month	519	12%
1 month	430	10%
2 months	564	13%
3 months	808	18%
4 months	358	8%
5 months	179	4%
6 months	567	13%
More than 6 months	1014	23%
Total	4439	100%

Challenges & Responses

What are the greatest challenges your organization is facing? Please select up to 3 options.

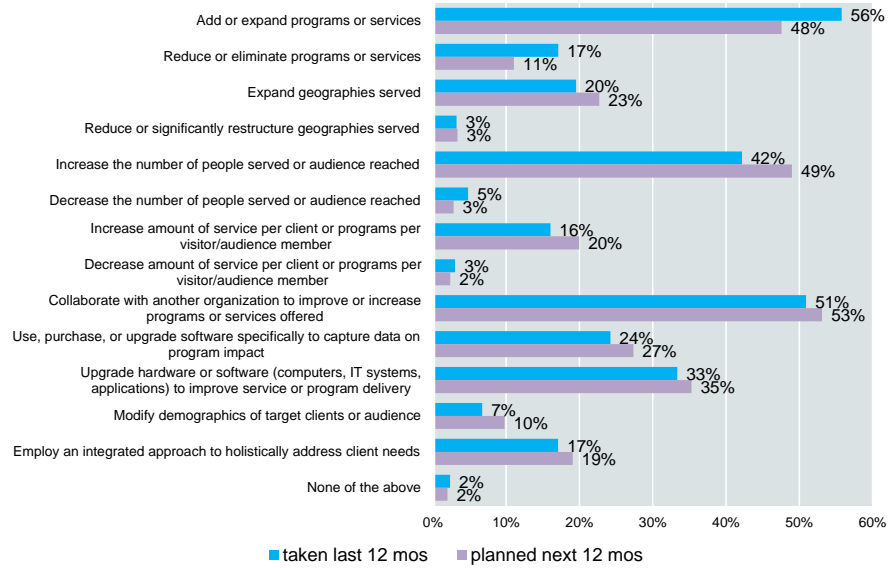
Top challenges that nonprofits are facing



Greatest challenges:	Total #	% of total
Meeting community demand for services or programs	725	13%
Cuts in government funding	704	13%
Delays in government funding	192	4%
Achieving long-term financial sustainability	1759	32%
Raising funding that covers full costs	1050	19%
Raising unrestricted revenue/ GOS	890	16%
Having regular, reliable cash flow	631	12%
Developing cash reserves	664	12%
Insufficient revenue	517	9%
Managing a facility or fixed asset	180	3%
Managing or pursuing growth	734	13%
Measuring impact	543	10%
Pursuing program innovation	262	5%
Not enough support from board	320	6%
Not enough staff	670	12%
Marketing, outreach, and community engagement	726	13%
IT concerns	289	5%
Adapting to changing community demographics	169	3%
Adapting to changes due to the Affordable Care Act	158	3%
Engaging and mobilizing volunteers	447	8%
Ability to offer competitive staff pay and/or retain staff	1345	25%
Environmental health hazards and risks	20	0%
Increases in unavoidable costs (e.g., employee benefits, utilities, or rent)	433	8%
Other	266	5%
Total Survey Respondents	5451	

Have you taken any of the following program & service-related actions in the last 12 months, or do you plan to take any of them in the next 12 months? Please check all that apply.

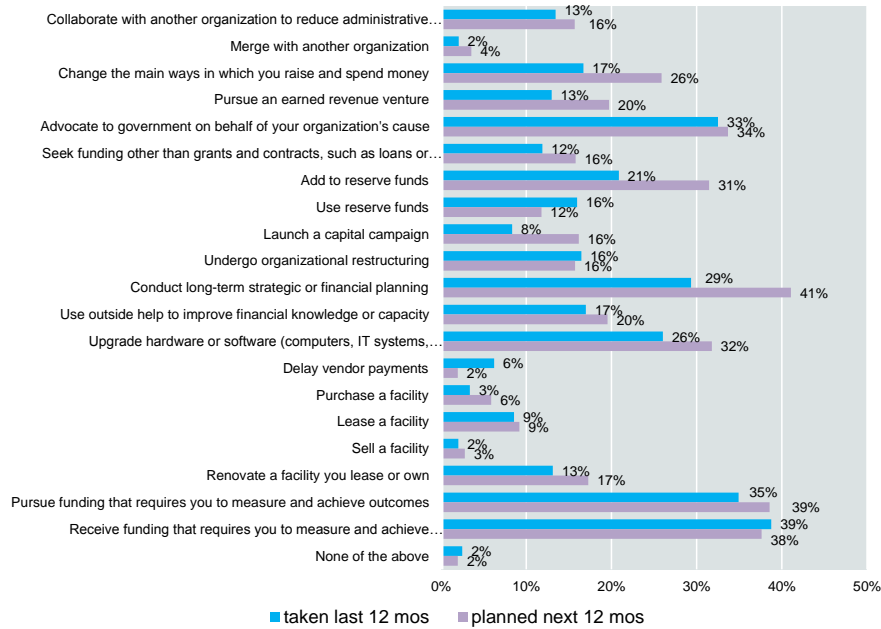
Program & Service-related actions taken or planned in last/next 12 mos.



Service-related actions:	taken last 12 mos		planned next 12 mos	
	mos	% of total	mos	% of total
Add or expand programs or services	3041	56%	2594	48%
Reduce or eliminate programs or services	932	17%	603	11%
Expand geographies served	1065	20%	1238	23%
Reduce or significantly restructure geographies served	176	3%	183	3%
Increase the number of people served or audience reached	2299	42%	2671	49%
Decrease the number of people served or audience reached	262	5%	154	3%
Increase amount of service per client or programs per visitor/audience member	874	16%	1088	20%
Decrease amount of service per client or programs per visitor/audience member	165	3%	129	2%
Collaborate with another organization to improve or increase programs or services offered	2776	51%	2895	53%
Use, purchase, or upgrade software specifically to capture data on program impact	1320	24%	1491	27%
Upgrade hardware or software (computers, IT systems, applications) to improve service or program delivery	1817	33%	1924	35%
Modify demographics of target clients or audience	366	7%	533	10%
Employ an integrated approach to holistically address client needs	931	17%	1040	19%
None of the above	127	2%	108	2%
Total Survey Respondents	5451			

Have you taken any of the following operations & finance actions in the last 12 months, or do you plan to take any of them in the next 12 months? Please check all that apply.

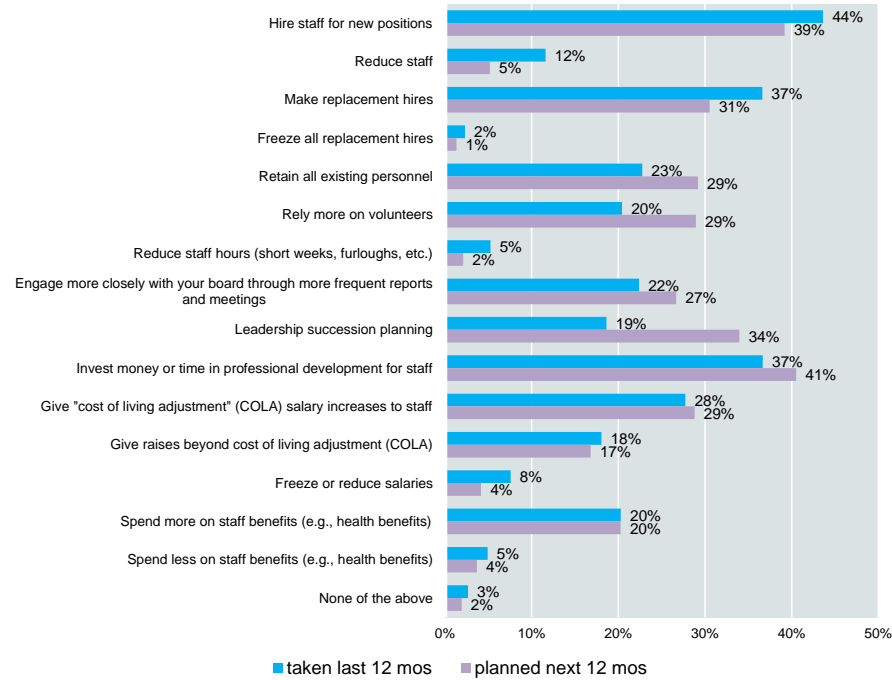
Operations & Finance actions taken or planned in last /next 12 months



Operations & Finance actions:	taken last 12 mos	% of total	planned next 12 mos	% of total
Collaborate with another organization to reduce administrative expenses	732	13%	855	16%
Merge with another organization	112	2%	193	4%
Change the main ways in which you raise and spend money	911	17%	1411	26%
Pursue an earned revenue venture	707	13%	1075	20%
Advocate to government on behalf of your organization's cause	1772	33%	1836	34%
Seek funding other than grants and contracts, such as loans or other investments	648	12%	861	16%
Add to reserve funds	1137	21%	1715	31%
Use reserve funds	870	16%	642	12%
Launch a capital campaign	454	8%	881	16%
Undergo organizational restructuring	897	16%	857	16%
Conduct long-term strategic or financial planning	1600	29%	2239	41%
Use outside help to improve financial knowledge or capacity	926	17%	1065	20%
Upgrade hardware or software (computers, IT systems, applications) to improve organizational efficiency	1419	26%	1732	32%
Delay vendor payments	339	6%	106	2%
Purchase a facility	184	3%	320	6%
Lease a facility	466	9%	501	9%
Sell a facility	110	2%	152	3%
Renovate a facility you lease or own	715	13%	942	17%
Pursue funding that requires you to measure and achieve outcomes	1903	35%	2102	39%
Receive funding that requires you to measure and achieve outcomes	2112	39%	2051	38%
None of the above	135	2%	107	2%
Total Survey Respondents	5451			

Have you taken any of the following staff-related actions in the last 12 months, or do you plan to take any of them in the next 12 months? Please check all that apply.

Staff related actions taken or planned in last/next 12 months

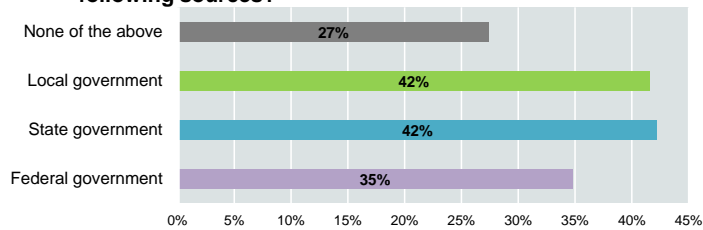


Staff-related actions:	taken last 12 mos	% of total	planned next 12 mos	% of total
Hire staff for new positions	2378	44%	2137	39%
Reduce staff	633	12%	283	5%
Make replacement hires	1996	37%	1665	31%
Freeze all replacement hires	126	2%	73	1%
Retain all existing personnel	1241	23%	1591	29%
Rely more on volunteers	1114	20%	1578	29%
Reduce staff hours (short weeks, furloughs, etc.)	286	5%	115	2%
Engage more closely with your board through more frequent reports and meetings	1221	22%	1455	27%
Leadership succession planning	1016	19%	1852	34%
Invest money or time in professional development for staff	1999	37%	2209	41%
Give "cost of living adjustment" (COLA) salary increases to staff	1512	28%	1570	29%
Give raises beyond cost of living adjustment (COLA)	984	18%	917	17%
Freeze or reduce salaries	413	8%	227	4%
Spend more on staff benefits (e.g., health benefits)	1106	20%	1105	20%
Spend less on staff benefits (e.g., health benefits)	268	5%	201	4%
None of the above	145	3%	105	2%
Total Survey Respondents	5451			

Government Funding

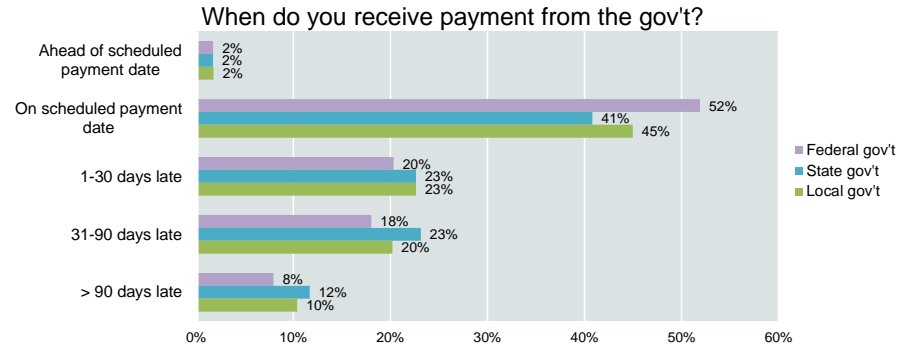
Do you have funding or contracts from any of the following government sources? Select all that apply.

Do you receive funding/contracts from any of the following sources?

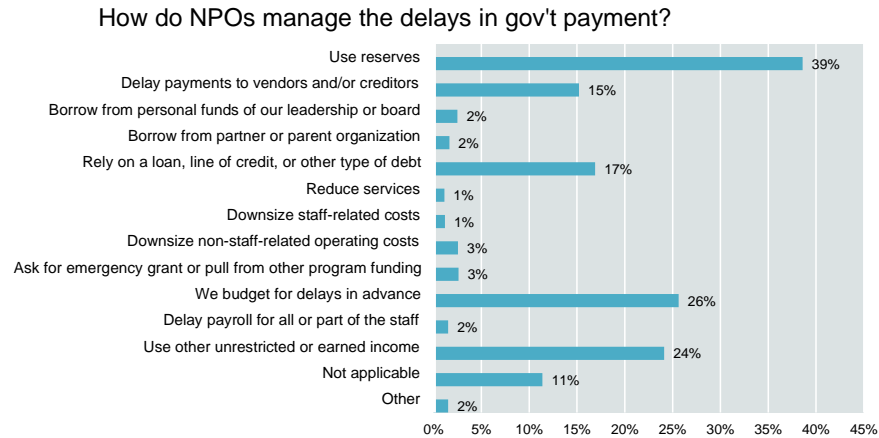


Receive government funding/ contracts?	Total #	% of total
Federal government	1896	35%
State government	2302	42%
Local government	2267	42%
None of the above	1495	27%
Total Survey Respondents	5451	

How many days after submitting an invoice do you usually receive payment from government for services?



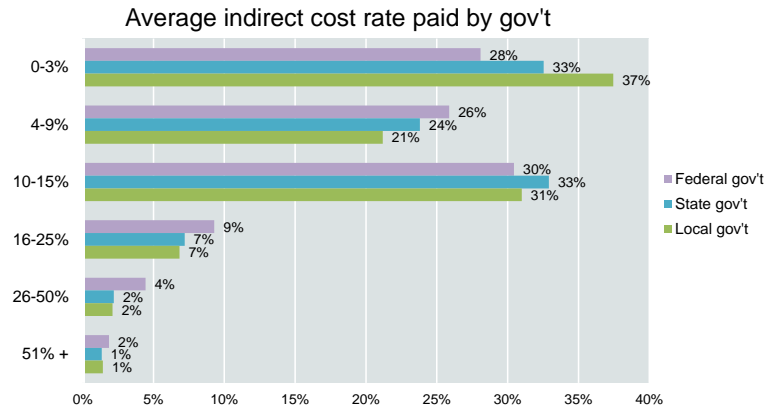
If you experience delays in payments from any level of government, how does your organization cover the gap? Select all that apply.



When do you receive payment from the government?	Federal gov't		State gov't		Local gov't	
Ahead of scheduled payment date	29	2%	35	2%	36	2%
On scheduled payment date	860	52%	831	41%	908	45%
1-30 days late	337	20%	461	23%	457	23%
31-90 days late	299	18%	471	23%	408	20%
> 90 days late	132	8%	238	12%	210	10%
Total	1657	100%	2036	100%	2019	100%

How do organizations receiving late government payments cover the funding gap?	Total #	% of total
Use reserves	1241	39%
Delay payments to vendors and/or creditors	489	15%
Borrow from personal funds of our leadership or board	80	2%
Borrow from partner or parent organization	53	2%
Rely on a loan, line of credit, or other type of debt	543	17%
Reduce services	36	1%
Downsize staff-related costs	38	1%
Downsize non-staff-related operating costs	82	3%
Ask for emergency grant or pull from other program funding	84	3%
We budget for delays in advance	824	26%
Delay payroll for all or part of the staff	49	2%
Use other unrestricted or earned income	775	24%
Not applicable	366	11%
Other	49	2%
Total Respondents with gov funding	3215	

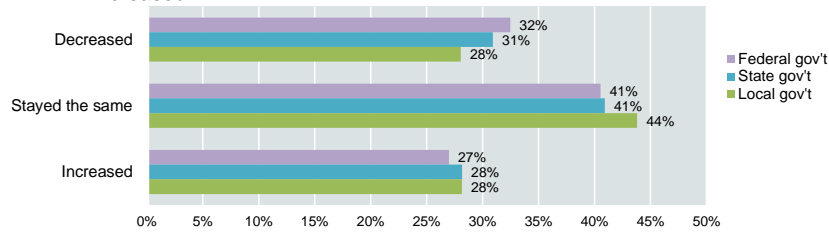
In 2014, what was the average indirect cost rate (i.e. allowable indirect cost rate or overhead/administrative cost rate) that the government paid?



Average indirect cost rate	Federal gov't	State gov't	Local gov't			
0-3%	393	28%	533	33%	603	37%
4-9%	362	26%	390	24%	341	21%
10-15%	426	30%	539	33%	499	31%
16-25%	130	9%	118	7%	110	7%
26-50%	62	4%	36	2%	34	2%
51% +	26	2%	22	1%	23	1%
Total	1399	100%	1638	100%	1610	100%

In the last 3 years, has the amount of government funding/contracts as a percentage of total revenue decreased, stayed the same, or increased?

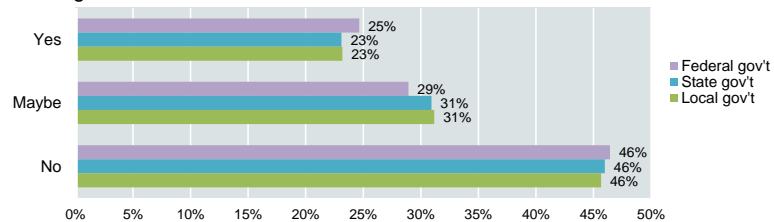
In the last 3 years, has the amount of government funding/contracts as a percentage of total revenue decreased, stayed the same, or increased?



In the last 3 years, has the amount of government funding/contracts as a percentage of total revenue decreased, stayed the same, or increased?	Federal gov't	State gov't	Local gov't			
Decreased	544	32%	628	31%	566	28%
Stayed the same	679	41%	831	41%	884	44%
Increased	452	27%	572	28%	568	28%
Total	1675	100%	2031	100%	2018	100%

Is your organization planning to replace any type of government funding with revenue from non-governmental sources?

Is your NPO planning to replace any type of gov't funding with revenue from non-governmental sources

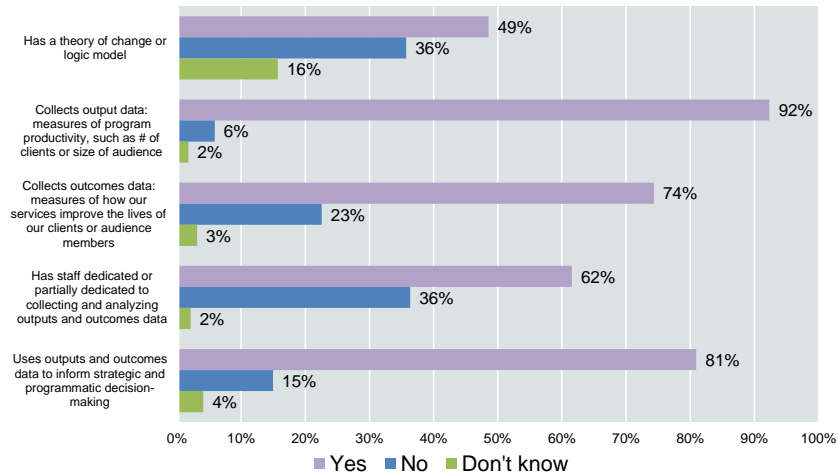


Is your organization planning to replace any type of government funding with revenue from non-governmental sources?	Federal gov't	State gov't	Local gov't			
Yes	404	25%	462	23%	461	23%
Maybe	474	29%	618	31%	620	31%
No	761	46%	919	46%	908	46%
Total	1639	100%	1999	100%	1989	100%

Data and Impact

My organization...

Impact measurement practices: my organization...

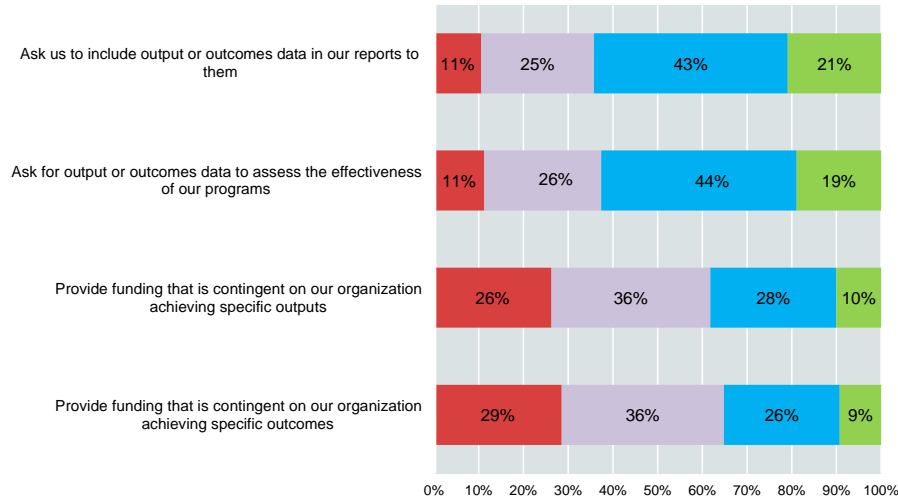


My organization...	Yes	No	Don't know			
Has a theory of change or logic model	1945	49%	1431	36%	630	16%
Collects output data: measures of program productivity, such as # of clients or size of audience	3831	92%	244	6%	74	2%
Collects outcomes data: measures of how our services improve the lives of our clients or audience members	3048	74%	925	23%	128	3%
Has staff dedicated or partially dedicated to collecting and analyzing outputs and outcomes data	2515	62%	1485	36%	87	2%
Uses outputs and outcomes data to inform strategic and programmatic decision-making	3317	81%	613	15%	168	4%
My organization...	Total					
Has a theory of change or logic model	4006	100%				
Collects output data: measures of program productivity, such as # of clients or size of audience	4149	100%				
Collects outcomes data: measures of how our services improve the lives of our clients or audience members	4101	100%				
Has staff dedicated or partially dedicated to collecting and analyzing outputs and outcomes data	4087	100%				
Uses outputs and outcomes data to inform strategic and programmatic decision-making	4098	100%				

Approximately how many of your funders pursue the practices below? Please give your best estimate:

Impact measurement practices: Estimated portion of funders that...

■ None ■ Less than half ■ Half or more ■ All



Approximately how many of your funders pursue the practices below? Please give your best estimate:

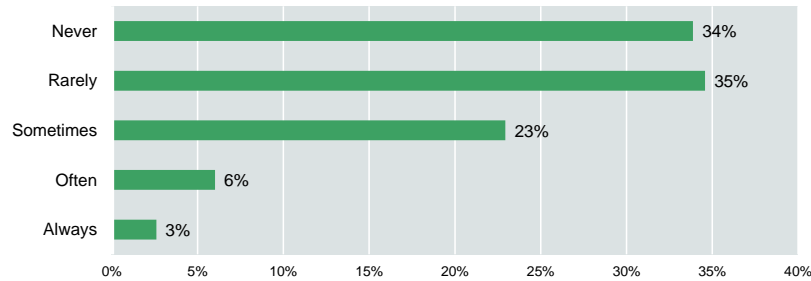
Practice	None	Less than half	Half or more
Ask us to include output or outcomes data in our reports to them	436	11%	1037
Ask for output or outcomes data to assess the effectiveness of our programs	459	11%	1066
Provide funding that is contingent on our organization achieving specific outputs	1062	26%	1437
Provide funding that is contingent on our organization achieving specific outcomes	1150	29%	1462

Approximately how many of your funders pursue the practices below? Please give your best estimate:

Practice	All	Total
Ask us to include output or outcomes data in our reports to them	860	21% 4117
Ask for output or outcomes data to assess the effectiveness of our programs	772	19% 4080
Provide funding that is contingent on our organization achieving specific outputs	405	10% 4044
Provide funding that is contingent on our organization achieving specific outcomes	373	9% 4029

How often do funders cover the costs associated with measuring program outputs or outcomes?

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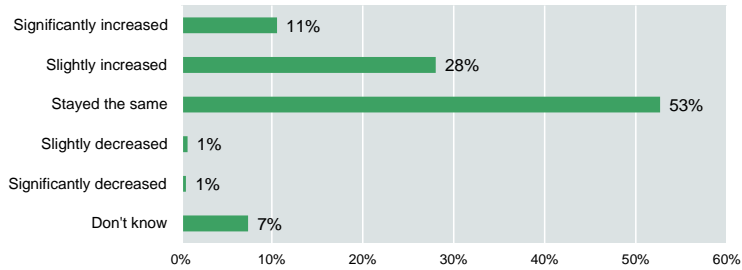


How often do funders cover the costs associated with measuring program outputs or outcomes?

Frequency	Total #	% of total
Never	1357	34%
Rarely	1385	35%
Sometimes	919	23%
Often	241	6%
Always	104	3%
Total	4006	100%

In 2014, the number of funders asking us to measure or provide program outputs or outcomes...

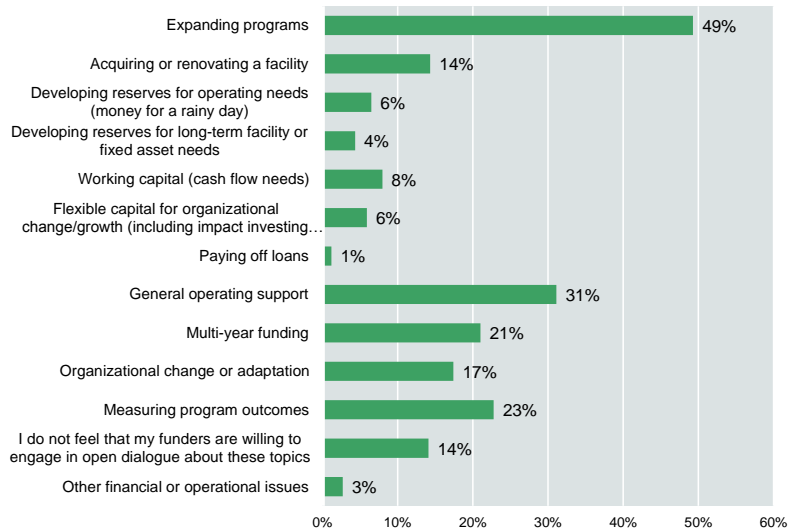
In 2014, the number of funders asking us to measure or provide program outputs or outcomes...



Funder Practices

Overall, do you feel the majority of your funders are willing to engage in open dialogue on funding for any of the purposes below? Please select all that apply:

My org can have open dialogue with funders about:



In 2014, the number of funders asking us to measure or provide program outputs or outcomes...

	Total #	% of total
Significantly increased	423	11%
Slightly increased	1121	28%
Stayed the same	2107	53%
Slightly decreased	30	1%
Significantly decreased	23	1%
Don't know	296	7%
Total	4000	100%

My organization can have open dialogue with funders about:

	Total #	% of total
Expanding programs	2686	49%
Acquiring or renovating a facility	781	14%
Developing reserves for operating needs (money for a rainy day)	354	6%
Developing reserves for long-term facility or fixed asset needs	236	4%
Working capital (cash flow needs)	434	8%
Flexible capital for organizational change/growth (including impact investing products)	322	6%
Paying off loans	65	1%
General operating support	1696	31%
Multi-year funding	1145	21%
Organizational change or adaptation	949	17%
Measuring program outcomes	1241	23%
I do not feel that my funders are willing to engage in open dialogue about these topics	768	14%
Other financial or operational issues	147	3%
Total survey respondents	5451	

