A focus on LA County

2022

NONPROFIT FINANCE FUND

STATE OF THE NONPROFIT SECTOR SURVEY FINDINGS

Panel

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Weingart Foundation

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Executive Director,
Social Justice Learning Institute

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METHODOLOGY

- National survey done in collaboration with EVITARUS and Ambit 360, with survey administration by SRSS
- LA component (n=212), within larger national survey (n=1,168)
- Field Dates: Jan. 19 – March 4, 2022
- NFF collaborated closely with PBI and CGLA on the LA component
- Partnered with advisory and two nonprofit feedback committees
- All charts refer to LA component only, unless otherwise noted
A focus on LA County

PROFILE OF LA NONPROFITS
Respondents represented all LA County Service Planning Areas.

Highest responding SPAs in LA County:

- East Los Angeles
- Metro Los Angeles
- San Fernando Valley
- South Los Angeles

Service Planning Areas:
1. Antelope Valley
2. San Fernando
3. San Gabriel
4. Metro
5. West
6. South
7. East
8. South Bay/ Harbor
MOST ORGANIZATIONS PROVIDE DIRECT SERVICES

- Direct Services: 72%
- Policy, Advocacy, and Systems Reform: 33%
- Leadership and Professional Development: 31%
- Capacity-building and Technical Assistance: 25%
- Other: 18%
MAJORITY OF LA LEADERS ARE BIPOC

Race/Ethnicity of Leader

- AAPI-led: 10%
- Black-led: 18%
- Hispanic-led: 33%
- White-led: 20%
- Other-led: 19%

Executive Director/CEO a person whose lived experiences are representative of one or more of the communities their organization serves

- BIPOC-led: 59%
- White-led: 16%
- Total LA: 43%
BIPOC-LED NONPROFITS TEND TO HAVE SMALLER BUDGETS RELATIVE TO WHITE-LED NONPROFITS

<table>
<thead>
<tr>
<th></th>
<th>&lt;$500,000</th>
<th>$500,000-$2M</th>
<th>&gt;$2M</th>
</tr>
</thead>
<tbody>
<tr>
<td>BIPOC-Led</td>
<td>29%</td>
<td>27%</td>
<td>45%</td>
</tr>
<tr>
<td>White-Led</td>
<td>18%</td>
<td>25%</td>
<td>56%</td>
</tr>
<tr>
<td>Total LA</td>
<td>34%</td>
<td>27%</td>
<td>39%</td>
</tr>
</tbody>
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KEY FINDING #1
Challenges from increased demand due to pandemic persist
MEETING DEMAND DURING THE PANDEMIC HAS BEEN DIFFICULT

As a result of COVID, 72% of LA nonprofits reported a significant increase in demand.

<table>
<thead>
<tr>
<th></th>
<th>BIPOC-led</th>
<th>White-led</th>
<th>Total LA</th>
</tr>
</thead>
<tbody>
<tr>
<td>79%</td>
<td>63%</td>
<td>72%</td>
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</table>

Fewer than half reported being able to meet increased demand between FY2019-2021.

- Able to Meet Demand: 52%
- Unable to Meet Demand: 48%
NEARLY HALF OF NONPROFITS BELIEVE THEY WILL NOT MEET DEMAND

Nearly half of organizations do not believe they will be able to meet continued demand for services in 2022.

- Able to meet increased demand: 46%
- Unable to meet increased demand: 54%

90% of LA nonprofits expect demand to continue to grow in 2022.
KEY FINDING #2
Advancing racial equity has been central to LA organizations
BIPOC-LED NONPROFITS HAVE BEEN ADVANCING RACIAL EQUITY

“Advancing racial equity is a major programmatic focus of our work" perfectly describes us

<table>
<thead>
<tr>
<th>Category</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>BIPOC-led</td>
<td>55%</td>
</tr>
<tr>
<td>White-led</td>
<td>16%</td>
</tr>
<tr>
<td>Total LA</td>
<td>40%</td>
</tr>
</tbody>
</table>
WHITE-LED NONPROFITS CONDUCTED DEI PRACTICES AT HIGHER RATES SINCE 2020

<table>
<thead>
<tr>
<th>Activity</th>
<th>BIPOC-led</th>
<th>White-led</th>
</tr>
</thead>
<tbody>
<tr>
<td>Developed, improved and/or expanded services to Black, Indigenous, or other people of color</td>
<td>65%</td>
<td>70%</td>
</tr>
<tr>
<td>Developed policies and practices to increase Board diversity</td>
<td>52%</td>
<td>70%</td>
</tr>
<tr>
<td>Had discussions with staff about DEI</td>
<td>73%</td>
<td>89%</td>
</tr>
<tr>
<td>Had DEI professionals lead workshops/training on DEI to Board/leadership/staff</td>
<td>28%</td>
<td>56%</td>
</tr>
<tr>
<td>Implemented performance metrics related to organizational DEI</td>
<td>18%</td>
<td>30%</td>
</tr>
</tbody>
</table>

Nonprofits with larger budgets most likely to conduct DEI activities since 2020

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KEY FINDING #3
While funding increased overall, racial inequities persist
FUNDING INCREASED DURING THE PANDEMIC, PARTICULARLY FOR WHITE-LED NONPROFITS

Increase in Revenue Since March 2020

- Local: White-led 39%, BIPOC-led 29%
- State: White-led 36%, BIPOC-led 26%
- Federal: White-led 26%, BIPOC-led 16%
- Individual Donors: White-led 54%, BIPOC-led 50%
- Foundations: White-led 58%, BIPOC-led 65%
- Corporate Donations: White-led 29%, BIPOC-led 33%

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ONLY A QUARTER OF BLACK-LED NONPROFITS REPORT HAVING RESERVES

<table>
<thead>
<tr>
<th>Category</th>
<th>Reserve Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>AAPI-led</td>
<td>57%</td>
</tr>
<tr>
<td>Black-led</td>
<td>27%</td>
</tr>
<tr>
<td>Hispanic-led</td>
<td>53%</td>
</tr>
<tr>
<td>White-led</td>
<td>59%</td>
</tr>
<tr>
<td>Total LA</td>
<td>52%</td>
</tr>
</tbody>
</table>
KEY FINDING #4
LA nonprofits have different experience than non-LA nonprofits in survey
RACIAL EQUITY IS A LONG-TERM COMMITMENT FOR LA NONPROFITS

LA nonprofits more likely to have publicly advocated for programs to advance racial equity in their communities

More LA nonprofits have been advancing racial equity for 5+ years

56%  44%  48%  33%

Nonprofits in LA  Nonprofits Excluding LA  Nonprofits in LA  Nonprofits Excluding LA

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LA nonprofits more likely to report significant increase in demand than national counterparts as a result of COVID

LA nonprofits less likely to report half or more of their total funds were unrestricted funds in FY2021

- Nonprofits in LA: 72%
- Nonprofits Excluding LA: 47%
- Nonprofits in LA: 38%
- Nonprofits Excluding LA: 24%
LA WAITS LONGER TO BE REIMBURSED BY GOVERNMENT COMPARED TO NONPROFITS ACROSS THE COUNTRY

Within 30 days: 16% Nonprofits in LA, 28% Nonprofits Excluding LA
31-60 days: 34% Nonprofits in LA, 40% Nonprofits Excluding LA
61-90 days: 29% Nonprofits in LA, 18% Nonprofits Excluding LA
More than 90 days: 21% Nonprofits in LA, 14% Nonprofits Excluding LA
VARIED EXPERIENCES OF LA NONPROFITS WITH COUNTY DEPARTMENTS

A little more than half of organizations have entered into contracts with LA County.

Does LA County cover the total costs for work performed? Agree or disagree.

- **Agree**: 25%
- **Disagree**: 54%

For the Disagree category:
- **BIPOC-Led**: 12%
- **White-Led**: 59%
- **Total LA**: 56%
# LA COUNTY ADOPTED BUDGET

**FISCAL YEAR 2021-22**

<table>
<thead>
<tr>
<th></th>
<th>Gross Appropriation (BILLIONS)</th>
<th>Budgeted Positions</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total Budget</strong></td>
<td>$39.32</td>
<td>111,038</td>
</tr>
<tr>
<td><strong>Department</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Public Health</td>
<td>$1.87</td>
<td>5,401</td>
</tr>
<tr>
<td>Mental Health</td>
<td>$2.99</td>
<td>6,442</td>
</tr>
<tr>
<td>Children and Family Services</td>
<td>$2.93</td>
<td>9,595</td>
</tr>
<tr>
<td>Public Social Services</td>
<td>$4.82</td>
<td>13,839</td>
</tr>
<tr>
<td>Health Services</td>
<td>$8.87</td>
<td>26,270</td>
</tr>
</tbody>
</table>
KEY FINDING #5
LA nonprofits have urgent need for full cost funding and staffing support
TOP 4 STAFFING CHALLENGES FOR NONPROFITS IN LA

- Staff burnout: 35%
- High cost of living: 38%
- Offering competitive pay: 52%
- Employing enough staff: 54%
TOP 3 FINANCIAL CHALLENGES FOR LA NONPROFITS

- Raising unrestricted revenue: 69%
- Raising funds that cover full costs: 69%
- Achieving long-term financial sustainability: 78%

88% of BIPOC-led vs. 69% of White-led nonprofits identify long-term financial sustainability as a challenge.
Since inception, the Committee for Greater L.A. identified racial inequities embedded across non-profits and our concern for the sector’s long-term resilience. This report takes a closer look and reveals the financial vulnerabilities of L.A.’s nonprofit sector, an already financially stretched sector that extended to support vulnerable BIPOC communities during the recent health and economic crises. We look forward to advancing the analysis presented here for a more equitable and effective nonprofit sector for Los Angeles.

MIGUEL A. SANTANA
Chair, Committee for Greater L.A.
DISCUSSION PANEL

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MODERATED BY:
Claire Knowlton
Director of Consulting
Nonprofit Finance Fund
THANK YOU FOR JOINING

Special Thanks to our Advisory Committee

This report and event developed with generous support from BANK OF AMERICA