

**ESSENTIAL, ENDURING,  
AND UNDER STRAIN:**

# **Los Angeles' Nonprofit Sector in 2025**

# WHO RESPONDED TO THE SURVEY?

## A SNAPSHOT OF THE LA NONPROFIT SECTOR



This report focuses on responses from the 197 organizations from Los Angeles County (LA) that took the 2025 State of the Nonprofit Sector Survey. Compared to nonprofits in the rest of the country, those in LA had smaller budget sizes, were established more recently, and were more likely to be led by a person of color.

**Throughout this report, when comparisons are made between national and LA nonprofits, the national data excludes respondents from LA.**

### KEY SAMPLE DIFFERENCES: LA VS. NATIONAL

	LA	National (excluding LA)
Number of respondents in sample	197	2009
Percentage with operating expenses under \$1 million	54%	45%
Percentage established in 2000 or later	51%	42%
Percentage led by person of color*	61%	35%
Percentage with an Asian or Asian American leader	15%	5%
Percentage with a Hispanic or Latine leader	24%	10%

\*Person of color is defined in this survey as an individual self-identifying as one or more of the following races/ethnicities: American Indian or Alaska Native, Asian or Asian American, Black or African American, Hispanic or Latine, Middle Eastern, and/or Native Hawaiian and/or Pacific Islander.

### ABOUT THE 2025 NATIONAL STATE OF THE NONPROFIT SECTOR SURVEY

The State of the Nonprofit Sector Survey – Nonprofit Finance Fund’s (NFF) tenth – gathered data about US nonprofits’ health and their collective challenges and successes. This dataset is used across the sector to advocate for meaningful actions philanthropy, government, and others can take to support nonprofits into the future.

The 2025 Survey was conducted in collaboration with EVITARUS and Ambit 360 Consulting. From January 30 to March 14, 2025, we asked US nonprofit leaders a series of questions to understand the management, operational, and financial picture they navigated in 2024 and anticipated in 2025.

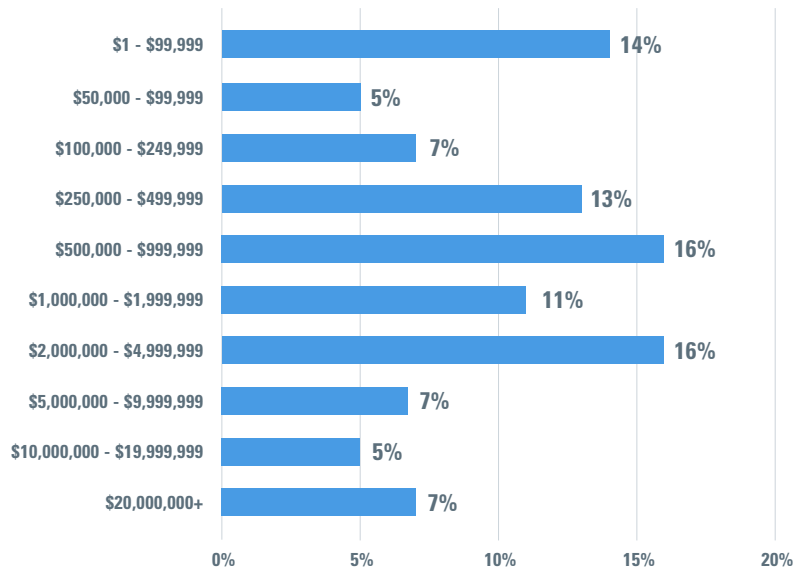
NFF is deeply grateful to the 2,200+ national survey respondents for all of the important work they do every day, and for entrusting us with their stories. NFF also thanks our survey sponsors and the many community partners who provided input on survey topics and distributed the survey to their networks.

**Note:** Due to rounding and to questions that allowed respondents to select multiple answer choices, not all numbers in this report may appear to add up to exactly 100%.

We have accomplished [our] mission over the last 43 years through a community development model. This model has taken many forms, but one thing has remained the same: We only offer programs the community asks for. With this model, we have always taken a “ground-up” approach to our programming instead of a “top-down model,” telling the community what they need to thrive. We understand that the best solutions for a community come from the people most deeply affected by the problems facing that community.

Youth services survey respondent in LA

#### FY 2024 OPERATING EXPENSES

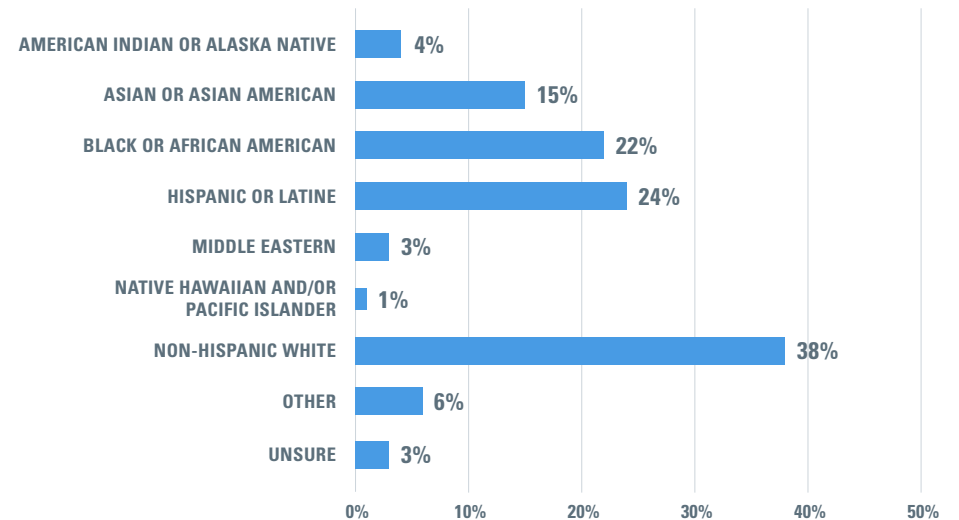


#### KEY AREA OF OF WORK

Arts/Culture	16%
Human Services	14%
Education (Including Early Childhood)	12%
Housing/Shelter	9%
Youth Services	9%
Social Justice/Civil Rights/Community Organizing	8%
Mental Health/Crisis Intervention	7%
Economic Development (including Employment and Workforce Development)	6%
Community Development	5%
Other*	16%

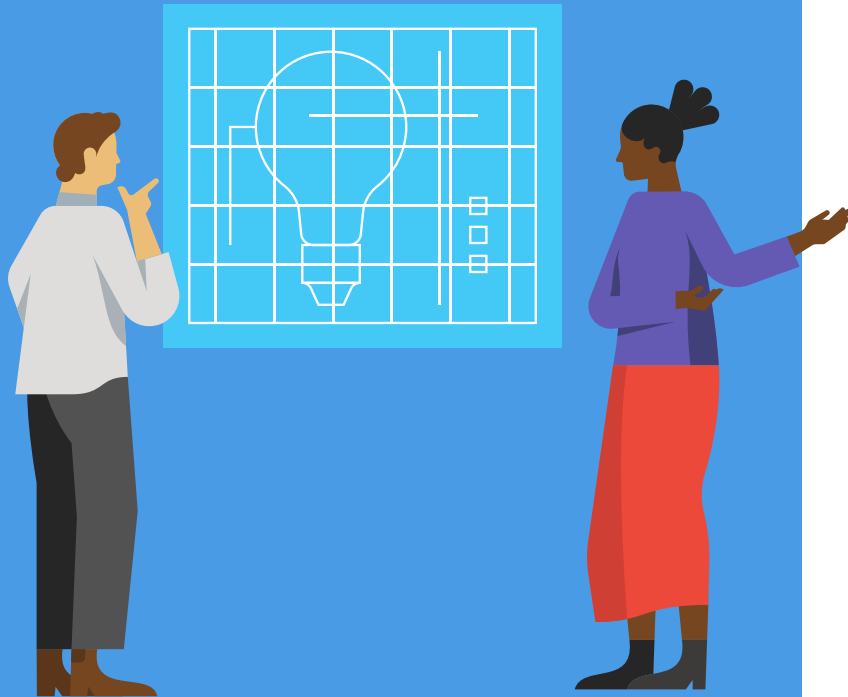
\*Categories in “Other” include: Capacity Building/Nonprofit Support, Environment/Environmental Justice, Food/Agriculture/Nutrition, Healthcare, Immigration, Philanthropy or Grantmaking, and Religion.

#### RACE/ETHNICITY OF ORGANIZATIONAL LEADER



Additionally, 64% of respondents said that half or more of their leadership teams identify as people of color. Two-thirds (67%) of organizations are female-led and 19% have an organizational leader who identifies as LGBTQIA+.

# WHAT THE DATA TELLS US NONPROFITS ARE THE INFRASTRUCTURE THAT POWERS AND SERVES LA COMMUNITIES



## LA nonprofits don't just serve the community; they are the community.

**Across Los Angeles, nonprofits are vital community infrastructure. They care for us during local crises like devastating wildfires. They protect us, house us, feed us, teach us, and make LA strong and vibrant for all who live here.** Local nonprofits are rooted in community and working toward a better future for all. In LA, 40% of respondents have a leader with lived experience representative of a community the organization serves. 48% said they received and acted on community feedback about their services in 2024.

Across sectors, 75% of LA nonprofits exclusively or primarily serve people with lower incomes, as compared to 66% of organizations nationally.

### MAJOR FOCUS AREAS FOR LA RESPONDENTS

Building Community Wealth and Well-Being	64%
Address Economic Inequality	61%
Advancing Racial Equity	53%
Helping People Maintain and/or Keep Quality Jobs	36%
Advancing Gender Equity	30%
Advancing Environmental Justice	26%

In addition to directly serving communities, 46% of respondents engaged in advocacy/policy work and 42% worked to increase community civic engagement in 2024.

As an organization founded and operated by Latinos, our mission is to serve emerging artists from underserved communities, including individuals from historically marginalized communities and identities.

Arts/culture survey respondent in LA

# From employing residents to buying locally and developing the workforce, nonprofits in LA boost the economy.

The LA nonprofits in our survey employed over 12,500 people in 2024, with many sharing that their staff are from the local communities they serve. Additionally, 43% spent more than \$100,000 in 2024 buying services, food, or other supplies from local vendors, with 7% spending more than \$1 million at local vendors.

Our organization has grown tremendously in the last 10 years and currently employs close to 400 local staff, many of whom grew up and reside in the communities we serve. This significant employment contribution helps reduce local unemployment rates and provides financial stability for local families.

Youth services survey respondent in LA

The organization supports local businesses by sourcing supplies, contracting services, and leasing housing units, stimulating the local economy. [The organization's] work not only improves individual lives but also strengthens the broader economic health of South Los Angeles by creating jobs, reducing public costs, and fostering economic mobility.

Housing/shelter survey respondent in LA

We provide vocational training, digital literacy programs, and career development resources, equipping individuals with the skills needed to secure stable employment and higher wages. We offer mentorship, financial literacy education, and business development support for aspiring entrepreneurs, particularly in marginalized communities. By helping small businesses launch and sustain operations, we contribute to local economic growth. [We] connect individuals and families to job placement services, housing assistance, and financial support programs. These services reduce economic hardship and help families move toward self-sufficiency.

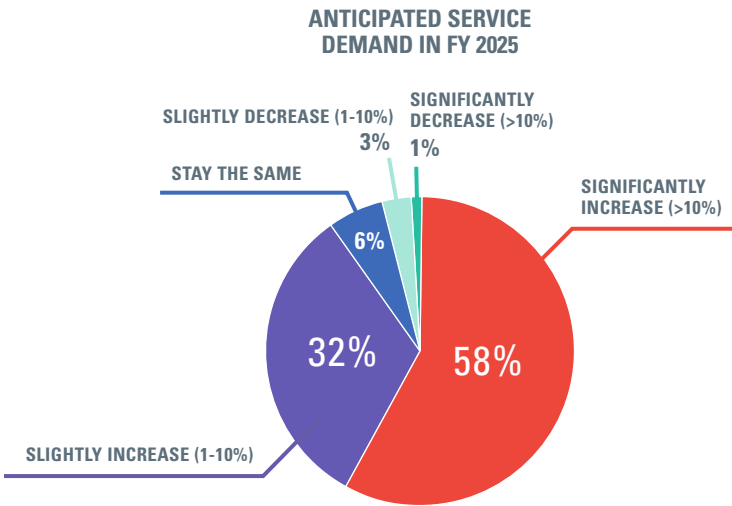
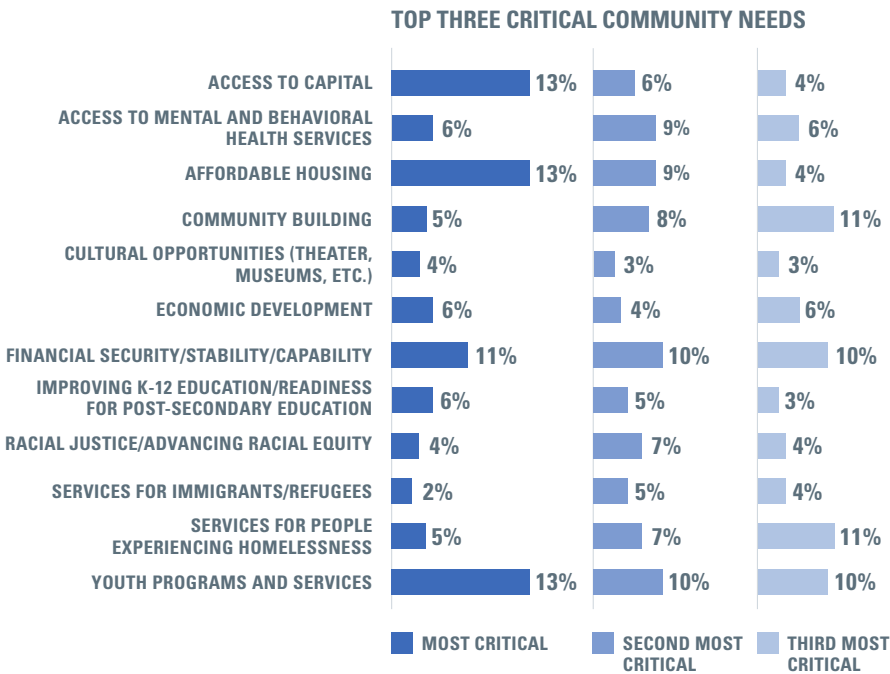
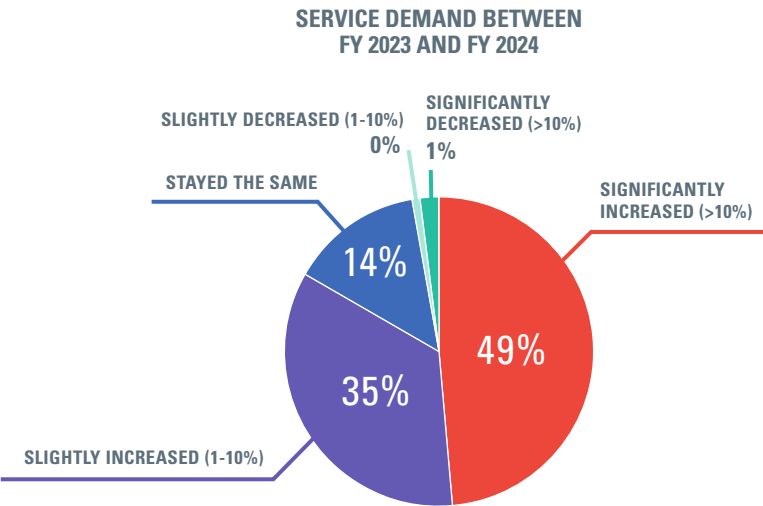
Community development survey respondent in LA



# Demand for services is rising, with youth services, financial security, and housing identified as top community needs in LA.

Local nonprofits are working to address a range of interconnected community needs. Notably, one-third of organizations shared that youth programs and services are a top need, compared to 23% of organizations nationally.

Most respondents reported that demand for their services is increasing; over half (52%) don't expect to meet service demand in 2025.

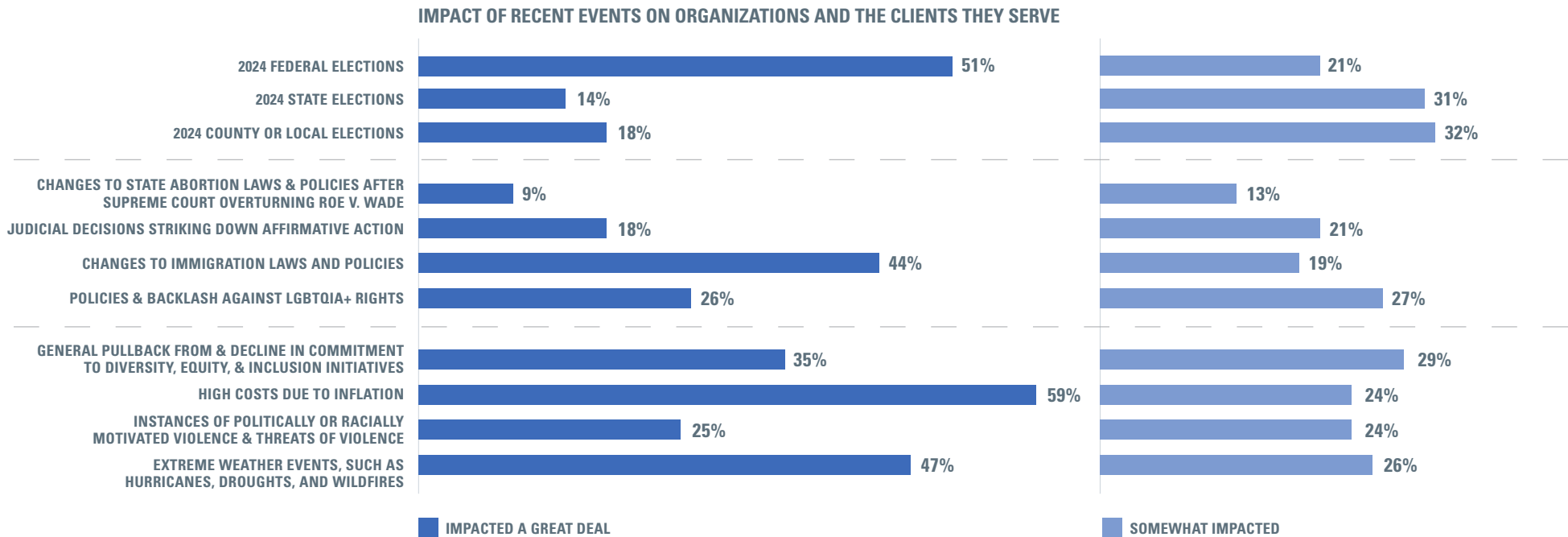


# With devastating local wildfires, changes to immigration policy, elections, and inflation, 2024 into 2025 was a time of change for LA nonprofits.

Compared to respondents nationally, nonprofits in LA were more likely to report impact from extreme weather events such as wildfires (73% in LA reported impact, compared to 44% nationally) and changes to immigration laws and policies (63% in LA reported impact, compared to 54% nationally). LA organizations are preparing their staff and programs for impacts of federal government anti-immigrant activity in addition to actions against diversity, equity, and inclusion efforts and LGBTQIA+ rights. They are preparing operationally by conducting scenario planning, pursuing new funding models, and joining coalitions to advocate and partner.

We ordered Red Cards for our families, we sent resources regarding immigration raids and how to protect themselves, we provide counseling to students who are most fearful for their families, and we educate our staff on the executive orders that have been passed in the last two weeks.

Education survey respondent in LA

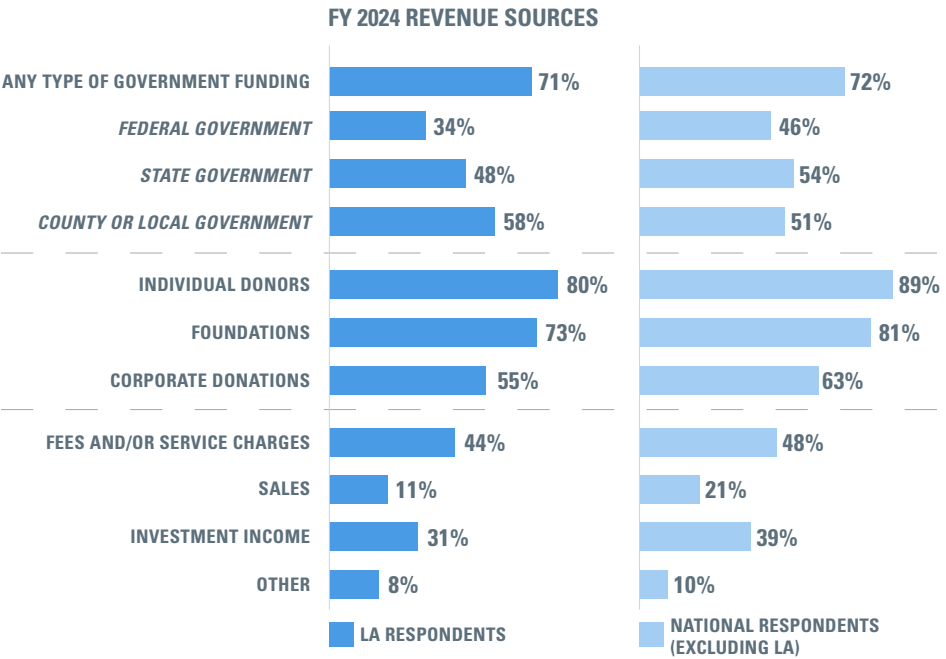


WHAT THE DATA TELLS US

# NONPROFIT FUNDING DYNAMICS

## Most LA nonprofits rely on foundation and government funding to operate and are navigating payment delays and funding decreases.

LA organizations’ most frequent donors (80%), foundations (73%), and government (70%). A higher percentage of nonprofits in LA rely on county or local government funding as compared to nonprofits nationally.



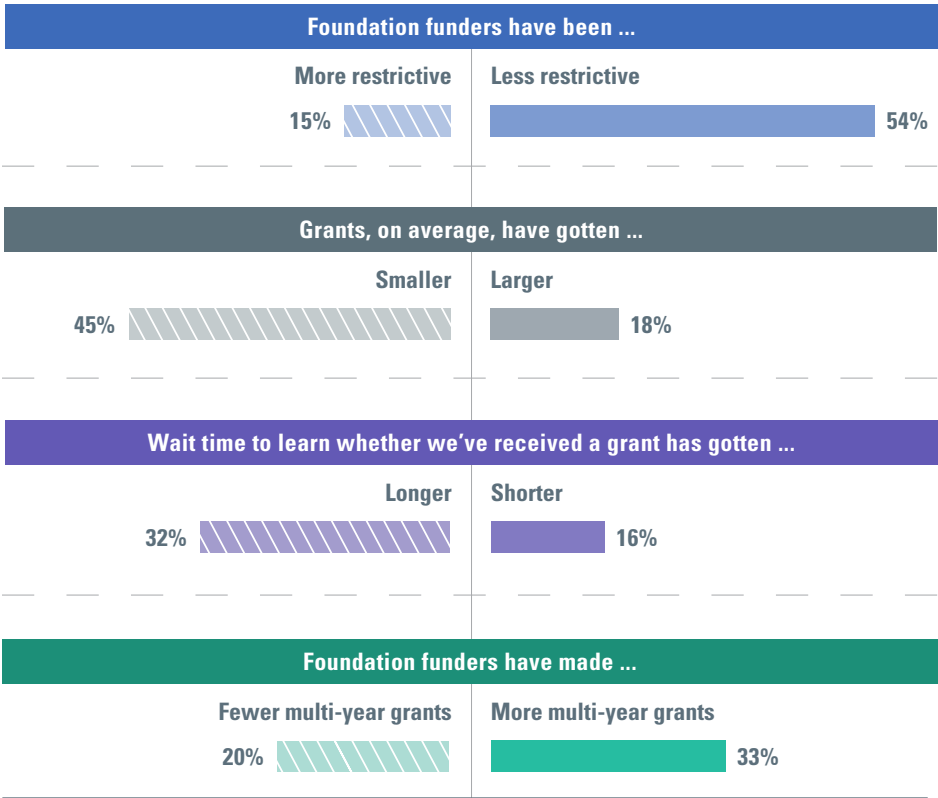


A CLOSER LOOK AT FOUNDATION FUNDING

Our 2025 survey explored how foundation funding practices have changed since late 2022, to capture if supportive funder practices started during the COVID-19 pandemic have continued.

Among respondents in LA receiving foundation funding in 2024, more than half (54%) shared that funders have gotten less restrictive since late 2022, compared to 39% of national respondents. This suggests many LA funders are taking action to support their grantees. One-third (33%) said funders are making more multi-year grants, compared to one-quarter (24%) of national respondents. 45% of LA respondents shared that grants have, on average, gotten smaller, consistent with national results.

CHANGES IN FOUNDATION FUNDING PRACTICES SINCE LATE 2022



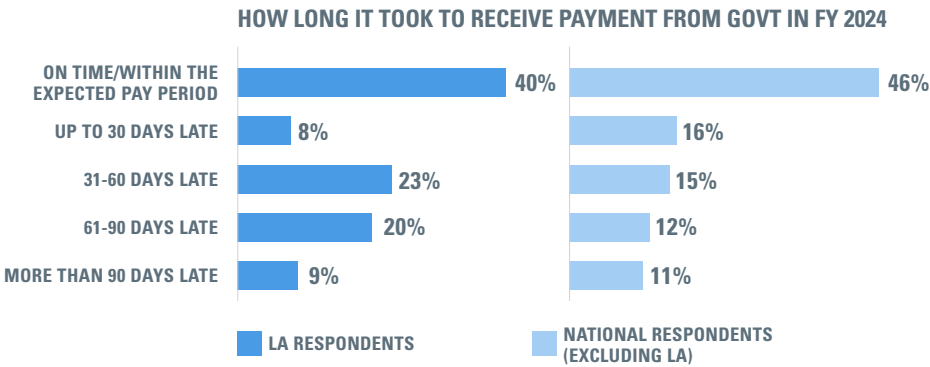
In FY2024, we are most proud of keeping our doors open and continuing to provide vital services to our community while facing financial challenges on a regular basis. Providing outreach programs that provided vital support to local families, increasing our workforce by 10%. Additionally, we strengthened our partnerships with local businesses and nonprofits, amplifying our collective impact on the community.

Human services respondent in LA



# A CLOSER LOOK AT GOVERNMENT FUNDING

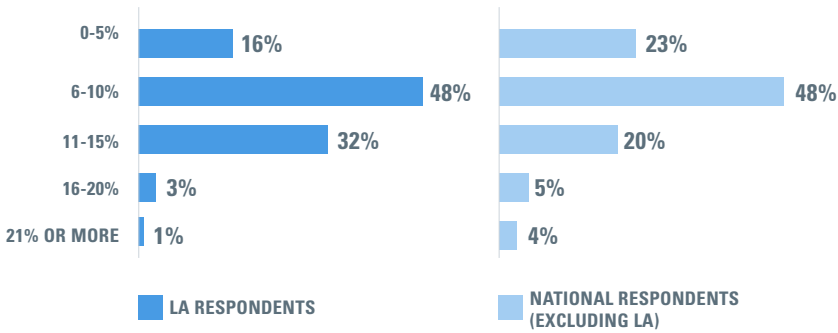
LA respondents with federal, state, and local government funding reported significant delays in payment. 40% said they are paid on time, compared to 46% of nonprofits nationally. 29% said they typically receive payment more than 60 days late, compared with 23% of respondents nationally.



These delays have been longstanding across LA nonprofits, with critical services to Los Angeles residents hanging in the balance. To continue operating amid delays, 41% of LA survey respondents reported taking on debt from a financial institution, 36% delayed payment to vendors, and 31% drew on savings, while 28% paused or reduced services.

LA nonprofits generally reported a higher average allowable indirect rate than nonprofits nationally. Yet almost two-thirds (64%) still reported a typical rate of 10% or less, acknowledged in October 2024 OMB guidance as insufficient to run a healthy organization.

## TYPICAL INDIRECT RATE ALLOWED IN FY 2024



Amid these challenges with existing government funding, 82% of LA nonprofits with government funding expected it to decrease as a result of the 2024 election, with 56% expecting it to decrease by more than 10%.



# WHAT THE DATA TELLS US NONPROFIT FINANCIAL HEALTH



## LA nonprofits entered 2025 with fragile financial health.

To understand short- and long-term nonprofit financial health, we look at two main indicators in this survey: operating surplus/deficit and months of cash.

### METRIC

### WHAT IT MEASURES

Operating Surplus or Deficit

Whether your organization ended the year with more revenue than expenses (surplus) or less (deficit). A surplus supports stability and growth. A deficit limits flexibility, increases risk, and makes it harder to respond to urgent needs or invest in long-term change.

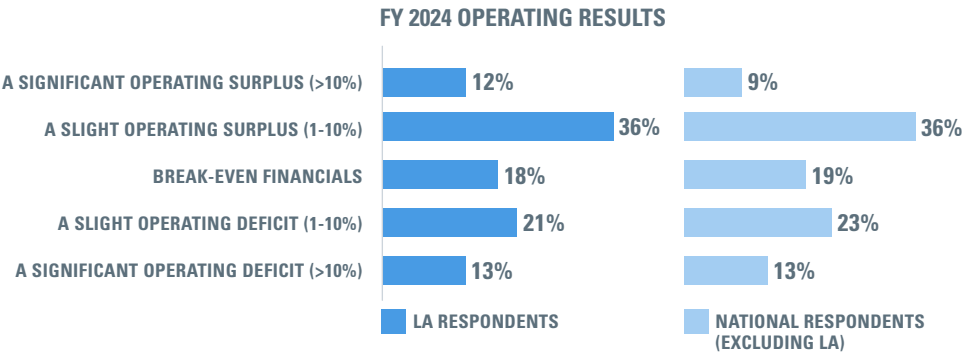
Months of Cash

How long your organization can operate with the cash it has today, assuming no new income. This is a key measure of liquidity. It indicates, for example, how long an organization could keep running if a crisis hit, or how much cash it has available to invest in opportunities.

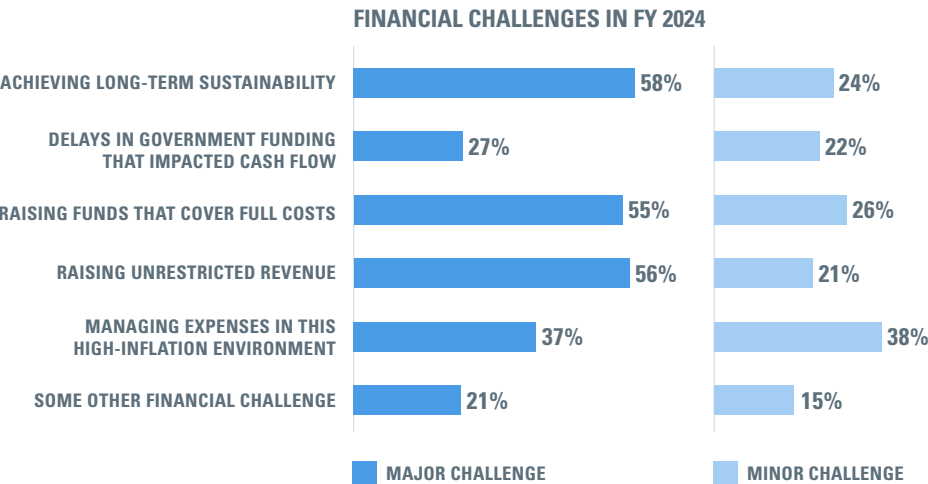
We are focusing our attention inward on operations, administration, infrastructure, and sustainability to strengthen the organization to withstand the tide of regression in policies, practices, and advances that have supported our work over the past 30 years... We will build internal systems, structures, policies, and procedures to strengthen financial, HR, IT, compliance, communications, and operations. Our goal is a stronger infrastructure that matches our strong mission, vision, values, and service to our community across California.

Social justice/civil rights/community organizing survey respondent in LA

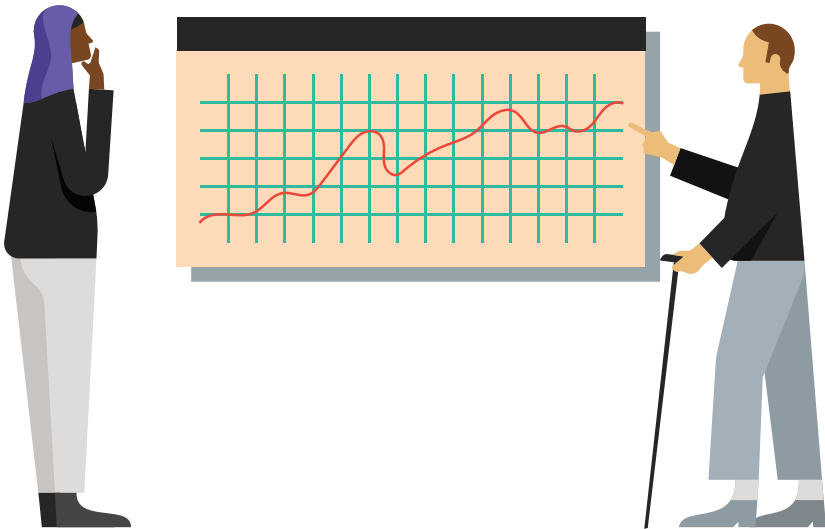
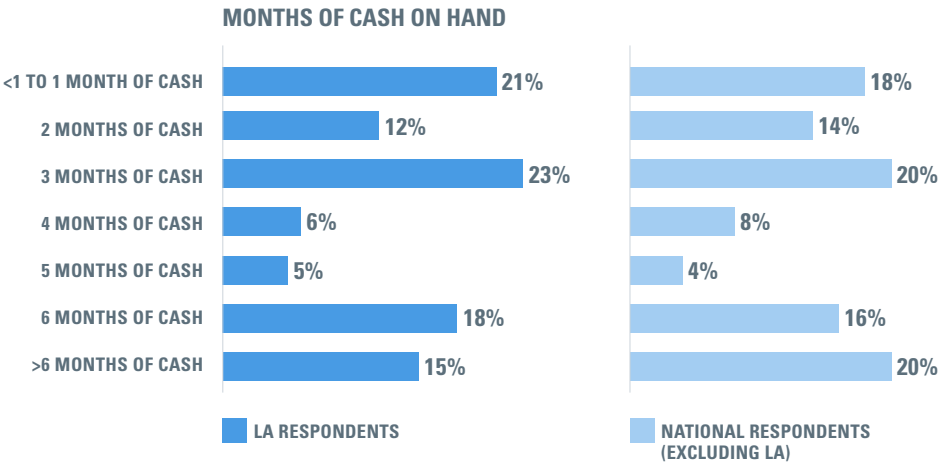
Many local nonprofits are struggling to cover their costs and don't have the cash on hand to manage delays or emergencies or to make strategic investments. 34% of LA respondents reported an operating deficit in 2024, on par with national respondents. In 2025, a greater proportion of national nonprofits reported deficits than in the past ten years of our national survey data.



81% of LA nonprofits reported challenges raising funds that cover **full costs** and achieving long-term financial sustainability in 2024.



One out of five organizations (21%) had one month or less of cash on hand. While 60% reported having reserve funds separate from operating cash on hand, this is a lower percentage than nonprofits nationally, where two-thirds (67%) reported having reserve funds.



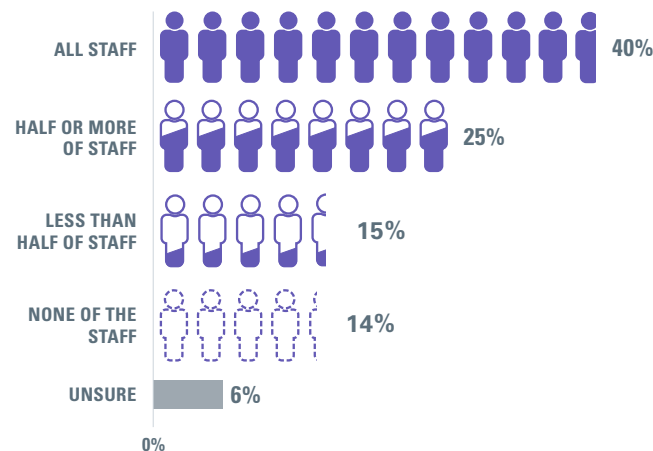
# WHAT THE DATA TELLS US NONPROFIT WORKFORCE DYNAMICS



## Investing in a healthy nonprofit workforce is a challenge with the high cost of living in LA.

80% of respondents in LA cited the high cost of living as a management challenge, compared to 68% of respondents nationally. For families with two working adults and two children in LA, each adult must earn more than \$32 per hour working full-time to support basic needs like housing, food, and childcare. For a family with one working adult and one child in LA, the adult must earn nearly \$50 per hour – over \$100,000 per year – to support basic needs.

### HOW MUCH OF YOUR FULL-TIME STAFF IS YOUR ORGANIZATION ABLE TO PAY A LIVING WAGE?



Just 40% of LA nonprofits were able to pay all full-time staff a living wage in 2024. Most respondents offered benefits to staff, including paid sick time (71%), paid vacation time (69%), and health insurance (65%). However, consistent with national trends, the ability to pay a living wage and offer benefits was lower for organizations with smaller budgets.

# In addition to high cost of living, most LA nonprofits are struggling with burnout and employing enough staff.

[Our] commitment to holistic wellness reflects [our] core belief that sustainability in social justice work requires deep investment in the well-being of those on the front lines. By centering mental health, offering tangible flexibility, and fostering joy-driven community care, [our organization] creates a work environment where staff members are empowered to continue their mission without sacrificing themselves in the process. In a climate of government opposition and heightened stress, these efforts serve as essential tools for resilience, ensuring that both the organization and its people remain strong, thriving, and unwavering in the fight for LGBTQ+ liberation.

Human services survey respondent in LA

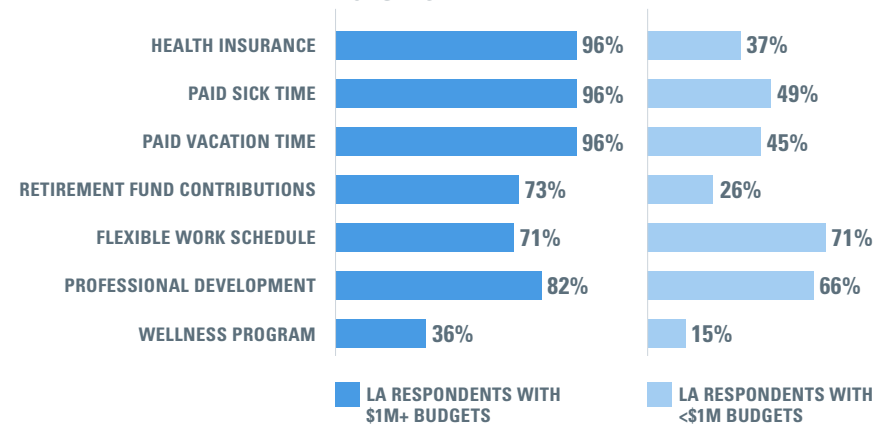
We received a grant to support staff health and wellness this year and have invested in both individual staff well-being and group wellness engagement; however, the Eaton fire and our proximity to it means we will have to greatly increase our investment in the coming years.

Education survey respondent in LA

We have increased wages/salaries with 2 cost of living adjustments, provided opportunities for professional development & training, and created [leadership development plans]. We also host fun events for staff to connect.

Economic development survey respondent in LA

## SELECT BENEFITS MADE AVAILABLE IN FY 2024 BY BUDGET SIZE\*



\*Other benefits survey respondents made available in 2024 included dental insurance, vision insurance, paid family leave above what the state provides, short-term disability, long-term disability, pre-tax account for medical expenses, pre-tax account for dependent care, and sabbaticals.

## MANAGEMENT CHALLENGES IN FY 2024



GETTING THROUGH,  
AND BUILDING  
WHAT'S NEXT

# WHAT WE CAN DO TO EMERGE STRONGER AS A SECTOR



## Recommendations from our National State of the Nonprofit Sector Survey Report

From building community wealth and well-being, to responding to urgent community crises, to housing, feeding, teaching, and inspiring, to creating jobs for residents – nonprofits are essential infrastructure and the lifeblood of a strong and vibrant Los Angeles. Yet in 2025, as LA recovers from the devastating wildfires, immigrants face daily threats, costs climb, funding declines, and demand for services grows, this infrastructure is under strain. How can we take action for nonprofits to thrive so that our communities thrive?

The following recommendations for funders and nonprofits come from [NFF's National State of the Nonprofit Sector Survey report](#):

- **Be Creative, Adaptive, and Brave to Meet the Moment**

- **For funders:** Increase your payout percentage, adapt your standard processes, listen to your grantees and pivot based on what you hear.
- **For nonprofits:** Assess your current situation, develop budget scenarios, vocalize your story and needs – early and honestly.

- **Acknowledge – and Invest in – What It Truly Takes to Do the Important Mission Work**

- **For funders:** Fund full costs, give multi-year, flexible funding, invest in workforce well-being and leadership sustainability, elevate the role and essentiality of nonprofits in public narrative.
- **For nonprofits:** Calculate and advocate for your full costs, and make clear the community impact of dollars invested in your organization.

- **Collaborate as a System**

- **For funders:** Invest in systems and coalitions, introduce nonprofits to funders and others who can support their work.
- **For nonprofits:** Build power with your network, share and leverage resources, support each other as leaders.

- **Extend Grace – to Yourself and Others**

Be compassionate with yourself during this time of heightened stress and fatigue, and focus your incredible energy on supporting your community, your team, and your peers.

# Recommendations for LA Government Funders

County and city government funding play a significant role in the LA nonprofit ecosystem, yet bureaucracy surrounding compliance and payments creates an immense burden for nonprofits managing these revenue sources.

Critical services, workforce stability, equity, and the trust of nonprofits and communities are at stake. **Here are additional recommendations for LA government to recognize nonprofits as businesses with operating needs and to support the nonprofit sector now and into the future:**

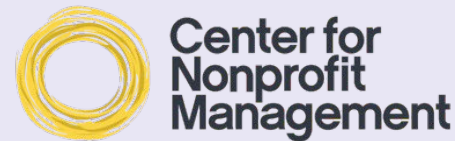
- **Move quickly** to expedite contracting, invoice processing, and payment, including by providing sufficient staff resources to procurement agencies for contract and invoice processing.
- **Streamline and standardize** forms, compliance processes and online payment systems and ensure all agencies adopt these changes; provide in-depth technical support to nonprofits navigating the government procurement and payment processes.
- **Partner across philanthropy**, local and state government, and the banking community – including mission-driven lenders like CDFIs – to expand grant and accessible financing programs to help nonprofits access capital for community-driven development and to navigate payment delays.
- **Update cost and procurement assumptions** to pay what it truly takes for nonprofits to deliver critical services, keeping up with inflation and local cost of living.

## ACKNOWLEDGEMENTS

Nonprofit Finance Fund® (NFF®) is a nonprofit lender, consultant, and advocate. For 45 years, we've helped organizations access the money and resources they need to realize their communities' aspirations. Alongside others, we're working to build community wealth and well-being and put affordable housing, essential services, quality jobs, and excellent education within reach of more people.

The National 2025 State of the Nonprofit Sector Survey was made possible through the generous support of our sponsors.

Nonprofit Finance Fund thanks Center for Nonprofit Management for their generous support of this Los Angeles report.



Thank you to our local survey distribution partners: Center for Nonprofit Management, CalNonprofits, The Nonprofit Partnership, Association of Community Human Services Agencies, Asian Pacific Community Foundation, Community Partners, United Way of Greater Los Angeles, and others that helped encourage participation.