

# 2022 State of the Nonprofit Sector Survey Results

## Discussion Series, Part 1: High-level Findings

**Presented by**

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# Welcome from the Survey Team!



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**Rodrego Byerly,  
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# Agenda

**Introduction**

**Survey Introduction**

**Key Themes**

**Exploring Survey Data**

Responding to Community Need

Building Financial Strength while Responding to Familiar Challenges

Community Connection and Racial Identity

Advancing Racial Equity

Inequitable Funding Persists

**What Funders Can Do**

**Thank you**

# Poll

**In which region of the US is your organization located?**

A. Northeastern

B. Midwestern

C. Southern

D. Western

**Help mission-driven organizations achieve the communities' aspirations through tailored capital, strategic advice, and accessible insights.**

**NFF is committed to making the community finance sector more equitable.**

## 5 guiding principles informed our research design

We outlined **five** guiding principles that informed our goals as well as specific objectives that we sought to accomplish from our research design:

- 1. Collaboration and Inclusiveness:** Community input to design the most useful, well-crafted survey instrument
- 2. Transparency:** From design to sharing of the results
- 3. Service:** Informative and widely available as possible
- 4. Intentionality:** Intentional in addressing racial equity in this survey
- 5. Celebrating Strengths:** We celebrate the strengths of all nonprofits, and specifically highlight those of BIPOC-led organizations that often face great systemic hurdles.

# Goals and objectives

1. Develop framework for engaging with BIPOC-led organizations, understand their relationship with nonprofit finance, and assess willingness to participate in this survey
2. Foster & facilitate a channel of participation and information collection from BIPOC-led organizations.
3. Uplift the experiences of accessing funding and financing by BIPOC-led organizations, including accomplishments, challenges, and community investment.
4. Understand the scope and barriers in entry points for all nonprofit organizations when accessing financial support from foundations and philanthropic organizations
5. Assess the diverse representation of leadership by race, ethnicity, gender-identity and sexual orientation in hopes to highlight their successes.
6. Understand equity in access and information, and assess system change to drive impact in the nonprofit financial sector



# Constructing a diverse sample

## 1. General sample

An open call to all nonprofits within the United States and its territories

## 2. Special outreach efforts to recruit targeted populations of importance

Targeted outreach to BIPOC-led nonprofits

Targeted outreach to 2018 survey respondents

Targeted outreach to Los Angeles-area nonprofits

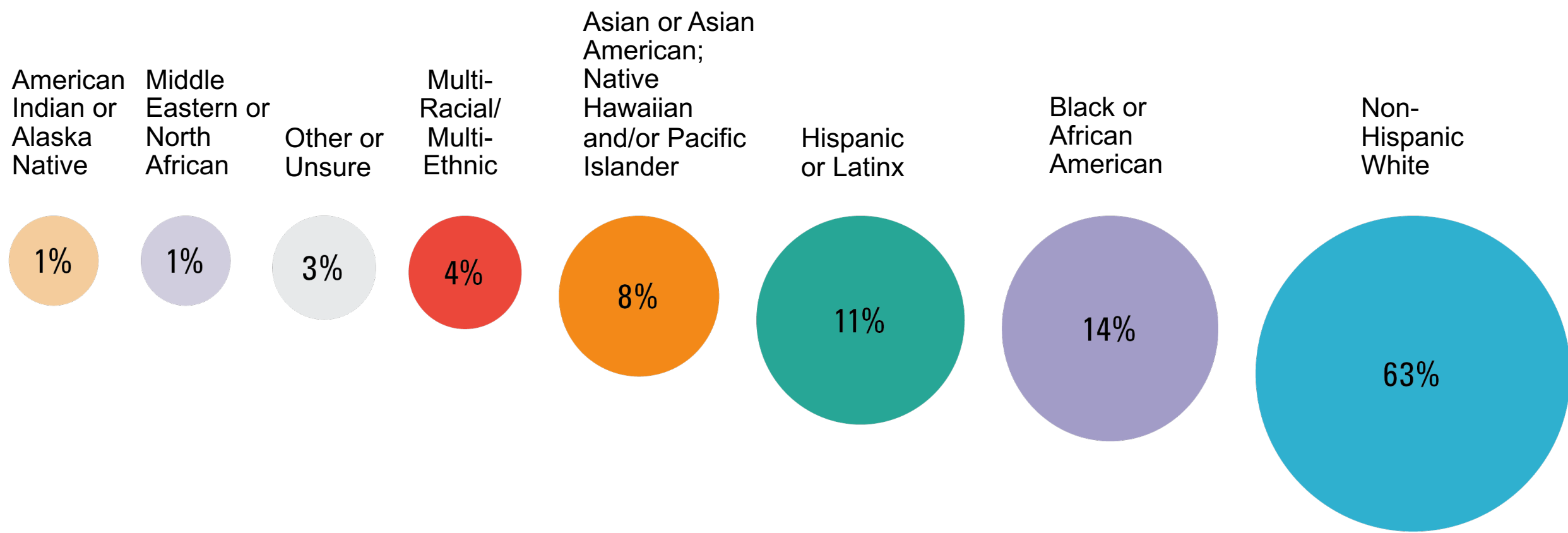
# Who took the 2022 NFF State of the Nonprofit Sector Survey?

## 1,168 Survey Respondents

- From 47 states plus Washington, DC and Puerto Rico
- Diverse array of service areas
  - Human services (including housing, youth services, and other): 39%
  - Arts & culture: 12%
  - Community/economic development: 11%
- Organizations of all sizes
  - Annual expenses less than \$100,000: 12%
  - Annual expenses greater than \$20,000,000: 7%
- Primarily/exclusively serve people with lower incomes: 69%
- BIPOC-led\* organizations: 33%

\*For purposes of this survey, we define BIPOC-led as having an Executive Director or CEO who is Black, Indigenous, or other person of color.

# Racial/Ethnic Identity of Responding Organizations' Leaders



# So Much Rich Data!

## What We'll Cover Today

- Findings from the whole 2022 sample
- A preview of racial equity in the sector, including the experiences of BIPOC-led vs. white-led organizations...for a more in-depth look, register for part 2!

## Stay Tuned...

- Part 2: Experiences of BIPOC-led organizations
- Part 3: What funders can do
- Additional analyses:
  - A “before and since COVID-19” look at 311 organizations that took the survey in both 2018 and 2022
  - A comparison of the experiences of smaller-budget and larger-budget organizations
  - Possibly more!

Survey collected insights from **1,168 nonprofit leaders** across the nation about the **impact of the past two years, from the pandemic to events that activated calls for racial justice**. Here's what leaders had to say about how their organizations have been faring and the investments they need to secure their long-term futures.

# Key Themes

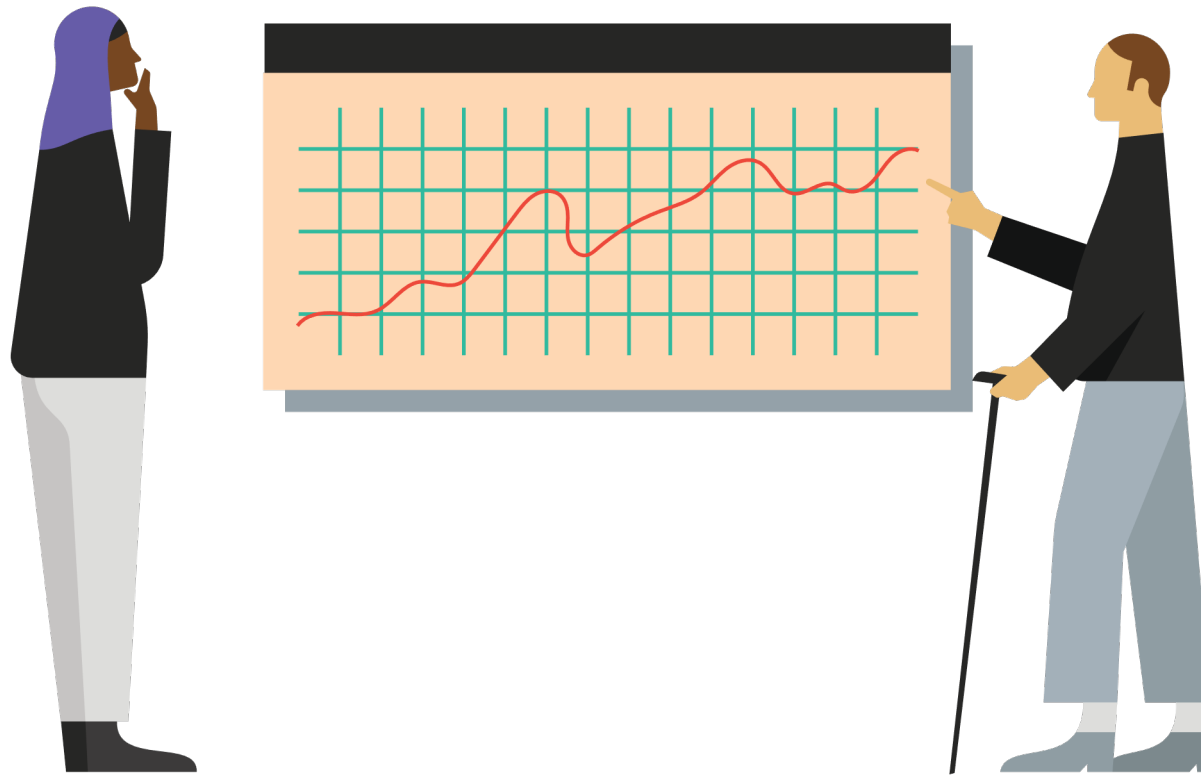
When times got tough, government, philanthropy, and community members turned to nonprofits, and nonprofits responded.

COVID-19 pandemic upended traditional funding practices. In this moment, nonprofit survey respondents report being in a stronger financial position than pre-pandemic. Yet many are concerned about long-term financial sustainability. **While we should celebrate nonprofits' relative strength in the present, we must also take action to ensure these gains are preserved well into the future.**

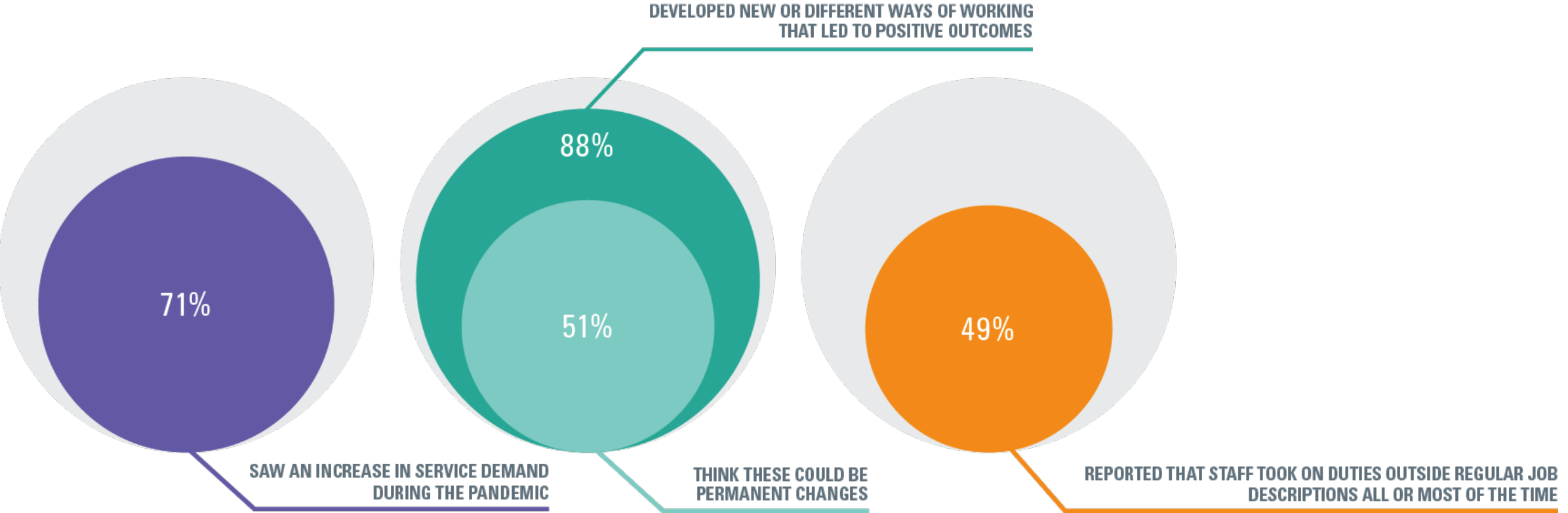
BIPOC-led nonprofits are deeply connected to communities' aspirations and needs. They need to be supported financially in a way that honors their work, and the long-held racial bias in the nonprofit funding system must be overcome.

# Exploring the Survey Data

## Digging into the details



# Responding to Community Need





**“Prior to 2020, our home visitors conducted visits in participants' homes. In 2020, in order to respond to the pandemic and reduce the risk of infection, we developed "walking visits" in which our home visitors and participating mothers interacted while walking and pushing a stroller. We were able to redirect funds to the purchase of sturdy, good quality strollers for families that did not have them; in addition, both our staff and participants began to engage regularly in outdoor physical exertion that benefited their health and exposed participating infants/toddlers to regular outdoor activity. We are continuing and will continue to utilize this positive innovation.”**

Smaller-sized infant/child development nonprofit,  
Western region, leader identifies as multi-racial



**“During the height of the pandemic and ‘shelter in place order’ a couple of staff members actually lived at the facility so that we could continue to provide services. Since then, we have implemented policies so that we can check people in over the phone and/or other ways to reduce possible exposure to COVID.”**

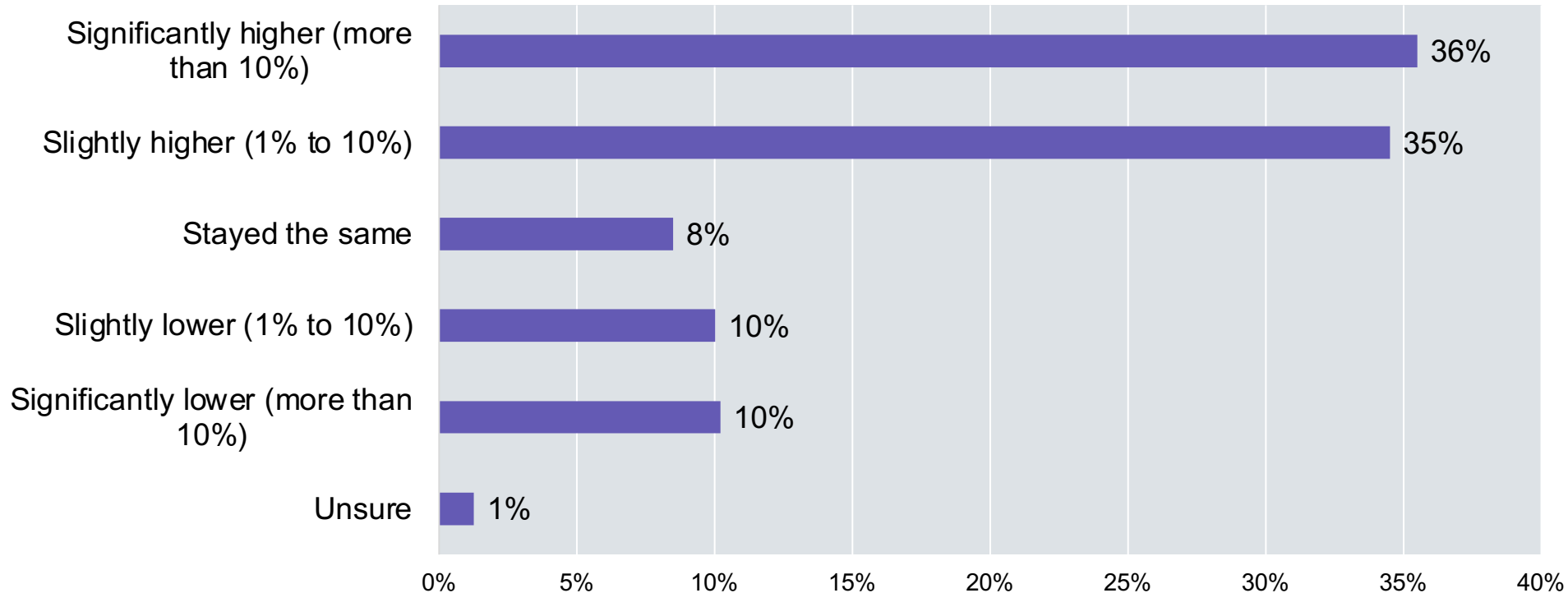
Mid-sized medical lodging nonprofit,  
Southern region, leader racial identity not disclosed



# Building Financial Strength...

Funders responded to this critical moment for nonprofits and communities

## Compared to FY2019, our current funding is...



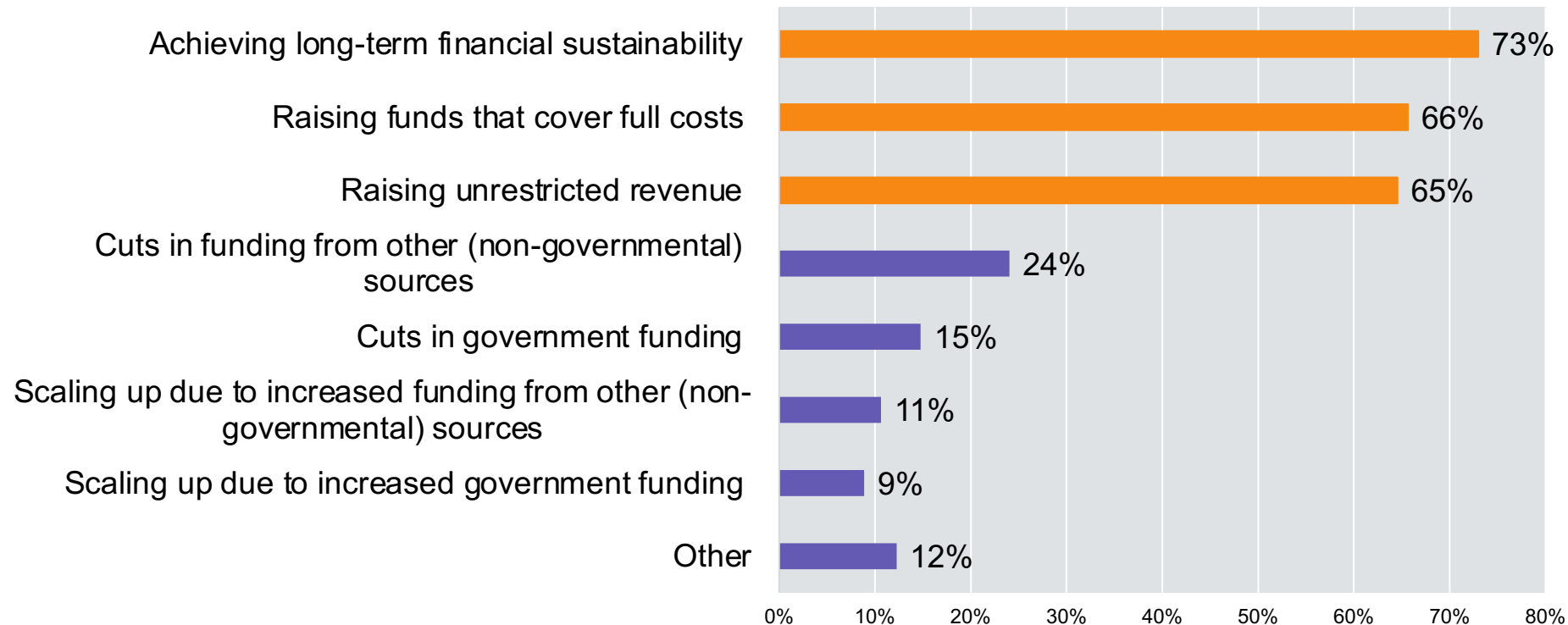
- 57% say that foundations have been more flexible with use of funds since March 2020
- 36% received more than half of their FY2021 funding in unrestricted funds, including GOS

**“[I am not surprised by the high level of unrestricted funding for over one-third of respondents.] As a result of the devastation from the Covid-19 Pandemic organizations dealt with very unexpected issues and cost. I believe that donors and funders were more aware of the unforeseen issues and financial hardships and decided to be more flexible and generous with their contributions.”**

Larger-sized economic development organization, Southern region, leader identifies as Black

# ...While Facing Familiar Challenges

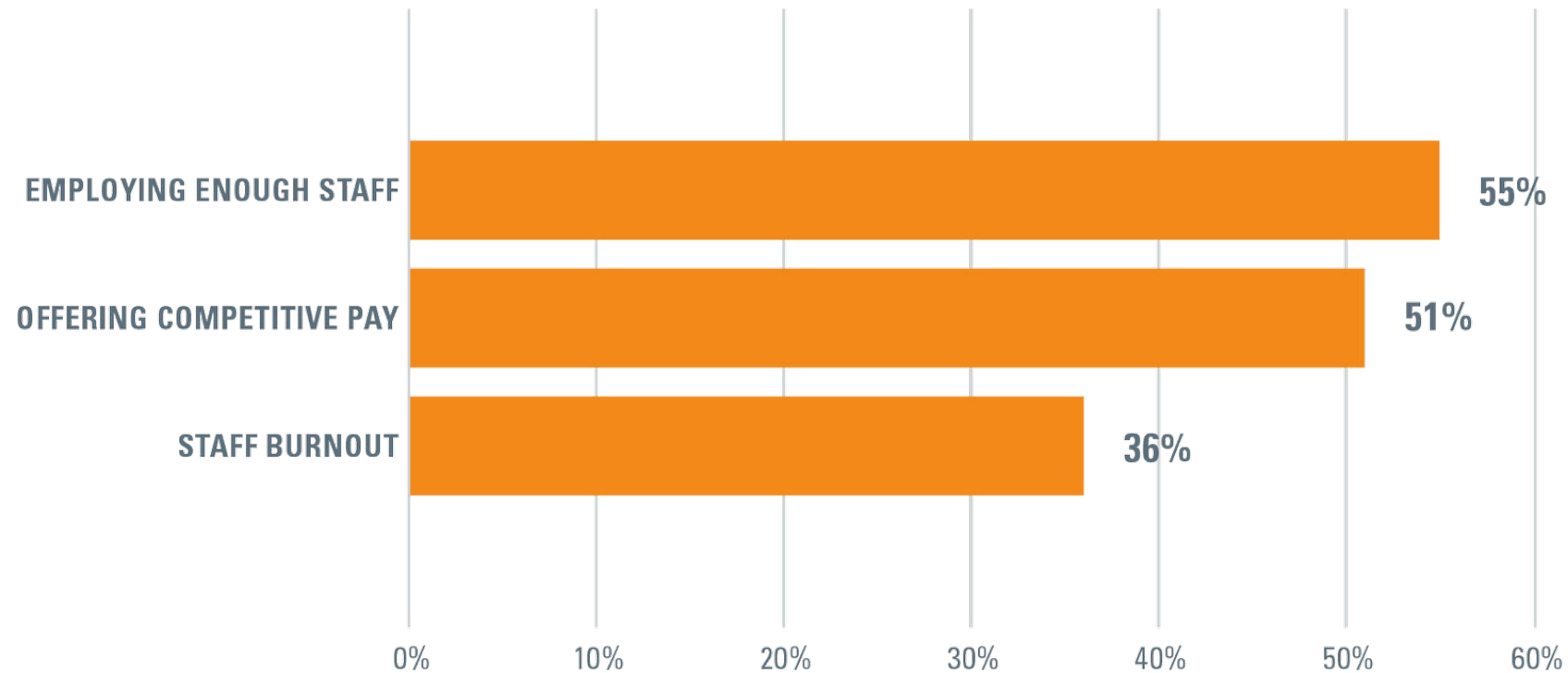
## Top 3 Financial Challenges



82% of BIPOC-led organizations reported long-term sustainability as a top challenge, as did 69% of white-led organizations.

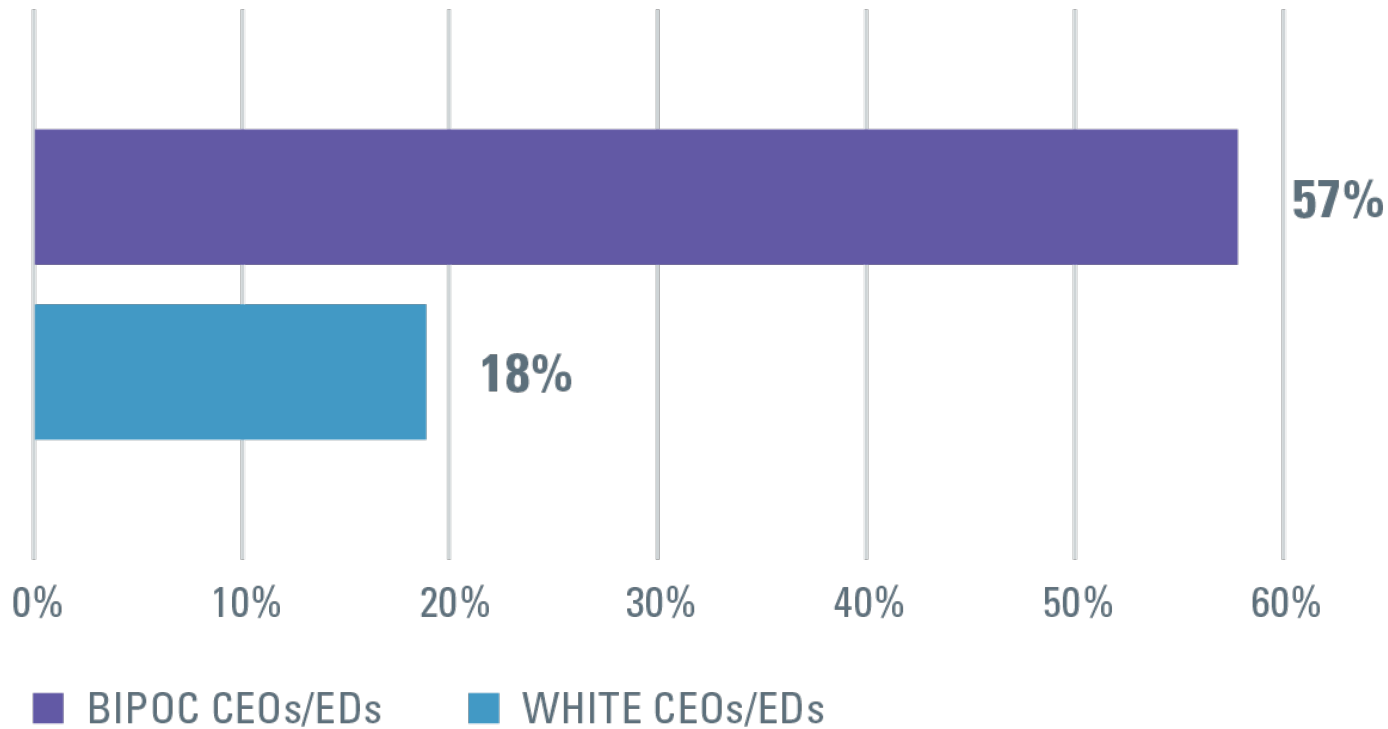
# ...While Facing Familiar Challenges

## Top 3 Staff Challenges



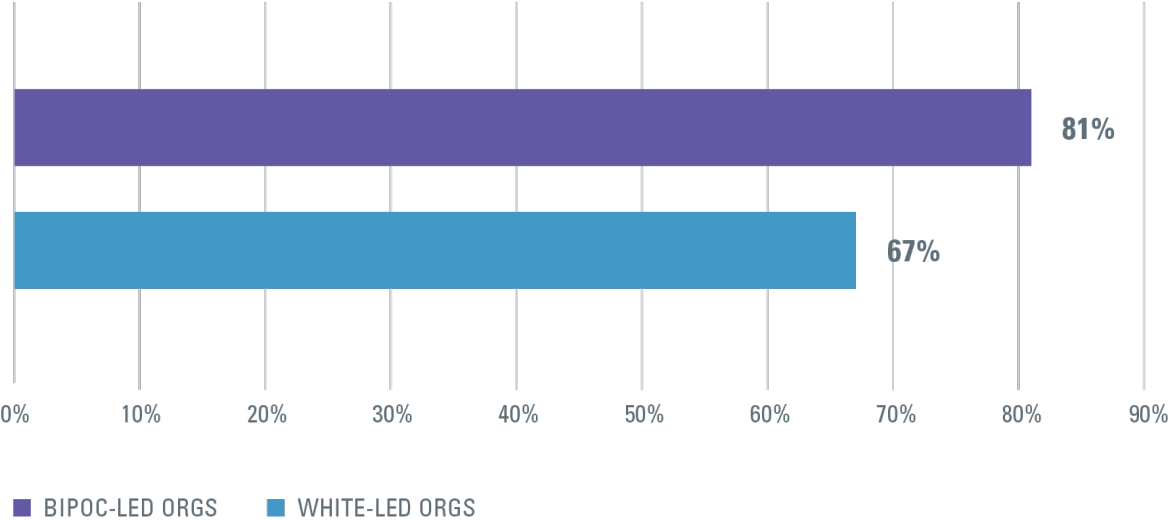
# BIPOC-led Organizations Connected to Communities

HAVE LIVED EXPERIENCE REPRESENTATIVE OF ONE OR MORE COMMUNITIES SERVED

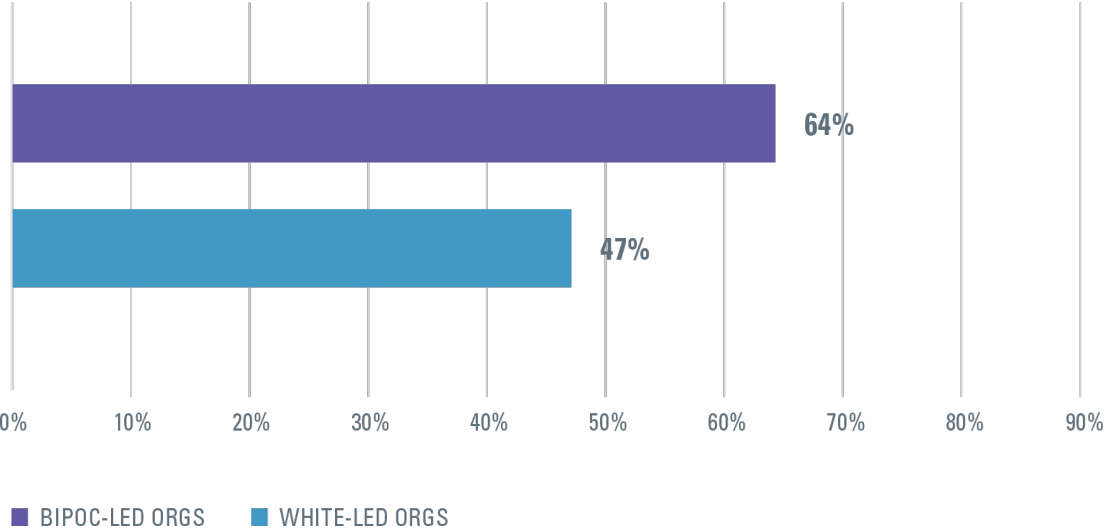


# BIPOC-led Organizations Services in Demand

SAW AN INCREASE IN SERVICE DEMAND

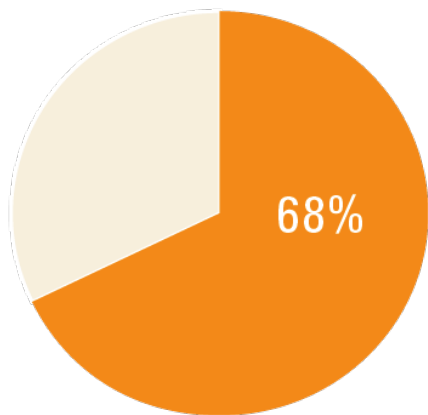


SAW A SIGNIFICANT (10%+) INCREASE IN DEMAND





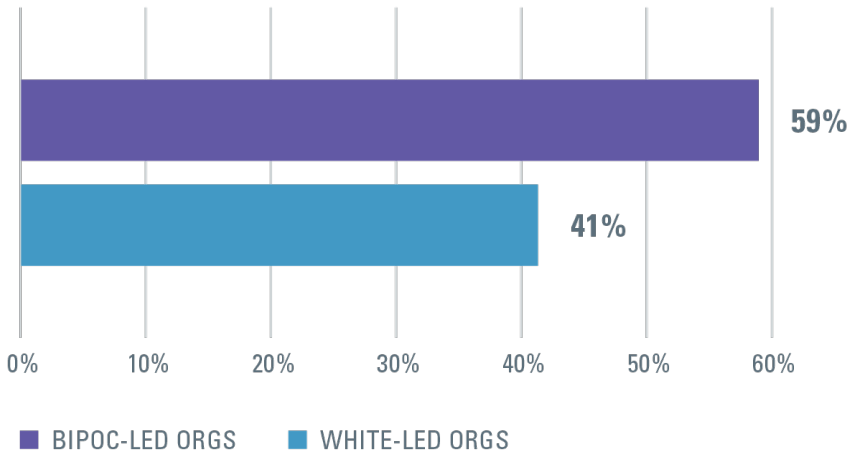
# Advancing Racial Equity



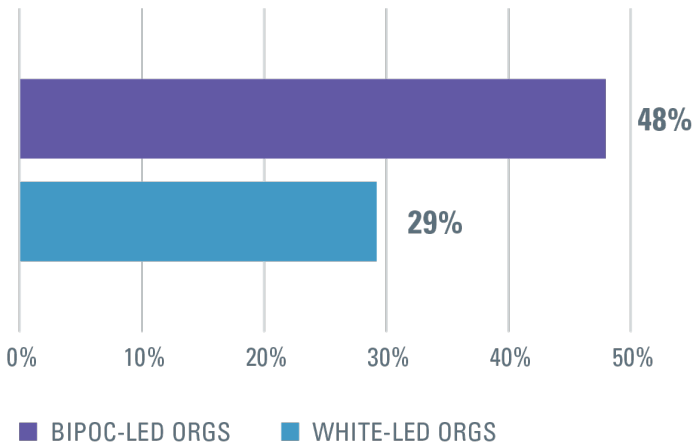
INCREASED THEIR FOCUS ON ADVANCING RACIAL EQUITY OVER THE PAST TWO YEARS

64% of BIPOC led organizations developed, improved and/or expanded services to Black, Indigenous, or other people of color, as compared to 52% of white-led organizations.

PUBLICLY ADVOCATED FOR POLICIES TO ADVANCE RACIAL EQUITY IN THE COMMUNITIES THEY SERVE



HAVE BEEN ACTIVELY ENGAGED IN ADVANCING RACIAL EQUITY FOR 5+ YEARS

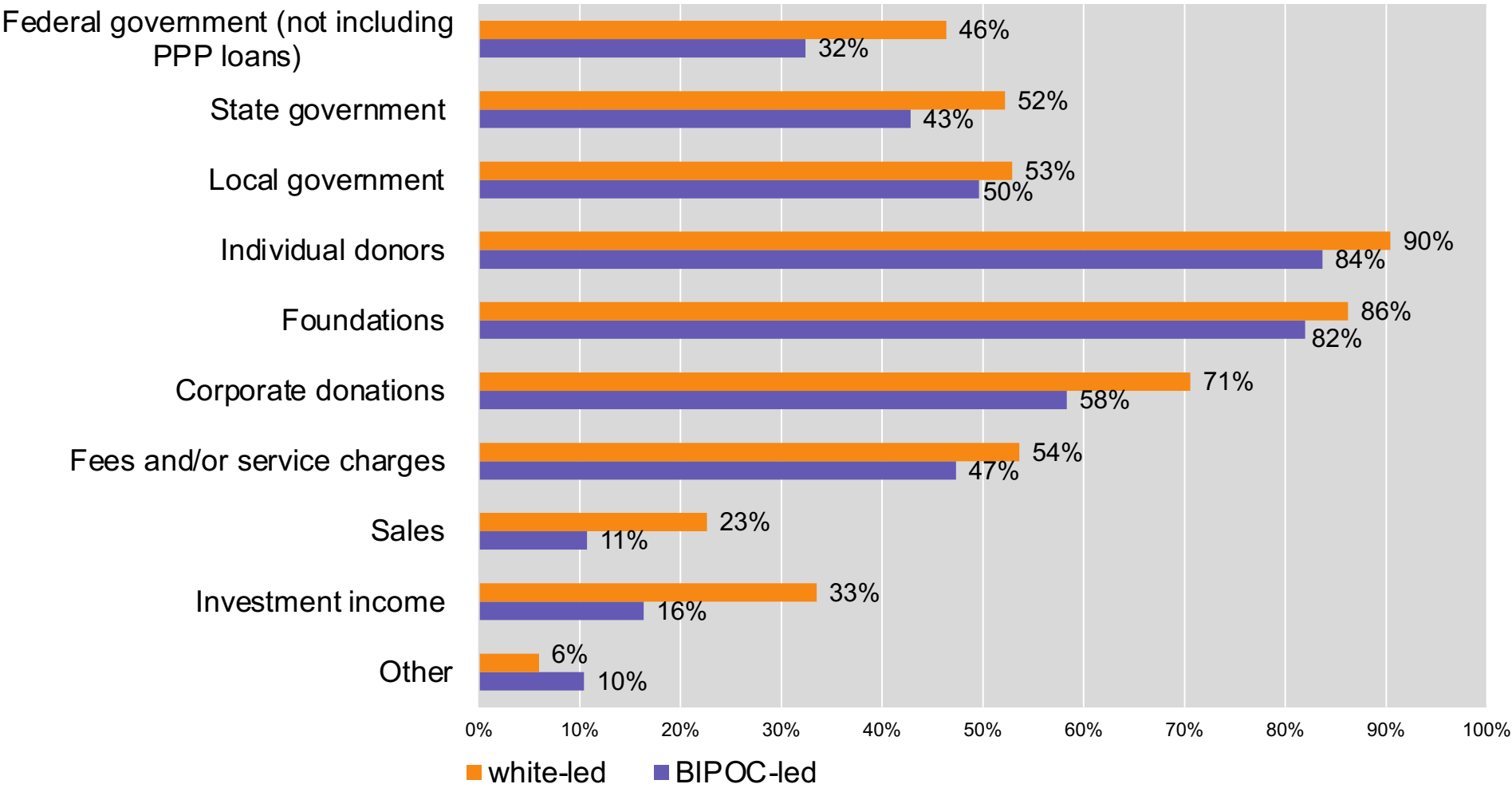


**“We use a vetting process to identify vendors and partners that share our commitment to race equity. We seek individuals from various race backgrounds for board and executive director/CEO positions within our organization. We have community representation at the board level, either on the board itself or through a community advisory board. We help senior leadership understand how to be inclusive leaders with learning approaches that emphasize reflection, iteration, and adaptability. We engage everyone, from the board to staff levels of the organization, in race equity work and ensure that individuals understand their roles in creating culture such that one's race identity has no influence on how they fare within the organization.”**

Smaller-sized human services nonprofit, Western Region, leader identifies as Latinx

# Inequitable Funding Persists

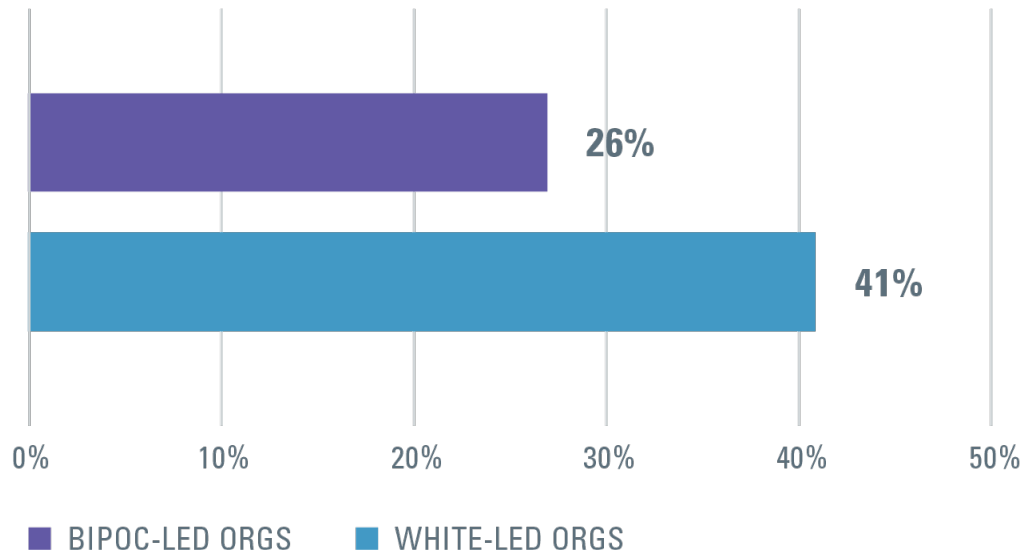
## FY2021 Revenue Sources



# Inequitable Funding Persists

## White-led nonprofits continue to have more financial access

RECEIVED HALF OR MORE OF THEIR FUNDING  
AS UNRESTRICTED FUNDS IN FY2021



76% of white-led organizations received PPP loans, compared to 58% of Black-led organizations. This may be due to two factors:

- Fewer Black-led organizations applied for PPP loans (64% of Black-led nonprofits as compared to 77% of white-led nonprofits)
- Among those that did apply for PPP loans, 99% of white-led organizations received them versus 90% of Black-led organizations

# Poll

**Based on the findings that have been presented today, please select which option best applies to your organization.**

- A. These findings are well aligned with the experiences of my organization
- B. These findings are somewhat aligned with the experiences of my organization
- C. These findings were new data for me, as my organization has not had similar experiences

# What Funders Can Do

Transforming your data into an advocacy tool



Practice **Trust-Based Philanthropy**  
both in actions you can take today and in  
making longer-term, structural changes to  
how you fund.

Learn more about it at:

[\*\*https://www.trustbasedphilanthropy.org/\*\*](https://www.trustbasedphilanthropy.org/)

# **Continue bold ways of funding that the pandemic instigated and accelerated**

Start with actions that are relatively lower lift for your institution as you plan more

## **Continue/Start with one of these:**

- Give flexible funding.
- Understand and fund full costs.
- Fund operations (technology, training, infrastructure, staff hires)
- Fund organizations to have a surplus or rainy-day fund. At the least, don't penalize nonprofits if they have a surplus or reserves.
- Fund at levels that let nonprofits pay living wages to all staff.



# Change inequitable funding practices within your own institution

## Be part of the solution

- Fund organizations working in their communities. Pay attention to BIPOC-led, community-centered organizations that may have been excluded from traditional funding pathways.
- Make nonprofits and community leaders co-designers and decision-makers in grantmaking initiatives.
- Support them yourself, whether with funding or advice, and also introduce them to others in your network who might be able to support them.
- Share insights from your knowledge as a funder into what other funders might look for in an effective grant proposal, how funders build new relationships with potential grantees, and other advice geared toward helping them enhance their positioning over time.
- Stop practices that can exclude smaller and newer organizations:
  - Simplify funding applications and don't disqualify organizations for minor errors.
  - Remove costly requirements (e.g., audited financial statements).

# NFF Thanks

## The 1100+ nonprofit leaders, who

- Took the time to complete the survey
- Stepped up to show the country what's at stake
- Entrusted us to raise their voices

## Hundreds of individual and organizational partners who help

- Share the Survey with their networks and stakeholders
- Build this much-needed social sector data set

**Register for Survey  
Discussion Series, Part 2!**



NFF thanks the Bank of America Charitable Foundation for generously supporting the State of the Nonprofit Sector Survey since 2010. The 2022 Survey was conducted in partnership with EVITARUS and Ambit 360.

