

NONPROFIT ASSOCIATION OF OREGON'S



20 20



STATE OF THE SECTOR REPORT



THE NONPROFIT
ASSOCIATION OF
OREGON

Connect. Improve. Advance.



Overview

Charitable nonprofits represent the best traits of the people of Oregon. Nonprofits keep our communities vibrant and healthy. They create and magnify public benefits, catalyze opportunities to participate in civic affairs, and enrich cultural life. Nonprofits are a powerful network of organizations and change agents creating positive systemic change. They provide much-needed services, address inequities, and create innovative solutions to community issues. Nonprofits also generate significant economic impact in our communities.

Nonprofit Association of Oregon's 2020 State of the Sector Report is designed to provide current and easily accessible data on the health of the public benefit nonprofit sector in Oregon. With over 21,500 charitable organizations registered in the state, Oregon's nonprofits work in every community and touch nearly every facet of our lives.



196,300 employees work for the 9,800 staffed nonprofits



22,500 rural Oregonians are employed by nonprofits



Nonprofits paid \$10B in annual payroll - Avg. \$23/hr wage



43.2% of Oregonians volunteer; Oregon ranks #3 in the nation

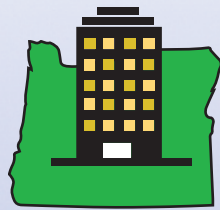
About this survey

This report was prepared based on the results of a survey distributed to Oregon nonprofits in October 2019 and administered jointly by Idaho Nonprofit Center and NAO. The data in this report only relates to and analyzes the information shared by the **248** Oregon nonprofit respondents. The data collected from the survey can be found at www.nonprofitoregon.org/sos-report

A big thank you to the 248 Oregon nonprofit leaders who took the time to participate in the survey. Your commitment and support of Oregon's nonprofit sector is much appreciated!

Chief executive officers and executive directors of 501(c)(3) organizations in Oregon were invited to participate in the survey. In the case where the nonprofit was all volunteer based, the board chair or president was asked to respond. Of the 248 respondents who completed the survey, the overwhelming response came from CEOs/EDs (75%) and board leaders (14%). Respondents reported that they employ a total of 4,941.80 full-time equivalent (FTE) staff in their 248 organizations.

Respondents generally mirrored the geographic service areas of nonprofits with a slightly higher representation of rural respondents relative to the ratio of rural nonprofits in the state.



42%

Urban communities



34%

Rural communities



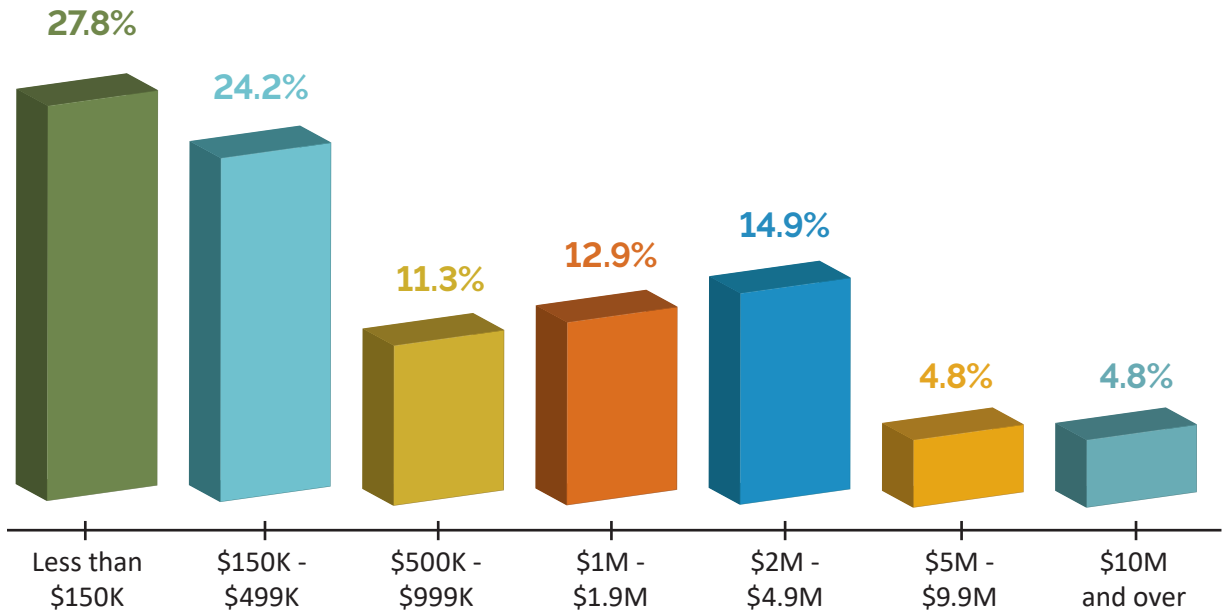
24%

Both communities

Respondents represented a broad cross section of the public benefit nonprofits in Oregon across 23 different types of activity (subsectors). The largest number of organizations that responded were from arts, culture and humanities; human services; education; environment; and housing and shelter (highlighted in yellow rows below).

Activity Type	Response
Animal related	3.23%
Arts, Culture & Humanities	18.55%
Civil Rights, Social Action & Advocacy	2.82%
Community Improvement & Capacity Building	3.63%
Crime & Legal related	2.82%
Education	8.06%
Employment	0.81%
Environment	7.66%
Food, Agriculture & Nutrition	4.44%
Health Care	4.44%
Housing & Shelter	7.26%
Human Services	16.53%
Medical Research	0.40%
Membership	0.40%
Mental Health & Crisis Intervention	1.60%
Philanthropy, Volunteerism & Grantmaking Foundations	2.42%
Public & Societal Benefit	4.03%
Public Safety, Disaster Preparedness & Relief	0.40%
Recreation & Sports	3.23%
Religion related	0.81%
Social Science	0.81%
Voluntary Health Associations & Medical Disciplines	0.81%
Youth Development	4.84%

Budget size



Respondents were asked to report the annual value of expenditures of their organizations as reported in IRS Form 990, Part I. The overall range of budgets varied from small grassroots groups with small budgets to several organizations well over \$20 million in budgets. The largest response rate was from organizations with between \$250k-\$500k in annual budgets.

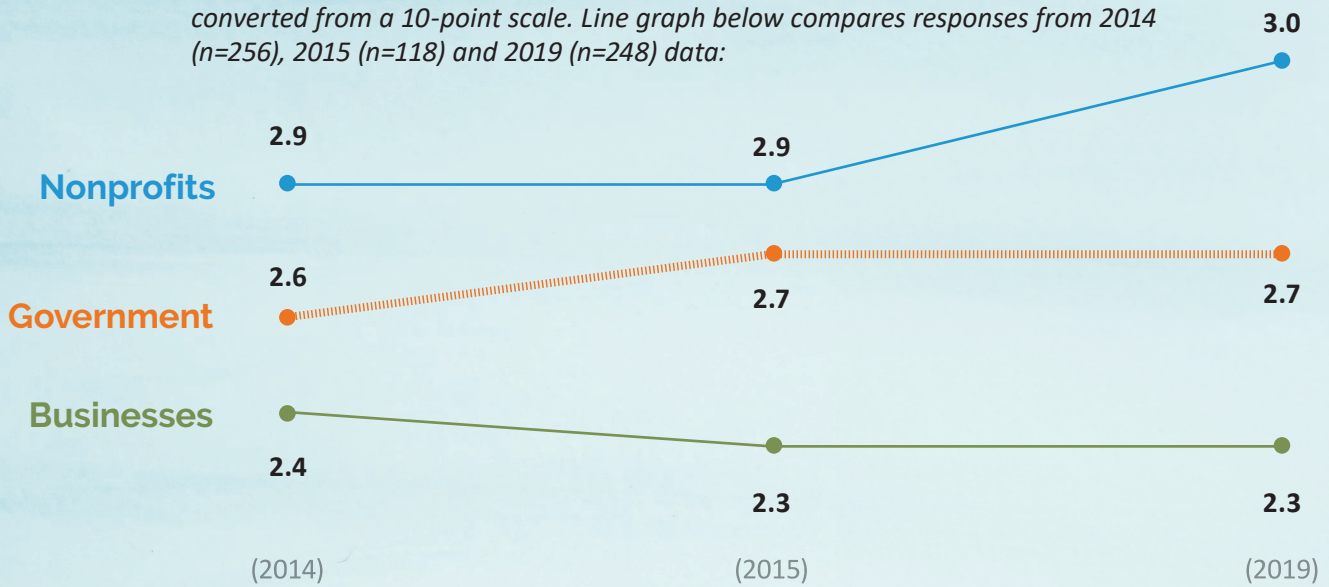
Mission and Culture

Collaboration across all sectors remains a challenge. Collaboration is critical to solving entrenched issues and creating systems change, yet this is a growth area for most nonprofits. Nonprofit business models tend to put nonprofits in competition for resources rather than bring them together for joint work. The line chart on page 4 presents an average rating for a series of questions asked over the three survey cycles (2014, 2015, and 2019) regarding nonprofit collaboration. Based on responses, collaboration is rated in the mid-level and has not moved considerably over the last five years. There were modest increases where nonprofits collaborate with other nonprofits compared to data in past years. Working together with the private and public sectors remains the greatest challenge.

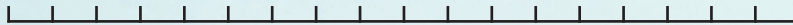
When we dug deeper into what inhibits collaboration, the overwhelming reason stated by respondents was time, with the second greatest response being competition that they feel between organizations.



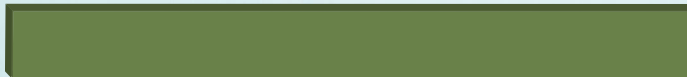
Ratings of Collaboration and Collective Action (scale for 2014 and 2015 rating was converted from a 10-point scale. Line graph below compares responses from 2014 (n=256), 2015 (n=118) and 2019 (n=248) data:



Asked what supports collaboration, the overwhelming responses were opportunities to meet (conferences, convenings, trainings, etc.) and just building trusting relationships and networks over time.



Organizational effectiveness and capacity are still at odds. As in previous years, respondents were asked to rate their effectiveness, capability, and capacity in service of their missions. The results clearly show a gap between how effective and capable nonprofits rank themselves and how they rank their capacity to deliver their missions.



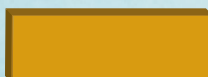
86% of nonprofits believe that they are extremely or very effective in accomplishing their missions



85% of nonprofits believe they have the right capabilities and skills



46% of nonprofits believe they have the right capacity to achieve their current plans



Almost **25%** of nonprofits did not believe they have capacity at all

Equity & Inclusion

Equity and inclusion concepts are being discussed but need more work.



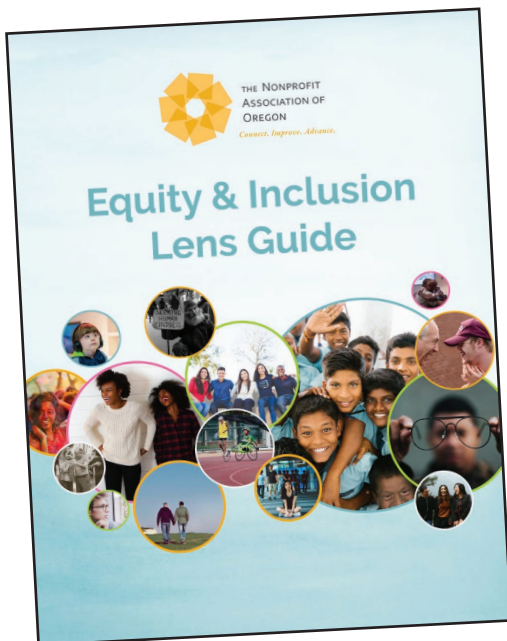
71% of responding nonprofits reported they held a conversation regarding equity and inclusion with their boards and staff last year.



There is still much work to do; **less than 20%** of respondents have a written equity lens or equity plan.

Organizations that serve both rural and urban communities are leading on equity, but those who exclusively serve rural communities lag. The largest majority of nonprofits (38%) making financial investments in equity and inclusion efforts identify as serving both urban and rural communities.

Rural organizations are slow to respond to the changing demographics as communities of color grow in rural communities across Oregon. Respondents reported that 90% of rural nonprofits have no equity lens and 69% have no equity statement. 83% of rural organizations have not made investments or cuts based on equity and inclusion work. The remaining 17% of rural organizations indicated they didn't know if they had.



“... everyone is in a frenzy pitch - trying to do too much with too little. Each grant adds more work with less coming off. Funders want to see progress on DEI - but we need time - to listen, meet people, build relationships - without demands for “deliverables” while that relationship building and trust building process is happening.”

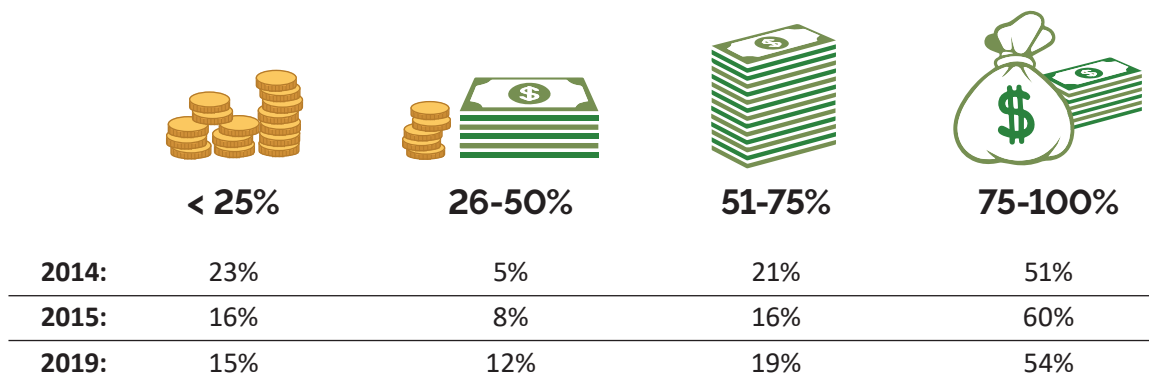
Download NAO's Equity & Inclusion Lens Guide at www.nonprofitoregon.org

Nonprofit Boards

While specific roles of board members may vary by organizations due to size and complexity of missions, staffing and business models, the way in which a board conducts its business has traditionally served as indicators of organizational health. Across several indicators of healthy, functioning boards, respondents reported some struggles and some positive evolution, as compared to previous years' data. Most interesting are comparisons of data across organizational effectiveness and board efficacy.

In addition to regularly attending meetings to guide their organizations, board members are expected to make a personal financial contribution to their nonprofits. This is both a measure of organizational leadership and board engagement. There is continuing growth in the percentage of boards where the majority of members make contributions to their organizations, but there is still room for improvement.

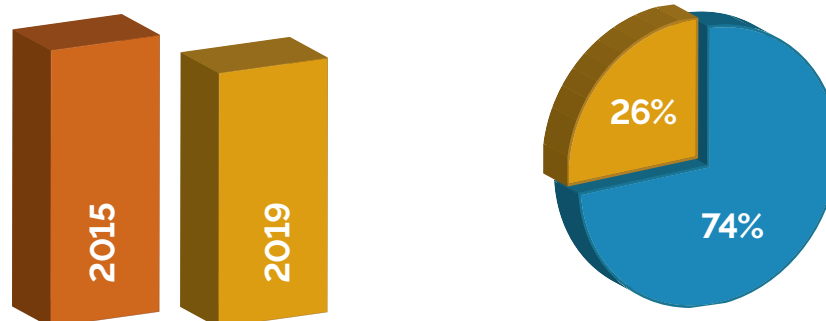
Percent of board members contributing to their nonprofits

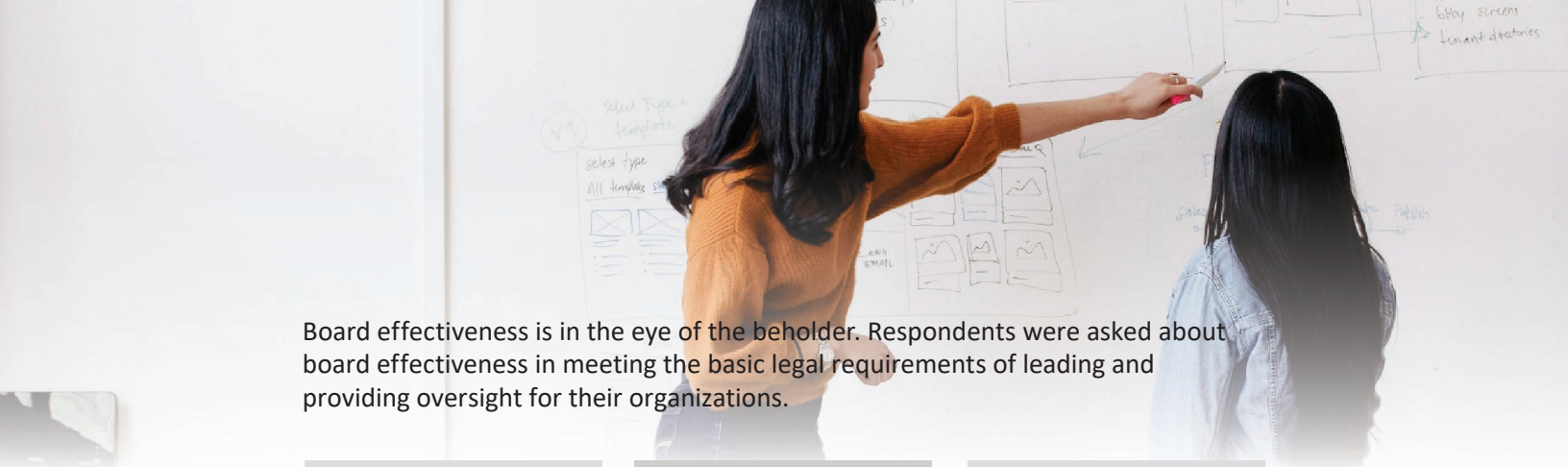


CEO/ED evaluations

Only **68%** of respondents reported that their boards reviewed the performance of their CEOs/EDs; this is down from **74%** in a survey NAO conducted in 2015.

When the survey responses were cross-tabulated with NAO membership, **74%** of nonprofits who are NAO members said they evaluated the performance of their CEOs/EDs annually.





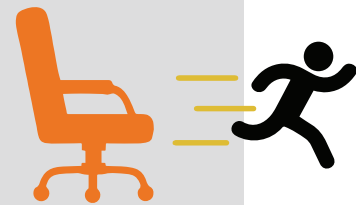
Board effectiveness is in the eye of the beholder. Respondents were asked about board effectiveness in meeting the basic legal requirements of leading and providing oversight for their organizations.



Nearly **96%** of nonprofits believe that their boards are effective



73% indicated a high satisfaction with board effectiveness



25.81% indicated they needed to postpone, cancel, or end a board meeting early due to a lack of quorum

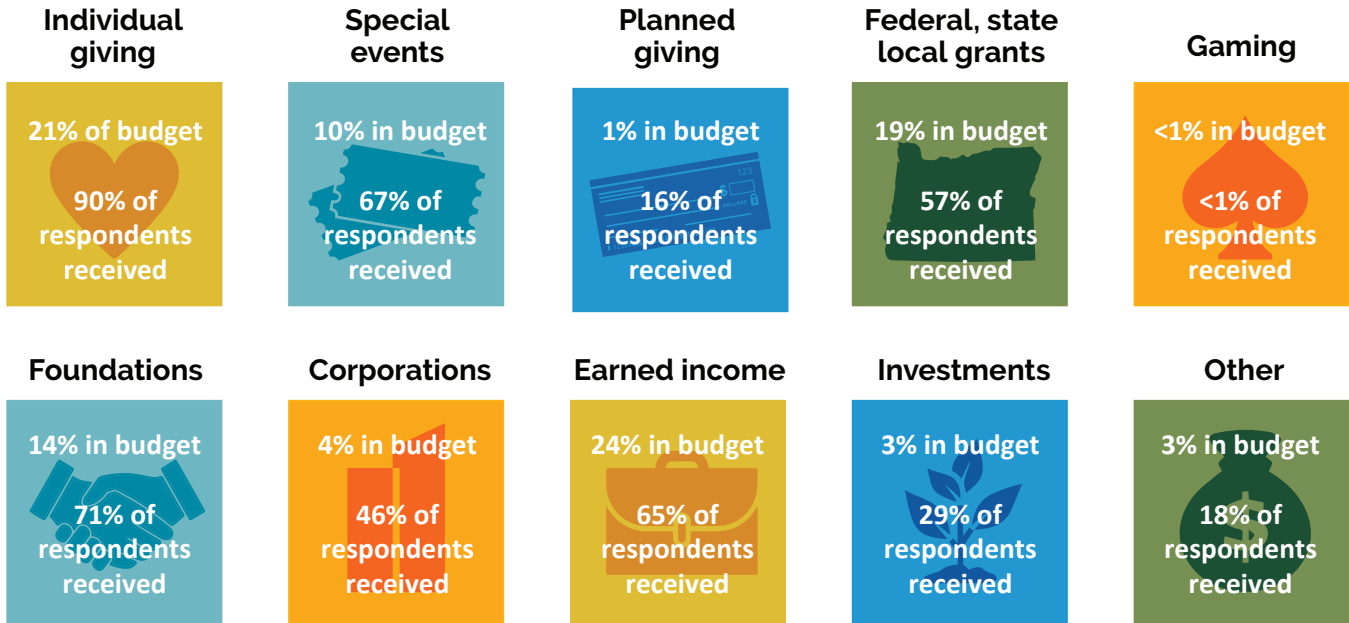
“Our board members are passionate about the mission but not experienced. The staff has been through a lot of transition and change and is looking forward to some stability.”

Financial Health and Fundraising

Nonprofits rely heavily on charitable giving and earned revenues. As the saying goes, “you’ve seen one nonprofit, you’ve seen one nonprofit.” Business models of nonprofits are often very specific to the missions they serve and services they provide. That said, there are some common sources of funding that nonprofits often share. On page 8, findings show that nearly all organizations in the survey (90%) receive individual charitable gifts; yet, this source of revenue is not the largest percentage of their budgets. Earned income is the largest percentage of funding (24%). Planned gifts and bequests, as well as gaming comprise very small percentages of the budgets of respondents, reported at 1% or less. 72 organizations reported having an endowment fund or other investments for long-term funding. More than 21% of rural nonprofits (the highest in the data) indicated they rely on federal, state or local government funding support. 11% of rural organizations rely on income from special events.

Revenue sources

The icons below represent the **average percent of budget** (top number) identified as a revenue source (e.g. Individual Giving) by survey respondents for their organizations. The bottom number is the **percent of respondent organizations** that received that source of revenue.



Reserves

Reserves held by nonprofits are improving. The cash reserves that a nonprofit has on hand is one measure of financial sustainability and organizational resiliency. Like their private sector counterparts, nonprofits need cash for changes in programs and funding streams, unexpected financial shortfalls, and to invest in new work and activities. It is generally accepted practice for nonprofit organizations to have cash reserves equivalent to a minimum of three months of operating expenses. Larger and more complex organizations will often have six months to a year or more of reserves.

Reserve Level	2014 (n=250)	2015 (n=118)	2019 (n=248)
No Reserves	12%	15%	11%
1-3 months	50%	32%	36%
4-12 months	28%	46%	38%
+ 12 months	10%	7%	15%

54% of nonprofits have more than four months of operating reserves, but 11% percent reported they have no reserves. Civil Rights, Social Action & Advocacy organizations are faring the worst with nearly 29% reporting they had no reserves.

"I am concerned for the future if/when we hit a recession. I am concerned that the nonprofits will not be well equipped to meet the needs and they will be weakened by years of having talented staff stripped away by government and private sector employment."

Plans and Strategy

Planning is critical to a high-functioning nonprofit. A large number of respondents have written annual budgets and they find these effective. The next most frequently written document is a strategic plan, which fewer organizations find effective. Despite significant focus on diversity, equity and inclusion in the past several years, only 20% of organizations have an equity plan in place and less than 60% find that plan effective.

Activity Type	Written	Effective
Annual budget	88%	73%
Annual plan	50%	65%
Board improvement plan	26%	56%
Communications plan	32%	55%
Emergency plan	24%	40%
Equity lens	20%	60%
Equity plan	20%	59%
Equity statement	40%	55%
Executive transition plan	21%	34%
Fundraising plan	50%	61%
Strategic plan	66%	67%
Theory of change	15%	58%

“We continue to struggle with recruiting and retaining high-quality employees because we do not offer great benefits and cannot compete...”



Also concerning was the low number of organizations that had specific succession plans for passing the torch to the next generation. 81% of rural nonprofits have no executive director succession plan, but they are out-performing their urban counterparts who indicated that 83% of them have no succession plan.

With successive years of ravaging wildfires and increasingly difficult winters, nonprofits are not well prepared for the impacts of disasters. 76% of nonprofits have no emergency or contingency plans that can help them both recover and still provide services in the event of an emergency situation.



Illustration by: Viktoria Kurpas

In Conclusion

Nonprofits across Oregon serve the public in so many ways, and we know that their great work cannot simply be reduced to numbers and charts. These findings are only part of the story, but they provide important insights into the health of Oregon's nonprofit sector and illuminate the internal and external challenges that nonprofits face.

The information and trends that this report spotlights can lead us to opportunities for enhancing nonprofit effectiveness. We are encouraged that progress is being made on critical indicators of nonprofit organizational and leadership health. We also notice that there is work to do. **In particular, our findings call for increased attention to succession planning, equity and inclusion work, and deeper collaboration.** NAO will be using this data in our programs, resources, advocacy work, and convening events to assist NAO members and all nonprofits in closing the gaps and being the best nonprofits we can be.

We deeply appreciate the candid responses of respondents and their willingness to share their nonprofit challenges and struggles through their participation. **Learning is a process. Part of learning requires us to address issues that we may not understand or feel comfortable with.** Part of learning is knowing when to ask for help and NAO is here to support your efforts. We know that across the state, Oregonians are being positively impacted every day by our nonprofit sector and we look forward to working with all of you for even greater impact in our communities. Thank you all for the work that you do to enrich the lives of all Oregonians.

A more detailed look at the data collected from the survey can be found at: www.nonprofitoregon.org/sos-report

NAO would also like to thank Idaho Nonprofit Center (INC) and the Predictive Analytics class students in the College of Business and Economics at Boise State University for their work on the analysis and cross-tabulation of data. Special thanks go to Amy Little, Executive Director of INC and Dr. Christie Fuller, Assistant Professor, Boise State University.

Partners

Better data leads to greater understanding and increased effectiveness. Thank you to the following partners for their commitment to Oregon's nonprofit sector and for their support of this project.

