

Resilience, Resourcefulness, and Recovery: Marin Nonprofits after the Great Recession

Marin County Nonprofit Landscape Study 2013



CENTER FOR
VOLUNTEER
AND
NONPROFIT
LEADERSHIP



Prepared by Harder+Company Community Research



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Harder+Company Community Research is a comprehensive social research and planning firm with offices in San Francisco, Davis, San Diego, and Los Angeles, California. Harder+Company's mission is to help our clients achieve social impact through quality research, strategy, and organizational development services. Since 1986, we have assisted foundations, government agencies, and nonprofits throughout California and the country in using good information to make good decisions for their future. Our success rests on providing services that contribute to positive social impact in the lives of vulnerable people and communities.

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We would like to recognize the organizations that provided essential funding support for the 2013 Marin Nonprofit Landscape Study: Marin Community Foundation, County of Marin, United Way of the Bay Area, PG&E, Bank of Marin, and Autodesk. Together with the Center for Volunteer and Nonprofit Leadership, they recognized that a vibrant nonprofit sector has an enormous positive impact on the county and beyond, and that the information collected through a sector-wide study of this nature serves to inform and strengthen the sector and its stakeholders: the entire community.

An advisory committee comprised of over twenty-five leaders across the nonprofit, government, funder, and for-profit sectors supplied indispensable local expertise on Marin County and its nonprofit sector. This committee contributed ideas to the design of the study, offered insights on the implications of its findings, and provided recommendations that ensured the study was solidly grounded in the unique context of Marin County.

Very special thanks go to the hundreds of nonprofit leaders who participated in the 2013 Marin Nonprofit Landscape Study by providing detailed information through a survey and/or offering key insights through focus groups and interviews. It is their perspectives that make the study meaningful, and without their willing and generous participation, the study would not have been possible.

Special Thank You to the Study's Funders

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Bank of Marin
Autodesk**

The full report and survey databook can be downloaded at www.cvnl.org

April 2014

The Center for Volunteer and Nonprofit Leadership (CVNL) published the first-ever study of Marin County's nonprofit landscape in 2008. The study provided baseline information on the state of the sector that community members – specifically funders, donors, nonprofit leaders, policy makers and service providers – could access in order to effectively address community needs. This report was released as the U.S. economy suffered one of the worst financial crises in the last three decades; many call the "Great Recession." The following years were some of the toughest for the nonprofit sector...Fast forward to 2013.

While the GDP and the stock market have improved, the social and economic effects of the Great Recession continue to reverberate through the U.S. economy. Nonprofits – both in Marin County and nationwide - still experience immense strain on their operations, largely due to an increase in demand for services. An upswing in unemployment, poverty, and government budget cuts create added pressure as nonprofits are continually asked to "do more with less."

In response to the Great Recession, CVNL commissioned a second study to re-examine the state of Marin's nonprofit sector and explore the ways in which organizations have dealt with fiscal challenges against the backdrop of growing service demand. The intended audiences of this report include nonprofit leadership and staff, businesses, foundations, and government entities.

The report includes a Recommendations section that outlines specific strategies for adapting to the county's changing demands and demographics. CVNL is committed to aligning its strategies and resources to better support and continue to build the capacity of organizations struggling to manage under the weight of these unprecedented demands, and we encourage others to do the same. We recognize that systemic change is necessary to achieve sustainability and demonstrate impact.

We believe that creating the space and time for dialogue is the first step towards re-inventing the ways in which we work together, and we will continue to explore and implement the study's recommendations by bringing together stakeholders to discuss the pressing issues identified and create new and innovative strategies to address these challenges and embrace the opportunities. Through these conversations, we will work to help connect organizations to each other whether to apply for joint funding or pool resources. We will continue to develop new leaders with necessary skills in volunteering, fundraising, marketing, governance, technology, evaluation and cultural competency. And as we have for 50 years, CVNL will strengthen its voice for nonprofits in the county.

We call upon everyone - philanthropic and public leaders, the citizens of Marin County, nonprofit leaders, our business community - to read this report and utilize its recommendations as guideposts to engage, support, and impact nonprofits and, thus, our great community.



Maureen Sedonaen
Board Chair



Linda Jacobs Davis
Chief Executive Officer

Contents

Introduction	4
Profile of Marin's Nonprofit Sector	5
The Value of Marin's Nonprofit Sector	7
Nonprofits are Key Contributors to Marin's Economy	7
Nonprofits Provide Critical Services and Set Community Standards	8
Impact of the Recession	10
Impact on Nonprofit Organizations	10
Impacts on Nonprofit Services	11
Current Needs of the Nonprofit Sector	15
Fiscal Outlook	15
Other Capacity Needs	19
Summary and Recommendations	22
Appendix A: Advisory Committee	25
Appendix B: Methods and Limitations	26

Introduction

The nonprofit sector is essential to every community. It provides services that complement those offered by the public and private sectors and addresses a host of social, health, civic, environmental, educational, and cultural needs. Nonprofits contribute to communities in diverse ways. Arts organizations, for instance, can draw visitors from near and far, while fostering cultural identity and pride. A neighborhood clinic or resource center can help form a safety net for residents with fewer resources. A nature center can serve as a steward, helping to protect and teach about the environment in which we live. Job training programs can connect those in need of employment with productive jobs.

In Marin County, nonprofits play a critical role in responding to the evolving needs of our community. Understanding the contributions and challenges of this sector can help nonprofits strategize about how best to navigate changes in demographics, technology, and economic cycles. This understanding can also enable funders, government, business, clients, and the public to better support and strengthen nonprofits, thereby contributing to a stronger sector and healthier community.

It was with this understanding in mind that the Center for Volunteer and Nonprofit Leadership (CVNL) commissioned an initial study of Marin County nonprofits in 2008. The goal of the study was to learn more about the structure and sustainability of nonprofits and also to establish a baseline for ongoing analysis. Overall, the 2008 study documented a growing sector comprised primarily of financially healthy organizations, with a subset of small organizations that had unique capacity needs.

Shortly after the release of the 2008 study, the economy took a sharp dive, marking the beginning of the Great Recession. The recession had enormous impacts on the public, private, and nonprofit sectors nationwide, and nonprofits reported higher demand for safety net services at a time when funding grew scarce. CVNL commissioned this follow-up landscape study in 2013, to understand the effects of the Great Recession on Marin's nonprofits, as well as the strategies they used to cope with fiscal challenges amid growing community needs. This study addresses the following overarching questions:

- What is the current state of the nonprofit sector, and what role does it play in Marin?
- How did the Great Recession impact nonprofit organizations and the services they provide?
- What are the most important needs and challenges currently facing Marin's nonprofit sector?
- What can and should be done to support a strong and efficient nonprofit sector?

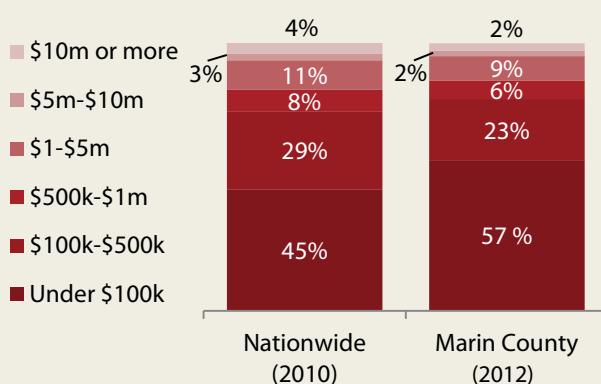
This study relied on a variety of methods to address these questions including a survey of 224 Marin nonprofits, focus groups with nearly 40 nonprofit leaders, interviews with sector experts, and analysis of secondary data.¹ This report first presents a brief overview of Marin's nonprofit sector, followed by a discussion of its role, including its contribution to the county's economic health. The next section examines the impact of the Great Recession on nonprofits, including how organizations adapted their services to meet community needs. The subsequent section presents data on current needs and challenges facing nonprofits. Finally, the last section presents recommendations for supporting the health and effectiveness of the sector overall.

¹ For a detailed description of the study's methodology, please see Appendix B.

Profile of Marin's Nonprofit Sector

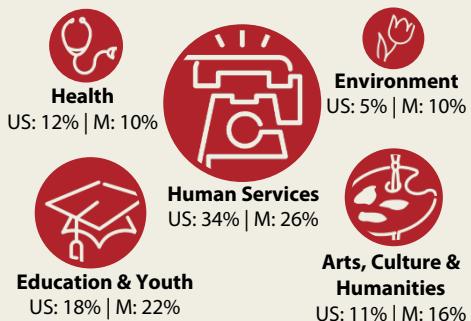
What are the characteristics of Marin's nonprofit sector? Marin's nonprofits are varied in mission, mode, client base, geography, size, and history to a degree that defies a definition of the "typical nonprofit." This section highlights key attributes of the local sector including size, focus area, service geography, and leadership.

Both nationwide and in Marin County, most nonprofit organizations are small.



Marin is home to approximately 1,543 nonprofits. Over half (57 percent) have annual budgets of less than \$100K. Small organizations are predominant at the national level as well, though by a smaller proportion than in Marin. Though they are smaller in numbers, large organizations can leave a bigger economic and social footprint on the sector. To illustrate this point, one organization with a \$5 million budget and 50 staff members has the potential for more efficiency and impact than 50 nonprofits with \$100,000 annual budgets, staffed by Executive Directors only.

Marin's nonprofits address a wide range of issue areas.

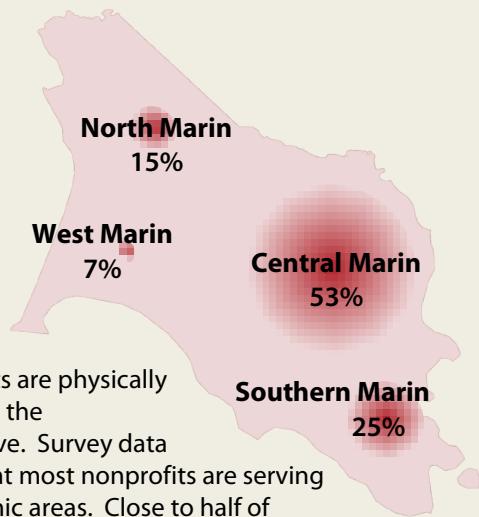


At the county and national levels, the most common mission areas addressed by nonprofits are human services; education and youth; and arts, culture and humanities. Marin has a higher proportion of organizations addressing arts and culture and environment, and a lower proportion addressing health, than at the national level. Health and human services organizations also account for about 60 percent of the county's nonprofit revenue, and tend to be larger in size than organizations addressing other issue areas.

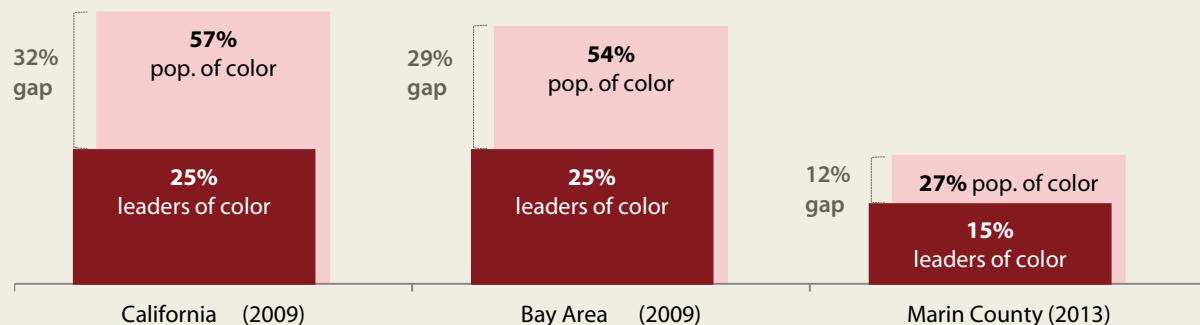
Marin's nonprofits are located in the county's more densely populated regions, and serve a broad base of beneficiaries.

Just over half of nonprofits are located in Central Marin (53 percent), followed by Southern Marin (25 percent), North Marin (15 percent) and West Marin (7 percent).

This distribution mirrors the county's population density. For example, the majority of nonprofits are located in Central Marin, which contains the county's largest city, San Rafael. This analysis is based upon where nonprofits are physically located as opposed to the communities they serve. Survey data from 2013 suggest that most nonprofits are serving far-reaching geographic areas. Close to half of respondents (47 percent) indicated their focus was countywide or regional (Marin County and other counties). Twenty-seven percent of respondents noted that they focused on specific geographic regions within the county.



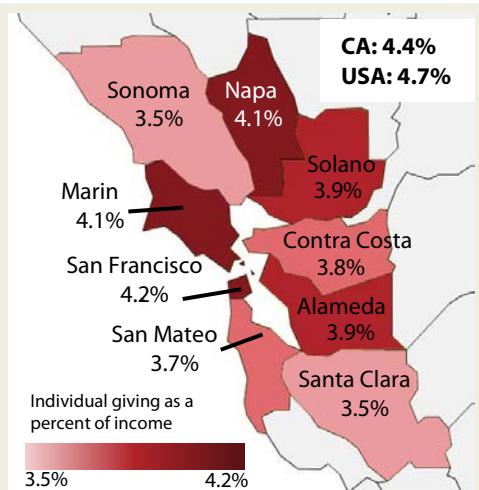
Compared to the region and the state as a whole, Marin's nonprofit leadership more closely reflects the county's overall demographics; however, because Marin is less diverse, this is also reflected at the leadership level.



The chart above highlights the proportion of nonprofits with Executive Directors of color at the state, regional, and county level (red) as compared to the total population of color (pink). While Marin has a lower proportion of Executive Directors of color than at the state and Bay Area-wide levels, it is also a less diverse community overall.

Individual giving relative to income in Marin follows statewide trends, and is slightly higher than for other Bay Area communities.

Many nonprofits rely upon individual donations for financial support. Thus, individual giving rates are one indicator of the resources available to nonprofits within a given community. In Marin, individual giving relative to income is in line with state-level trends and is slightly higher than in other Bay Area regions. These data suggest that Marin nonprofits benefit from the generosity of individuals at similar levels as in surrounding regions.



Sources:

National data on nonprofit budget size and mission areas are from the Urban Institute, "The Nonprofit Sector in Brief: Public Charities, Giving, and Volunteering, 2012." Available at <http://www.urban.org/UploadedPDF/412674-The-Nonprofit-Sector-in-Brief.pdf>.

Marin County data on size, mission area, and geographic location are from the Internal Revenue Service, Exempt Organizations Master File, 2012. The 2008 Marin Nonprofit Landscape Study reported there were 1,730 nonprofit organizations as of 2005. However, that estimate included organizations with the mission area of "Philanthropy, Volunteerism, and Grantmaking Foundations." Organizations with that mission area were excluded from the analysis in this report, as they were not the focus of our data collection. Those organizations included foundations and other grantmaking entities. When those organizations are added back into the total number of nonprofits in 2012, the estimate from 2012 (n = 1,744) is very similar to the one reported from 2005 (n = 1,730).

State and Bay Area data on sector diversity are from the Urban Institute ("Measuring Racial-Ethnic Diversity in California's Nonprofit Sector," 2009). Population-level data from Marin County are from the U.S. Census Bureau, State and County QuickFacts, 2012. Executive Director data for Marin County are from the 2013 Marin Nonprofit Landscape Survey.

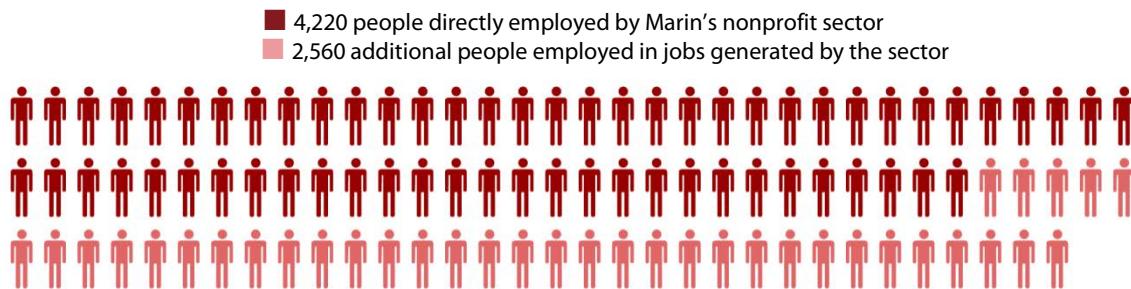
Data on nonprofit giving are from: "How America Gives." The Chronicle of Philanthropy, August 2012. The figures include giving to religious organizations, which accounts for about one-third of giving nationwide, according to Giving USA (2013).

The Value of Marin's Nonprofit Sector

What role does the nonprofit sector play overall and what is its value to Marin County? In economic terms, a sector's value can be defined as the benefits it provides relative to its costs. The sector's value can also be defined by other markers, such as the benefits it offers to service recipients, volunteers, and society. This section outlines the value of Marin's nonprofits from both of these perspectives.

Nonprofits are Key Contributors to Marin's Economy

Nonprofits provide both direct and indirect employment. Survey respondents reported that their organizations directly employ about 4,220 people.² Their spending, as well as that of their employees, account for another 2,560 jobs. These figures are based upon direct employment only. The sector's impact on employment is likely much broader when considering its indirect effect. Specifically, the sector helps to sustain employment for workers whose ability to keep a job depends on nonprofit support services such as job training, childcare, and health care. As one focus group participant reflected: "If we didn't [offer] physical and mental health care [services], people wouldn't be able to work because they wouldn't be well enough to work."



Nonprofits consume and invest resources locally, and enable others to do the same. Aside from offering direct and indirect employment, Marin's nonprofits also provide an estimated \$359 million in business revenues based upon their spending on both suppliers and employees.³ For example, nonprofits contribute revenues to industries such as owners of rental property and real estate, investment banking, management consulting, and bars and restaurants. Many focus group participants confirmed that their routine operations necessitate substantial spending. Participants also added that helping service recipients lead independent lives enables them to be consumers and contribute to the local economy.

² Survey participants represented a subset of 501c(3) organizations. Foundations, supporting organizations, hospitals, and institutes of higher education were not included in the data collection. While the 4,220 figure is a conservative estimate of the total number of employees working in the sector, it is a more reliable one than is available from government sources. Government data lump together many different types of 501c(3) organizations. The 2008 Landscape Study reported 9,800 employees in the sector in 2005, but likely included many other types of non-profit employees that were not the focus of this study.

³ Estimates of revenue generated by nonprofits are from an analysis by the Marin Economic Forum.

Nonprofits attract visitors who are drawn to Marin's natural, cultural, tourist, and culinary attractions.

"In terms of economic contributions... the nonprofit industry is quite a large employer in the county, and needs to be acknowledged as such."

- Nonprofit leader

Marin County is known as a travel destination for a number of qualities, many of them supported by nonprofit organizations. Some focus group participants described how, whether drawn by Marin's cultural, environmental, agricultural, or educational centers, visitors stay long enough to spend money at other businesses and even return later after having learned about the area. "The arts are an obvious economy-builder in that way," explained one focus group participant. "Along with the arts," another noted, "environmental and education [nonprofit] centers bring a lot of people into the community." The participant noted how people who come to Marin to visit those

nonprofit centers may also purchase goods from local vendors. In addition, after learning about Marin they may choose to come back another time, further supporting the local economy.

Nonprofits supplement public services and likely save the public sector money. The nonprofit sector complements services provided by the public sector by also supporting the wellbeing of Marin's residents. In the breadth and scope of services they provide, nonprofits can also relieve demand pressure on the county government, making them valuable partners. For example, health and human services are amongst the most common issue areas being addressed by Marin nonprofits. These services overlap with those offered by the county government, through the Marin Department of Health and Human Services (Marin HHS). Based upon the average salary of a Marin HHS employee and the estimated number of nonprofit employees addressing health and human services, The Marin Economic Forum estimates that the nonprofit sector could save the county as much as \$290 million per year. Marin HHS also contributes directly to the success of the nonprofit sector by allocating 18 percent of its budget to community-based organizations. Study participants noted that nonprofits are nimble and can fill "gaps in services that would otherwise not be filled [by government]."

County of Marin budget for health and human services in 2013-2014:
\$155 million

Estimated number of nonprofit employees addressing health and human services:
2,280 employees

Estimated savings that nonprofit sector affords the public sector in health and human services:
\$290 million

Source: Marin Economic Forum.

Nonprofits Provide Critical Services and Set Community Standards

Nonprofits offer preventive and safety net services to Marin's most vulnerable community members.

Although Marin County's nonprofit sector serves a wide range of functions, a number of focus group participants reported that one of the most important is supporting community members who have few resources and little public voice. According to one focus group participant, "Nonprofits provide solutions to meet the needs—whatever they might be—that our community members face. When it really comes down to

it, those are the organizations that actually deliver and determine the best way to help people survive and thrive in this community.”

Nonprofits bring difficult topics and marginalized perspectives to light. In addition to providing direct services to community members in need, nonprofit organizations help focus public attention on marginalized perspectives. Although Marin has the highest median income of any California county, many study participants emphasized that there are still pockets of great need in the county.⁴ In particular, they referenced *A Portrait of Marin*, a study commissioned by Marin Community Foundation, which documented the existence of poverty and disparities in the health and wellbeing of Marin residents. As study participants noted, nonprofits can help address these disparities by serving as “an advocacy voice for vulnerable populations,” as well as by “shining a light on [difficult] issues.” While this role is not unique to nonprofits in Marin County, a couple of participants also noted that given Marin’s perception as a wealthy community, it is particularly important for nonprofits to “help maintain a public focus on those who have less in the community.”

Nonprofits build community through volunteerism. Finally, in addition to providing direct employment, nonprofits organize volunteers and unite community members with a shared passion. Several focus group respondents described how their organizations provide a social community, acting as an outlet for special interests, and offering a vocation for people outside the traditional economy. One participant, commenting on one of the sector’s greatest contributions, noted that, “It provides an opportunity for people who have passion and love for volunteering. We provide a home and a community for those individuals.” Another reflected: “It [the sector] gets people involved to improve the wellbeing of our residents.” Other respondents noted how volunteers played a particularly critical role during the Great Recession and its aftermath. These respondents noted that volunteers have helped their organizations at a time when they have been strapped for capacity. As one participant put it: “Volunteers are the lifeline to challenging economic times.” Indeed, data from secondary sources suggest that volunteers play a critical role in supporting organizational capacity. For example, nonprofit organizations that utilize 50 or more volunteers per year outperform their peers in every measure of organizational capacity.⁵

“The nonprofit sector offers a concrete way for people to participate in solving community problems.”

- Nonprofit leader

⁴ Information on income is from the American Community Survey, U.S. Census Bureau, 2012. Marin’s median household income was \$90,962, as compared to \$61,400 for the state of California as a whole.

⁵ “Positive Deviants in Volunteerism and Service.” The TCC Group, 2009.

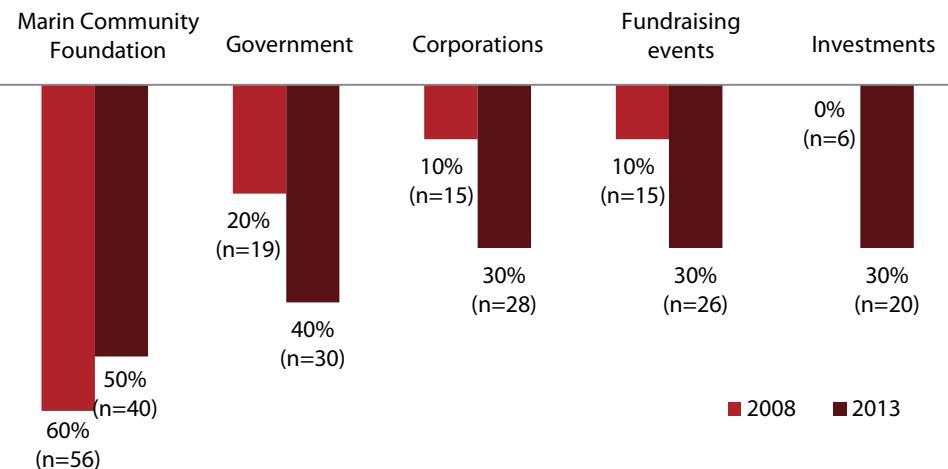
Impact of the Recession

Marin's nonprofit sector is of significant value to Marin's economy and its social fabric. But how did the Great Recession impact the sector? This section discusses the impacts of the Great Recession on both nonprofit organizations and the services they delivered.

Impact on Nonprofit Organizations

Marin nonprofits experienced decreases in funding in the aftermath of the recession. Like their for-profit counterparts, nonprofits were heavily impacted by the Great Recession. Survey respondents reported decreased funding across all revenue sources. In almost every case, the share of nonprofits reporting reductions in 2013 was substantially larger than those reporting reductions in the 2008 survey (Exhibit 1). The one exception to this was the Marin Community Foundation (MCF). Respondents reported greater reductions in funding from MCF in 2008 (prior to the Great Recession) than in 2013. This could be due to shifts in funding that resulted from the Foundation's 2008 strategic planning process, a theme that was echoed in focus groups. Participants also noted that other foundations, both within and outside of the county, were reluctant to fund their organizations during the recession years due to a belief that MCF was "taking care of it."

Exhibit 1. Organizations Reporting a Decrease in Funding by Source, 2008 vs. 2013



Sources: 2008 Marin Nonprofit Landscape Survey; 2013 Marin Nonprofit Landscape Survey.

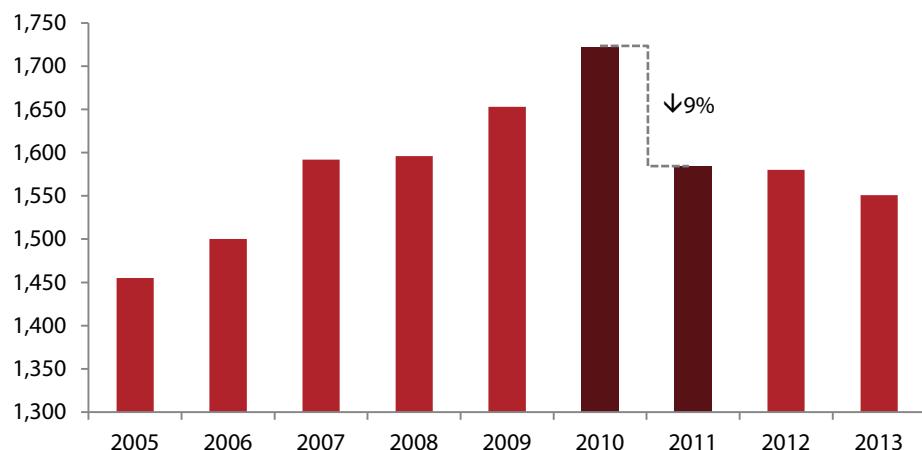
Note: Excludes organizations that reported not receiving income from a given source.

There was some contraction in the number of Marin nonprofits following the recession. According to data from the National Center for Charitable Statistics (NCCS), the number of public charities was on an upward trend in Marin between 2005 and 2010 (Exhibit 2).⁶ In 2005, there were 1,455 public charities registered in the county and this number increased steadily each year until reaching a high of 1,722 charities in 2010. The year 2011 marked a notable departure from this trend. There were 138 fewer registered charities in

⁶ Public charities are a subset of 501c(3) organizations. They include most organizations active in the arts, education, health care, and human services among other areas. More than half of all nonprofits are public charities, according to the National Center for Charitable Statistics. Exhibit 2 presents data for public charities for all of the years listed on the exhibit.

2011, representing a drop of 9 percent.⁷ The number of charities has continued to decline since 2011, though less precipitously. Currently, NCCS data lists 1,551 registered public charities in Marin. This represents 171 fewer charities than in 2010, which represents a total loss of 10 percent of nonprofits since 2011.

Exhibit 2. Public Charities Registered in Marin, 2005-13



Source: National Center for Charitable Statistics.

Smaller organizations appear to have been harder hit by the recession than larger ones. Data from the IRS suggest that there are fewer smaller organizations as a result of the recession. In 2005, 92 percent of Marin nonprofits had budgets under \$1 million. In 2012, the share of nonprofits in this budget category fell to 86 percent. An analysis of IRS data on nonprofit mission areas shows declines in the share of organizations whose missions address religion, giving, and general public benefit. In contrast, the share of organizations whose missions address human services, health, and the environment increased during this same period.

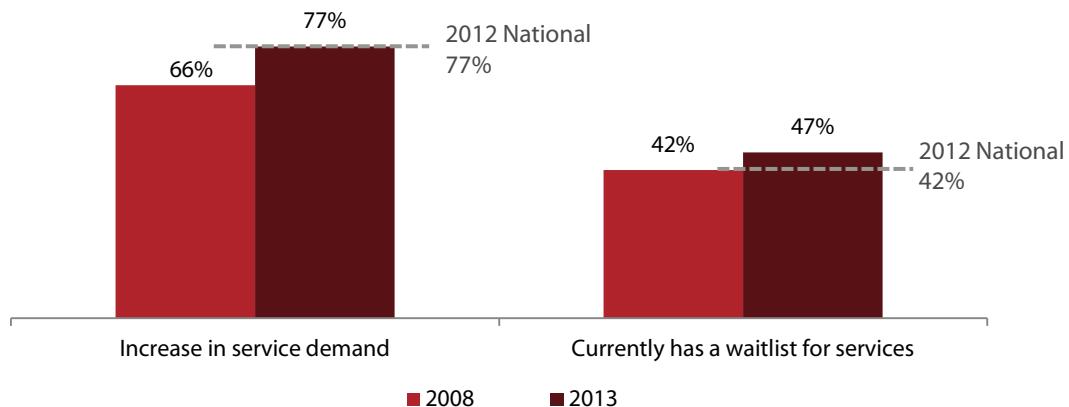
Impacts on Nonprofit Services

The preceding data suggest that nonprofits were threatened by recession. Many experienced funding reductions and some organizations, particularly smaller ones, were unable to sustain themselves in the face of broader economic pressures. So how did this grim situation impact services at a time when service demand was likely growing? An analysis of nonprofit survey data suggests that Marin's nonprofits stepped up to provide services for those individuals most in need.

Nonprofits are serving more clients due to increased service demand. In the 2013 survey of Marin nonprofits, 77 percent of respondents reported seeing an increase in service demand since the last study, while just under half (47 percent) reported having a waiting list for services, suggesting that a greater total number of clients are being served. In contrast, in 2008, 66 percent reported seeing an increase in demand during the previous two years, and 42 percent reported having a waiting list for services. Focus group and interview respondents echoed these findings, with almost all of them noting marked increases in service demand following the recession. In addition, the 2013 survey findings mirror national trends from 2012, as shown in Exhibit 3.

⁷ Although the Great Recession began in 2007, the market took a particularly sharp downward turn in 2008. The data presented here suggest that the impact of the recession was felt most heavily by Marin nonprofits in 2010, most likely due to delays in budget impacts.

Exhibit 3. Service Demand, 2008 vs. 2013 and National Comparison



Source: Nonprofit Finance Fund, 2013 State of the Nonprofit Sector Survey, March 2013 (for national data). 2008 Nonprofit Landscape Survey (for 2008 data); 2013 Nonprofit Landscape Survey (for 2013 data).

Safety net organizations in particular were strained to provide needed services during the Great Recession.

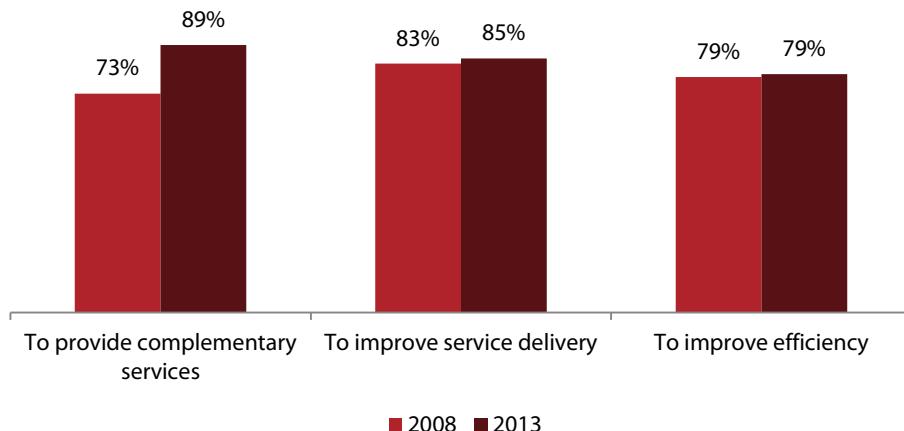
Many nonprofits offer “lifeline” services that those in need depend upon for food, shelter, and other essential services. Nationwide, these safety net organizations saw a spike in demand because of the recent recession, at the same time as funding from federal and other sources was spread thin.⁸ These organizations continued to see a high need for their services even after the recession had been officially declared over. Marin County has been no exception to this trend. As one nonprofit leader put it, “There’s been huge growth in the [proportion of] people who’ve fallen out of middle class and into poverty. [These people are] in need of food, clothing, support, and rental assistance... It’s expensive in Marin and it’s even harder on the poor people here.”

During tough economic times, the sector’s focus shifted towards direct services. Nonprofit leaders reported directing more resources towards service delivery following the Great Recession. There was a 17 percent increase in the proportion of respondents who reported focusing primarily on direct services between 2008 and 2013 (51 percent vs. 68 percent, respectively). This suggests that nonprofits had to narrow their focus to meeting essential community needs during the Great Recession. Focus group respondents also noted that funders similarly re-directed their efforts toward direct services to fund “critical” and “crisis-driven” need in response to the recession.

Organizations collaborated at similar levels as prior to the recession, but reported greater collaboration to improve service delivery. Survey data suggest that organizations were collaborating at similar levels prior to and after the recession (Exhibit 4). The one exception was collaboration to provide complementary services. There was a 15 percent increase in the proportion of organizations reporting this type of collaboration. These findings suggest that in the wake of increased demand, organizations more actively sought ways to work together to provide direct services to those in need. The fact that collaboration to improve service delivery and efficiency remained at similar levels could reflect a combination of “push and a pull” factors. Some organizations may have felt pushed to collaborate more following the Great Recession, while others may have been pulled away from collaboration in order to focus on direct service delivery. The net result was that collaboration remained at similar levels as prior to the Great Recession.

⁸ Nonprofit Finance Fund. “2013 State of the Nonprofit Sector Survey Results.” Available at http://nonprofitfinancefund.org/files/docs/2013/2013survey_nat_summary.pdf.

Exhibit 4. Collaboration between Organizations, 2008 vs. 2013



Source: 2008 Nonprofit Landscape Survey (for 2008 data); 2013 Nonprofit Landscape Survey (for 2013 data).

The Great Recession spurred creativity and innovation, as nonprofits sought to adapt to changing community needs and fiscal realities. While nonprofits cited many challenges related to the recession, some also used the economic downturn as an opportunity to think creatively about how to improve service delivery and/or increase revenue. During focus groups, nonprofit leaders discussed a variety of strategies that were used in order to adapt to new economic circumstances. In brief, organizations developed new collaborative partnerships, merged with other nonprofits, strategically restructured their staff and programming, diversified their funding base, and cultivated new earned revenue streams (see Exhibit 5 for case examples). These strategies offer good food for thought for how to strengthen effectiveness and promote sustainability, regardless of economic conditions. At the same time, some nonprofit leaders cautioned that these approaches, even when successful, may not present long-term solutions to the challenges faced by nonprofits. As one study participant put it: “Our organization employed a series of adaptive strategies [to cope with the recession] that are not healthy or sustainable in the long run.”

Exhibit 5. Strategies Marin Nonprofits Used to Cope with the Recession

Coping Strategy	Nonprofit Description	The Details	The Results	Advice to Others
Strategic Restructuring	Boys and Girls Club of Marin and Southern Sonoma Counties works to enable all young people, especially those most in need, to reach their full potential as productive, caring, responsible citizens.	The organization engaged in strategic restructuring in the following ways: by adding development staff; having the CEO incur additional major gift responsibilities; consolidating administrative staff positions; merging specific programs; and using transportation to consolidate Clubs.	This strategy, though difficult, allowed the organization to eliminate a projected deficit at the start of a fiscal year.	"Stay lean, strengthen cash flow, and add development capacity so that, when a downturn comes, you are prepared with adequate cash reserves. As economic times strengthen, you can build your capacity."
Collaboration	Center for Domestic Peace mobilizes individuals and communities to transform the world so domestic violence no longer exists, creating greater safety, justice and equality.	All 19 domestic violence shelter-based agencies in the Bay Area signed an MOU for a new business model to: 1) establish an individual donor campaign for operational support; 2) reduce operating costs through back office consolidations; 3) create service sharing and/or programmatic consolidations; and 4) foster social innovations.	The collaboration increased savings and achieved a higher profile among funders. This led to new revenue sources and more funding. Members are now working to reduce overhead by consolidating financial functions and using group bargaining power for insurance.	"Collaborative processes require not only challenging the status quo paradigm, but also building agreement on a new paradigm, supported by new ways of thinking and acting."
Merger	SF-Marin Food Bank works to end hunger in San Francisco and Marin Counties.	Demand for food increased dramatically in Marin County, and the Marin Food Bank was struggling to meet local needs. Agencies approached the SF Food Bank for additional food. The two organizations decided to pursue a merger to realize greater efficiencies, and formally merged into a single organization in January 2011.	The merger allowed for economies of scale in food acquisition and handling, which resulted in a greater volume of food and a greater variety for Marin sites. In addition, by combining the back-office functions such as finance, human resources, and IT, more resources could be deployed to outreach in the community.	"Stay focused on your shared mission and values. Identify strengths each organization can bring to your shared goals and the growth that can be accomplished together."
Social Enterprise	Marin Center for Independent Living (MCIL) promotes independence for people with all types of disabilities of all ages.	MCIL created an online tool, QuickMatch.org, to allow consumers and community members to find and hire caregivers online through MCIL's longstanding Personal Care Registry.	QuickMatch.org has since been used by six partner sites, reaching a service area of over 6 million, and continues to expand. It has also become a new revenue source.	More affordable home opportunities were made available in Marin County. By turning an aspect of the recession into a positive opportunity, the organization maintained funder engagement with a proactive, optimistic stance.
Opportunity In Crisis	Habitat for Humanity Greater San Francisco partners with working families and the community to build affordable homes in San Francisco, Marin, and the Peninsula.	Habitat for Humanity took advantage of the depressed real estate market to purchase vacant, blighted, and foreclosed-upon homes and parcels of land that were in the planning/entitlement stages and had been stalled. The nonprofit reached out to its partners to find necessary financial resources for this work.	"Look at what you do well and build on it. We took a good existing program and thought about how we could reach a broader audience. We focused on our niche and expanded it."	"Never let a good crisis go to waste. Fear and worry can be toxic to an organization's culture. By reframing the crisis as an opportunity, we emerged even stronger than we were going into the recession."

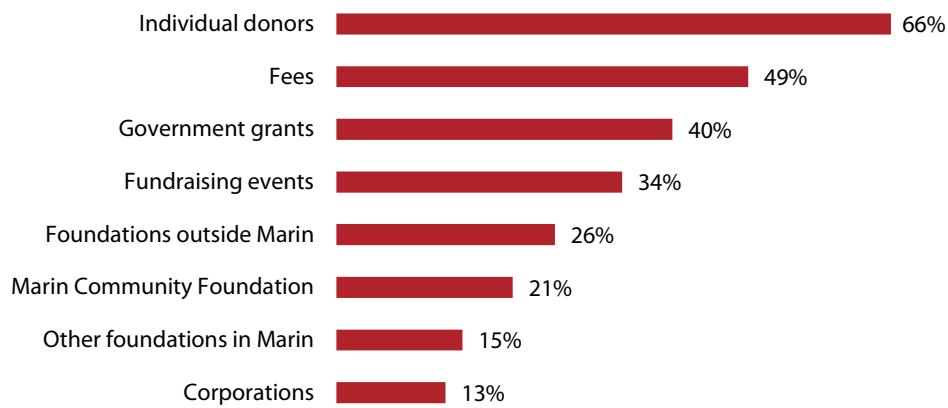
Current Needs of the Nonprofit Sector

The Great Recession had a substantial impact on Marin's nonprofit sector. But how is the sector faring today? This section looks at the current capacity of the sector, and outlines key challenges facing county nonprofits.

Fiscal Outlook

Though the Great Recession is over, Marin nonprofits continue to struggle with funding issues. The large majority of survey respondents (84 percent) cited fundraising as one of their top challenges in 2013. Focus group and interview respondents also cited the need for nonprofits to diversify their funding through support from foundations, corporations, and other sources. However, when citing their top three income sources, most organizations reported relying on individual donors (66 percent), fees and other earned income (49 percent), and government grants or contracts (40 percent) during the past year (Exhibit 6). Just one-quarter of respondents or fewer indicated that foundation funding was one of their top three income sources – specifically, foundations outside of Marin (26 percent), Marin Community Foundation (21 percent) and other local foundations (15 percent). Some focus group and interview respondents reported that foundations, corporations, and individual donors were not always responsive to requests, as they continue to be stretched thin.

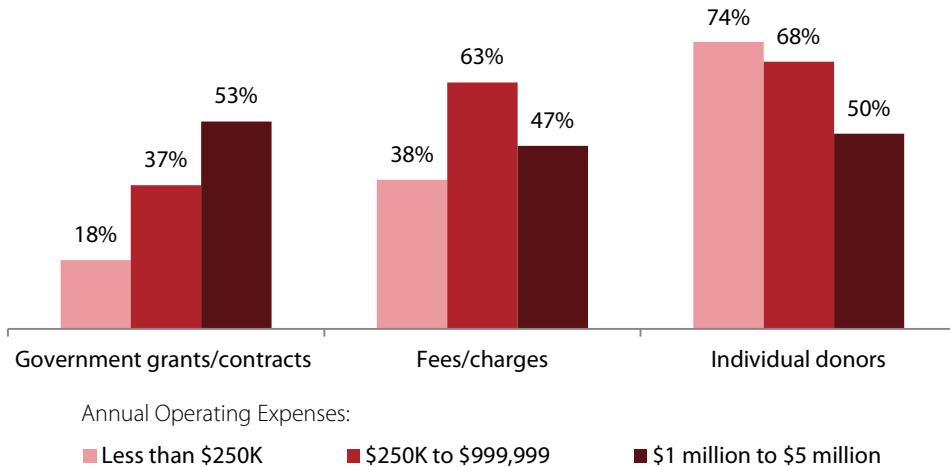
Exhibit 6. Most Common Income Sources, 2013



Source: 2013 Marin Nonprofit Landscape Study. Respondents could check up to three income sources.

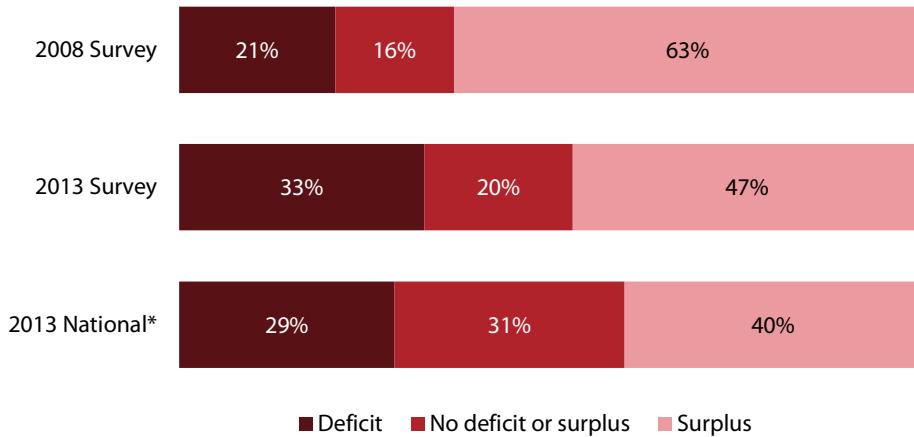
Nonprofits receive funding from different sources based upon their size. Exhibit 7 highlights some of the funding sources with the greatest differences in responses by organizational size. A greater proportion of *large* organizations (53 percent) reported receiving government grants/contracts than small and medium-sized ones (18 and 37 percent, respectively). A greater proportion of *medium-sized* organizations (63 percent) reported receiving income from fees and charges as compared to small and large ones (38 and 47 percent, respectively). Finally, about three-quarters of *small* organizations (74 percent) reported receiving income from individual donors, as compared to 68 percent of medium-sized organizations, and 50 percent of large ones.

Exhibit 7. Differences in Income Sources by Organizational Size, 2013



A greater share of nonprofits ended the previous year with a deficit, as compared to 2008 and national data. One indicator of financial health is an organization's financial status at the end of the fiscal year. In 2013, forty-seven percent of organizations projected ending the most recent fiscal year with a surplus, while 33 percent projected a deficit, and 20 percent projected breaking even (Exhibit 8). These figures mirror national trends, but represent a 12 percent increase in the proportion of organizations with a deficit as compared to 2008.

Exhibit 8. Financial Status at End of Most Recent Fiscal Year



Sources: 2008 Marin Nonprofit Landscape Survey; 2013 Marin Nonprofit Landscape Survey, and 2013 State of the Nonprofit Sector Survey conducted by the Nonprofit Finance Fund.

More than a quarter of Marin nonprofits lack a financial reserve. The National Center for Charitable Statistics recommends that nonprofits have at least 25 percent of annual operating expenses, or three months, on reserve.⁹ Despite this, 26 percent of survey respondents reported that their organizations lack a reserve. This number is actually an improvement from the last landscape study in which 37 percent of organizations reported lacking a cash reserve. Among organizations with a reserve, about half provided the amount of their

⁹ National Center for Charitable Statistics. http://www.nccs2.org/wiki/images/d/df/Operating_Reserves_Policy_Toolkit_1st_ED_2011-07-28.pdf.

reserve, and indicated that it was sufficient to sustain their organization for 5 months on average.

Paradoxically, the resources available in Marin County pose a challenge for nonprofit fundraising and allowing them to serve those most in need. Some focus group and interview respondents noted that Marin's affluence impedes efforts to raise funds for nonprofit programs and services. As one interview respondent noted, "[There's] the perception that Marin is a wealthy community and there aren't people in need here." Focus group participants agreed that many "funders would rather help somebody in another county, where [they believe] their dollars will go further." Further complicating this issue is the fact that MCF is housed within the county. MCF is the 9th largest community foundation in the country in terms of the size of its assets, and yet many study participants believed that its resources were not being directed in a way that best helped nonprofits serve the county's most vulnerable.¹⁰ MCF is currently in the midst of another five-year strategic planning process, and study participants noted that process as an opportunity to re-direct resources.

Despite challenges, nonprofits expressed optimism about their future financial situation. Although fundraising is a top concern for Marin nonprofit leaders, many survey respondents expressed optimism about improvements in their financial situation. Close to 80 percent of those surveyed in 2013 anticipated an increase in overall income over the next five years, with the largest proportion (58 percent) projecting an increase in income of five to 20 percent.

¹⁰ "25 Largest Community Foundations by Asset Size," Statistics from The Foundation Center database, January 25, 2014. <http://foundationcenter.org/findfunders/topfunders/top25assets.html>.

Duplication of Services and Marin's Nonprofits

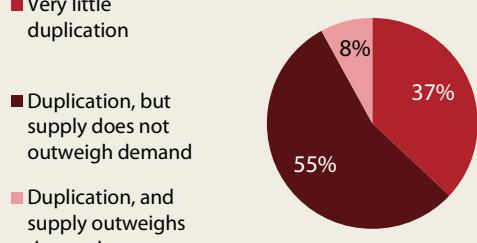
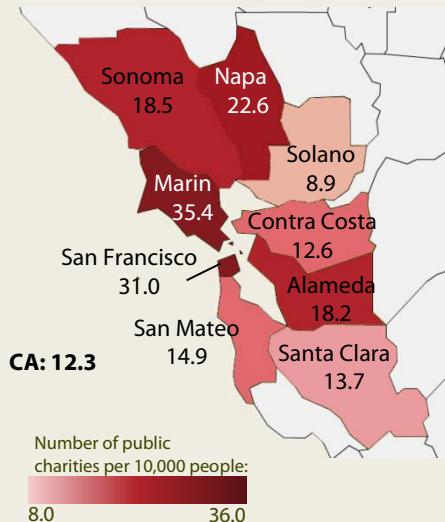
Duplication of services among nonprofits can be defined as multiple organizations providing the same services to the same client base. The question of whether there is duplication of services in Marin County was one of the most contentious issues that arose from the 2008 Landscape Study. As noted in the 2008 study, it is largely a philosophical one, as duplication of services can be challenging to measure. In other words, what does it mean in practice for two organizations to provide the same services? The map to the right illustrates that Marin County has more nonprofits per capita than any other Bay Area county and the state as a whole. But does that mean there is duplication in the services offered? Despite measurement challenges, our research sought to further understand opinions about this issue.

Just 37 percent of survey respondents believed there was very little duplication of services amongst Marin nonprofits – in other words, 63 percent believed some duplication *did* exist. However, only 8 percent indicated this was an issue from a market perspective, in that supply of services outweighed demand. Focus group and interview participants echoed this sentiment, with many believing duplication was not a problem as long as similar organizations continued to fill community needs. However, a few did express concern that duplication was limiting the

sector's effectiveness, as Marin's entrepreneurial spirit led to the creation of many small organizations similar in mission. "Anyone with a good idea feels they can start a nonprofit," noted one participant. As a result, "instead of pushing existing organizations to do better, you get more organizations."

Regardless of their specific opinions of duplication, most study participants believed that greater collaboration and coordination among nonprofits providing similar services was needed. Respondents saw collaboration and coordination as a more viable option for most nonprofits than mergers, which were generally viewed as costly, complex, and not guaranteed to result in increased efficiency.

"I don't have a lot of anecdotal evidence that there's duplication happening, but the word I think of is siloing. [There's a] lack of coordination, collaboration, and partnership... If we could all have [a shared understanding of] the needs of our constituencies, that would be a huge improvement of the silo problem."
- Nonprofit leader



Source: 2013 Marin Nonprofit Landscape Survey.

Other Capacity Needs

Marin nonprofits have a variety of capacity-building needs. Aside from financial concerns, Marin's nonprofits cited challenges related to marketing and communications, workforce, governance, technology, and evaluation/reporting requirements (Exhibit 9). The proportion of respondents reporting these challenges in 2008 as compared to 2013 was very similar, suggesting that these are ongoing challenges for nonprofits, independent of economic conditions. Focus group participants emphasized how small organizations in particular face capacity-building challenges, as described below.

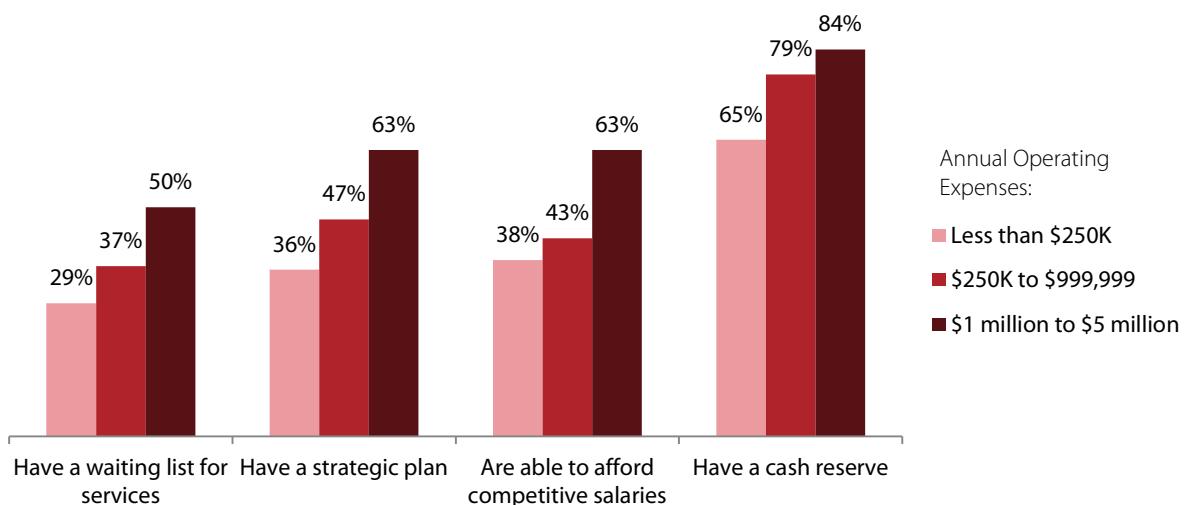
Exhibit 9. Top Non-Financial Challenge Areas Facing Organizations, 2013

1. Marketing and communications	50%
2. Workforce	42%
3. Board or governance	36%
4. Technology	33%
5. Evaluation and reporting requirements	22%

Source: 2013 Marin Nonprofit Landscape Study.

Small organizations face particular challenges related to their administrative and financial infrastructure. Exhibit 10 highlights some of the primary differences between organizations based upon their size, according to survey data. Small organizations are *less* likely to have a waiting list for services, than larger ones, likely because they are seeing a smaller number of clients overall. They are also *less* likely to have a strategic plan in place, to be able to afford competitive salaries, and to have a cash reserve. As a whole, small organizations are also younger, utilize fewer volunteers on average, are less likely to have paid staff and Executive Directors, and are less likely to have term limits for board members. These findings are similar to those from the 2008 study, suggesting these are enduring challenges faced by small organizations.

Exhibit 10. Key Capacity Differences by Size of Nonprofit, 2013



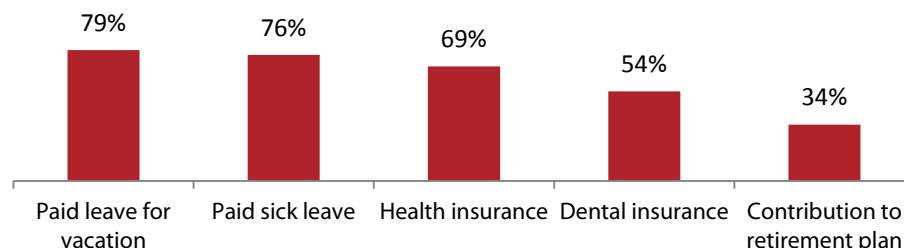
Source: 2013 Marin Nonprofit Landscape Study.

Organizations are particularly concerned about providing adequate salaries and pay increases to staff. While the majority of survey respondents felt they could recruit and retain qualified staff, only about half believed they could offer competitive salaries, and less than half were able to offer cost of living and merit pay increases (Exhibit 12). Many focus group and interview participants noted that their inability to provide adequate compensation was further compounded by the high cost of living in the county. Small organizations (with annual expenses of less than \$250K) were more likely to express these concerns than their larger counterparts. While most organizations, particularly larger ones, provided paid leave and health insurance to their employees, fewer were able to offer dental insurance and make retirement plan contributions (Exhibit 11). These staffing challenges are similar to those raised in the 2008 study. However, some study participants believed the Great Recession had placed extra strain on their organizations to adequately compensate staff. As one focus group respondent reflected: “We’re all seeing more clients, and [at the same time] expecting a lot more from staff. We’re not giving them the remuneration that we’d like, and revenues are down.”

“If you can’t afford to hire the right people... there is no way you are going to have the exponential impact that is possible.”

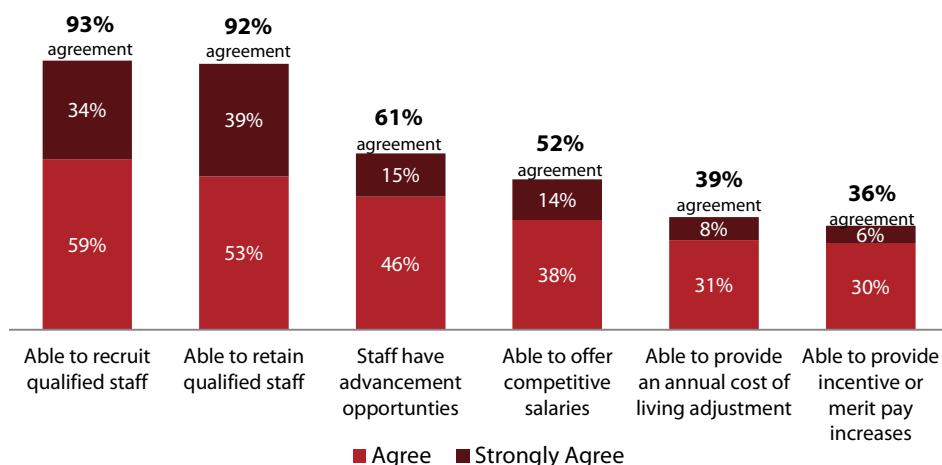
- Nonprofit leader

Exhibit 11. Summary of Benefits Provided by Marin’s Nonprofit Organizations



Source: 2013 Marin Nonprofit Landscape Survey.

Exhibit 12. Staff Recruitment, Retention, and Development Concerns



Source: 2013 Marin Nonprofit Landscape Survey.

Marin nonprofits are challenged to develop an adequate pipeline of new leadership. About one-third of respondents indicated that developing future leaders to run nonprofits was a key challenge for the future of the sector, and one-quarter cited recruitment and retention of qualified staff as an issue. In addition, according to survey data, Executive Directors had been with their organizations for 7 years on average, and most were over the age of 50, suggesting there could be some aging out of leadership. These leadership challenges were also cited in the 2008 study and mirror challenges faced by nonprofits nationally. However, a recent national report suggests that the Great Recession only exacerbated existing challenges related to bringing in new leadership. In the wake of increased financial instability, organizations struggled to develop sustainable business models. In turn, many executives, particularly those of the most financially unstable organizations, faced increased anxiety and consequently burnout.¹¹ These unstable organizations are thus more likely to experience turnover in leadership, meaning that new leaders may be especially challenged to effectively manage the most financially unstable organizations.

“There’s such a huge, rich opportunity to bring a great upwelling of new, fresh ideas into the sector.”

- Nonprofit leader

Organizations have struggled with volunteer recruitment and management. According to survey data, organizations utilized a median of 40 volunteers per year. Large organizations reported using more volunteers on average than smaller and medium-sized ones. Some focus group and interview participants noted that the Great Recession actually helped with volunteer recruitment, as job seekers entered the pool of qualified volunteers. However, that pool was drying up as many job seekers found their way back into the workforce. Indeed, about half of survey respondents believed they had too few volunteers to fill available opportunities. Focus group and interview respondents also noted that even when volunteers were available to help, nonprofits (particularly smaller ones) were not able to provide them with the training and support needed for their success. As one participant noted: “Many nonprofits don’t have a dedicated volunteer manager [and as a result] volunteers often don’t get the oversight and recognition [that they need].” To address this challenge, another participant suggested that smaller organizations could work together to identify and recruit qualified volunteers.

Shifting demographics are altering the landscape within which Marin’s nonprofits are operating. Marin County has a projected increase in its population of color over the coming decades, as well as an aging population. Focus group and interview respondents noted that nonprofits will need to think creatively in the coming years about how to best service their beneficiaries in the face of these shifts. As one respondent reflected: “[In pockets of the county] where there’s a rapidly growing Latino population, people just aren’t prepared for what that looks like.” Another noted the importance of involving nonprofit leadership in local decision-making about how to meet the needs of the growing aging population.

¹¹ “Daring to Lead 2011: A National Study of Nonprofit Executive Leadership.” A joint project of Compass Point Nonprofit Services and the Meyer Foundation.

Summary and Recommendations

Marin nonprofits play a critical role in the county, contributing to the region's economy and meeting important community needs. When the Great Recession hit, many nonprofits struggled financially, at the same time as their service recipients were experiencing increased need. One-third of organizations surveyed reported running a deficit, and many faced constraints in raising outside funds in one of the country's most affluent counties. Nonetheless, nonprofits showed their nimbleness and commitment to their missions by providing more direct services to those in need. Some also demonstrated resourcefulness and creativity by forging partnerships and developing new ways to generate revenue. Despite continued financial challenges, many organizations are optimistic about their financial situations improving.

Marin's nonprofits face other organizational capacity issues. Nonprofit leaders pointed to challenges in providing adequate staff compensation and benefits, developing a pipeline of new leaders, making effective use of volunteers, and responding to shifting demographics in the county. They also cited challenges in the areas of marketing and communication, governance, technology, and program evaluation. These are not new concerns or ones that are unique to Marin County; rather, they represent persistent, ongoing issues.

As Marin's nonprofits experience recovery from the Great Recession, it is an opportune time to reflect on how the sector can become stronger, more financially sustainable, and address longstanding capacity issues that nonprofits face. Recommendations for how to address these issues and strengthen the sector are summarized below. These recommendations follow from the data presented in this report, but also draw upon insights gleaned through conversations with members of an advisory committee representing key leaders and experts on Marin's nonprofit sector.

- 1. Work together to better align efforts and achieve greater impact.** Nonprofits carry out their work within the context of complex systems (e.g., education, health, and the environment) within which a single solution is often not sufficient to achieve the desired impact. And yet, too often organizations operate in silos rather than benefitting from the impact that can be achieved through joint action. To address this issue, there is a growing trend within the nonprofit and grantmaking community towards supporting strategic collaboration between nonprofits.¹² This collaboration goes beyond just dialogue, and can take the form of sharing best practices, forming coalitions and partnerships, sharing of administrative functions, and in some cases, formal mergers.¹³ Nonprofits need to engage in the hard work of setting aside egos and coming to the table together to figure out how they can be more effective and better serve their constituents. Funders need to look for innovative ways to support collaborative strategies and efforts. CVNL can also play a convening role, such as by connecting organizations to each other to apply for joint funding, or helping small organizations come together to pool their resources.
- 2. Invest in the long-term capacity and infrastructure of the nonprofit sector.** Nonprofits need sizable, predictable, and flexible funding to plan, adapt, and grow their impact. To this end, funders should consider supporting infrastructure or general operations for nonprofits, not just specific programs. While it may seem counterintuitive, support for general operations can actually free up staff time and resources, allowing them to focus more on program delivery. In fact, national research has shown that

¹² "Working Better Together: Building Nonprofit Collaborative Capacity," Grantmakers for Effective Organizations, September 2013.

¹³ For more details on these types of collaboration, see "Why Nonprofit Mergers Continue to Lag." Milway, K., Orozco, M. & Botero, C. *Stanford Social Innovation Review*, Spring 2014.

shifting more resources towards general operations is one of the most effective changes that grantmakers can apply in order to improve nonprofit results.¹⁴ In addition to support for infrastructure, nonprofits desire multi-year funding, to allow them adequate time to expand and grow their impact. Funders can support this need by providing more multi-year and general operating support grants.

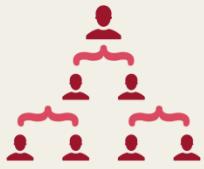
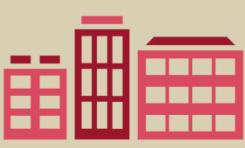
- 3. Increase funder transparency when developing funding strategies, and include nonprofits in conversations about funding priorities.** Study participants noted that funders could tap into nonprofits' experience and expertise when setting their strategies. For example, the Marin Community Foundation is currently embarking on another five-year strategic planning process to set funding priorities, and Marin HHS currently allocates close to one-fifth of its budget to community-based organizations. Both of these organizations, as well as other local, state, and national funders, have an opportunity to act upon the insights from this report, as well as engage nonprofits directly in conversations about resource allocation and how to best serve community members in need.
- 4. Focus on recruitment, retention, and hiring of the staff, board, and volunteer members nonprofits need to achieve their impact.** Marin's nonprofit leaders are concerned about the future leadership of their organizations, providing adequate compensation for staff, and sustaining the level of involvement needed from board members and volunteers. Nonprofits should think strategically and collaboratively about how to engage a new generation of diverse leadership within their organizations. In addition, they should consider enhancements to both their board and volunteer training and recruitment strategies. Through investing in support for general operations, funders can help nonprofits to employ these strategies effectively.
- 5. Respond strategically to demographic shifts.** Some of the most notable shifts taking place in Marin include the increasing racial/ethnic diversity of the county, as well an aging population. Nonprofits stand at the forefront of working with culturally diverse populations and navigating changes in needs and practice. Nonprofits, therefore, should lead efforts to strengthen cultural understanding and best practices, serving as countywide (and beyond) experts in cultural competence. They should also take steps to improve cultural competence and diversity among staff and nonprofit leadership. Funders can respond to demographic shifts by supporting nonprofits' efforts to serve the county's growing subpopulations.
- 6. Raise community awareness by telling the story of nonprofits and their constituents.** Study participants emphasized the importance of nonprofits being able to tell (and disseminate) the story of what they are doing and the impact they can have on the communities they serve. Doing so is critical to demonstrating to funders or donors why they should offer their support. Nonprofits can also continue to draw attention to those residents most in need in the county.

The following infographic summarizes how the recommendations above compare to those from the 2008 study, and what has changed since that time.

¹⁴ "General Operating Support: A GEO Action Guide." Grantmakers for Effective Organizations, 2007.

MARIN NONPROFITS

THEN and NOW

2008	CHANGE	NOW						
<h3>COLLABORATION</h3> <p>A protectionist stance prevents organizations from collaborating in service of common missions.</p>  <p>Could mergers enhance the sector's impact on the county?</p>	 <p>Economic uncertainty spurs organizations to come together to provide services.</p> <p>Nonprofits with similar missions and focus can come together to achieve a greater impact.</p> 	<p>Collaboration improves efficiency and service delivery.</p>  <ul style="list-style-type: none"> ► Best practice sharing ► Coalitions and partnerships ► Sharing administrative functions 						
<h3>CAPACITY</h3> <p>How can nonprofits receive the capacity-building support they need?</p> 	<p>TOP 3 Non-Financial Challenges for Nonprofits:</p> <table> <tr> <td>50%</td> <td>42%</td> <td>36%</td> </tr> <tr> <td>Marketing and communications</td> <td>Workforce</td> <td>Board or governance</td> </tr> </table> <p>Nonprofits face ongoing capacity challenges.</p>	50%	42%	36%	Marketing and communications	Workforce	Board or governance	<p>A need for funders to help address capacity growth.</p>  <ul style="list-style-type: none"> ► Development of leadership pipeline ► Staff benefits and compensation ► Recruitment and retention of volunteers and board members ► Improved communication about the value of the sector
50%	42%	36%						
Marketing and communications	Workforce	Board or governance						
<h3>DEMOGRAPHICS</h3> <p>Demographic diversity of the population not highlighted as an area for growth.</p> 	<p>The Asian, Hispanic, and senior populations in Marin are expected to rise in the next 50 years.</p> <table> <tr> <td>SENIOR 75+</td> <td>78%</td> </tr> <tr> <td>HISPANIC</td> <td>88%</td> </tr> <tr> <td>ASIAN</td> <td>186%</td> </tr> </table>	SENIOR 75+	78%	HISPANIC	88%	ASIAN	186%	<p>Responding to the shift.</p>  <ul style="list-style-type: none"> ► Improve cultural competence ► Provide services that reflect the county's shifting population ► Cultivate diverse nonprofit staff and leadership
SENIOR 75+	78%							
HISPANIC	88%							
ASIAN	186%							
<h3>FUNDING</h3> <p>How will MCF's funding strategy affect the sector's financial health?</p> 	 <p>MCF implemented a five-year strategic plan in 2009.</p> <p>The next strategic plan will be responsive to the shifting needs of organizations and communities.</p> 	<p>Nonprofits need sizeable, predictable, and flexible funding to grow impact.</p>  <p>MCF & Other Funders Can Provide:</p> <ul style="list-style-type: none"> ► Infrastructure investment to improve program effectiveness ► Multi-year grants allowing adequate time for achieving impact 						

Appendix A: Advisory Committee

The Advisory Committee for the 2013 Marin Nonprofit Landscape Study provided guidance on key issues facing nonprofits and important questions for the study to address. The Committee also reviewed study findings and provided insights on interpretations and recommendations in response to the findings. Members of the Advisory Committee and their respective organizations are listed below.

Julie Absey	Marin Community Foundation
JuanCarlos Arauz	Education, Excellence & Equity: E3
Jeff Bialik	Catholic Charities CYO
Mark Chapman	Redwood Credit Union
Mary Denton	Sunny Hills Services
David Escobar	Marin County Board of Supervisors
Rob Eyler	Marin Economic Forum
J. Scott Feierabend	Audubon Canyon Ranch
Donna Garske	Center for Domestic Peace
Chuck Greene	Cedars of Marin
David Hofele	International ProInsurance Associates, LLC
Cleveland Justis	Potrero Group
Mike Kadel	Bank of Marin
Johnathan Logan	Marin City Community Services District
Denise Lucy	Dominican University of California
Dan Mankin	Dance Palace Community Center
Sally Matsuishi	Next Generation Scholars
Larry Meredith	Marin County Health & Human Services
Racy Ming	Marin County Health & Human Services, Employment & Training Branch
Sandra Nathan	Marin Community Foundation
Sara Pearson	Mountain Play Association
Catherine Porter	West Marin Fund
Lisa Schwartz	Marin County Office of Education
Maureen Sedonaen	Goodwill SF-San Mateo-Marin
Gail Theller	Community Action Marin
Rick Wells	San Rafael Chamber of Commerce
Anne Wilson	United Way of the Bay Area
Karen Wilson	WildCare
Jane Winter	YWCA San Francisco & Marin
Judy Wolff-Bolton	Osher Marin Jewish Community Center

Appendix B: Methods and Limitations

Study Approach and Methods

Overview of Approach

This study was designed to mirror the 2008 Marin Nonprofit Landscape study, to understand how organizations' perspectives have shifted in the aftermath of the Great Recession. Thus, a primary component of the study was a survey that was similar in nature to the 2008 survey, to allow for comparisons over time. As in 2008, qualitative data were also collected through focus groups and interviews to provide context and depth to survey findings. In addition, secondary data sources were used to provide information about the sector as a whole.

Survey of Nonprofit Organizations

Survey administration and response rate. We administered an online survey to nonprofit organizations in Marin County. The survey collected basic information about the characteristics of each nonprofit as well as the populations they serve; the extent to which nonprofits collaborated with each other; their staffing and volunteers; organizational leadership and capacity; fiscal capacity; and challenges and opportunities. The survey questions were similar to those asked in 2008 to allow for comparisons over time. However, the survey was revised from the 2008 version in order to minimize the burden on respondents, and to explore impacts of the Great Recession. The survey was distributed to a total of 947 individuals.¹⁵ Of those, 224 responded to the survey in some way. This amounts to a response rate of 24 percent, which is similar to that of the 2008 study (25 percent) and to other nonprofit landscape studies.

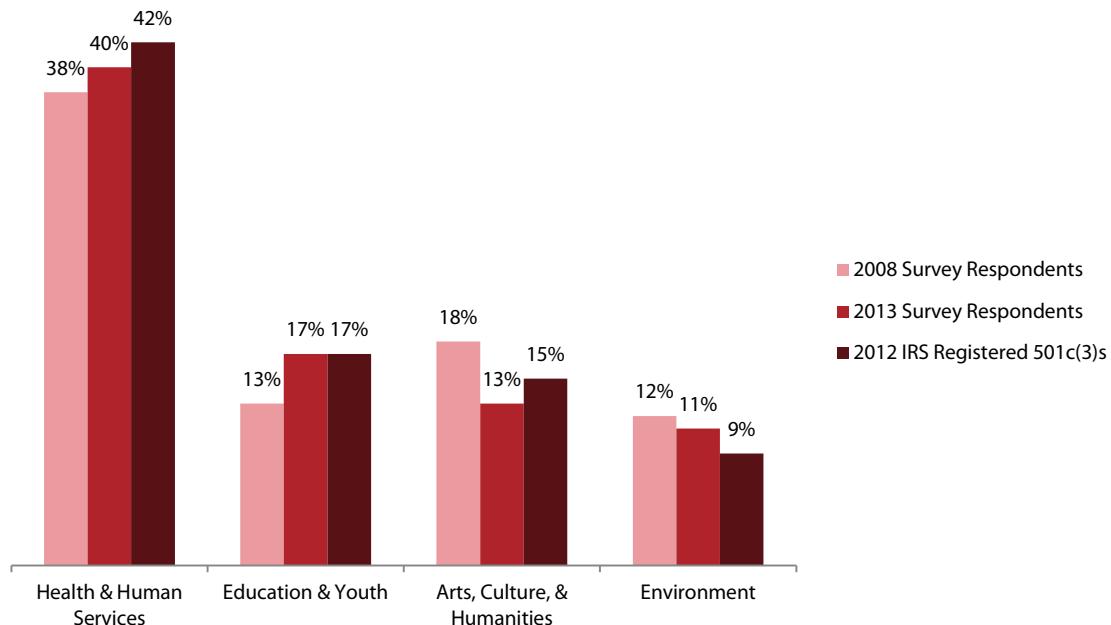
Representativeness of survey sample. To help with interpretation of the study's findings, we assessed the extent to which survey respondents were representative of all registered nonprofits in the county, as well as to organizations surveyed in 2008. We found that 2013 survey respondents had similar characteristics to both of these groups in terms of their mission area (Exhibit B.1). Survey respondents from both years represented larger organizations, on average, than all registered nonprofits. This difference could be due to several factors related to the nature of small organizations, including: (1) limited capacity to complete a voluntary survey; (2) lack of a web presence or other means to locate updated contact information; and (3) remaining in the database of registered organizations even if they are no longer operational. In addition, 2013 survey respondents were on average larger in size compared to 2008 respondents. This may be due to differences in sampling, or to growth in the average size of organizations over time. Further analyses revealed that about half of respondents in 2013 represented organizations that were also surveyed in 2008, suggesting that survey respondents from both years were in fact similar to each other.

Survey analysis. In the 2008 Landscape Study, the researchers accounted for potential underrepresentation of small organizations in their sample through a statistical technique called weighting. However, as noted above, IRS data may overestimate the number of small organizations that are in operation. Accounting for potential underrepresentation of small organizations through weighting also ignores the fact that larger

¹⁵ The survey targeted all registered 501c(3) organizations in Marin County, with the exception of foundations, supporting organizations, hospitals, and institutes of higher education. The survey distribution list was generated from a list of all registered nonprofits from the Internal Revenue Service (as of 2012); the survey distribution list from the 2008 study; and CVNL's current listings of nonprofits in the county.

organizations reach a greater number of beneficiaries than smaller organizations and thus have more of a market share. Thus, we chose not to weight the 2013 study data, to adequately represent the perspective of both small and large organizations in this study. Comparisons between 2008 and 2013 study data are also not weighted. As a result, there is some variation between the 2008 data presented here and those presented in the prior report. However, this approach allows for appropriate comparisons to be made between the two years.

Exhibit B.1. Comparison of 2013 Study Respondents to 2008 and All Registered Nonprofits, by Mission Area



Focus Groups

Harder+Company conducted a series of three focus groups with nonprofit leaders in Marin County. The focus groups included 10-15 participants each, for a total of 37 participants. The majority of participants were nonprofit executive directors and most represented larger organizations. Focus group participants were asked to comment on the value of Marin's nonprofit sector, how the sector has changed since the Great Recession, and the challenges and opportunities the sector faces. Data from the focus groups were used to contextualize and validate findings from the survey.

Key Informant Interviews

Harder+Company also conducted interviews with four key informants. These individuals represented leaders and experts on Marin's nonprofit sector. Interview respondents were asked to comment on the same topics as focus group participants. Findings from the interviews were also used to contextualize and validate findings from the survey.

Secondary Data Analysis and Compilation

This study compiled data from a variety of secondary sources to provide information on Marin's nonprofit sector as a whole. Key sources for secondary data included the IRS Exempt Organizations Master File (with data from 2012); data on charitable giving from the Chronicle of Philanthropy; a national survey conducted by the Nonprofit Finance Fund; national and state-level data on the sector compiled by the Urban Institute; and population-level data from the U.S. Census Bureau. The Marin Economic Forum assisted with economic analyses and provided technical guidance to the evaluation team.

Limitations

As with all studies, there are limitations to consider when interpreting the data. Some of the key limitations of this study are listed below.

- **Extent to which data are representative of the entire universe of non-profits in Marin County.** The study achieved a response rate of 24 percent. Thus, the findings do not reflect the opinions of all nonprofit leaders targeted for the study. Although survey respondents had a similar profile to the entire universe of nonprofits in Marin County, it is possible that findings from this study would differ if the entire sector had been surveyed. In particular, because survey respondents were larger in size on average than the entire universe of registered nonprofits, the survey data may be more weighted towards the perspective of large organizations. To address issues around the representativeness of the sample, survey data were validated by information provided through focus groups and interviews, as well as by data from secondary sources.
- **Limitations of data from the Internal Revenue Service.** The study relied upon data from the IRS to provide information about the sector as a whole. The IRS data provides useful information about all registered nonprofits, but does have some key limitations. First, trends in the number of nonprofits over time may not be entirely accurate, due to inactive organizations remaining in the IRS database and due to changes in IRS filing requirements over time. Second, financial data (such as annual operating expenses) are not entirely reliable, as they are subject to human and data entry error.
- **Bias in survey responses.** Social desirability bias occurs when respondents are motivated to answer questions in a way that will be viewed favorably by others. As with many studies of this type, ours was subject to this type of bias. In this case, study participants may have been motivated to paint a more optimistic picture of their organizations than was actually the case, or they may have been motivated to paint a bleaker picture to highlight ongoing needs.

The full report and survey databook can be downloaded at www.cvnl.org

CENTER FOR VOLUNTEER A N D NONPROFIT LEADERSHIP

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About the Center: Since 1964, the national award-winning Center for Volunteer and Nonprofit Leadership (CVNL) has advanced nonprofits and volunteerism by strengthening leadership, encouraging innovation, and empowering individuals to develop a vital and engaged community.

CVNL offers a comprehensive array of programs to the community including education, executive search, management consulting and leadership training and recognition. CVNL has a rich history of promoting volunteerism, offering easy-to-access, meaningful opportunities to individuals, families, groups, and businesses.

CVNL believes that positive change begins and flourishes with strong leaders.

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Harder+Company Community Research is a comprehensive social research and planning firm with offices in San Francisco, Davis, San Diego, and Los Angeles, California. Harder+Company's mission is to help our clients achieve social impact through quality research, strategy, and organizational development services. Since 1986, we have assisted foundations, government agencies, and nonprofits throughout California and the country in using good information to make good decisions for their future. Our success rests on providing services that contribute to positive social impact in the lives of vulnerable people and communities.

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