Nonprofit Success:
Leading in a Dynamic Landscape

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President & CEO

Nonprofit Missouri & UMKC's Center for Nonprofit Leadership | Nov. 13, 2014

NATIONAL COUNCIL OF NONPROFITS
National voice. State focus. Local impact.

25,000+ nonprofit members

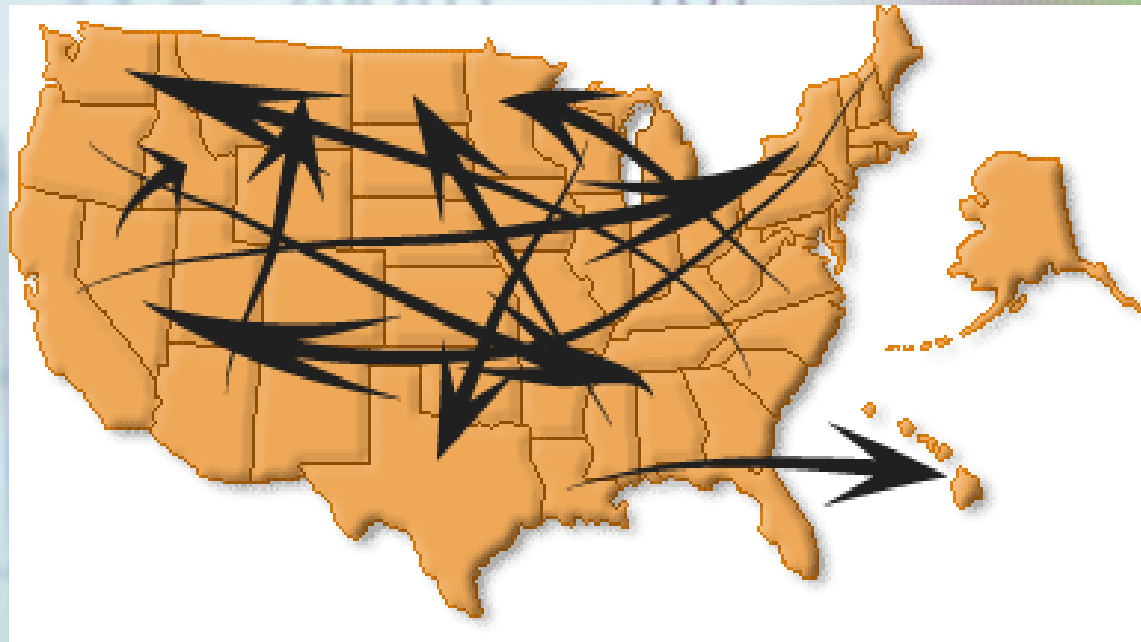**42 State Associations & Nonprofit Allies**

280+ Employees

500+ Board members

Coast to Coast, Border to Border

Pattern Recognition
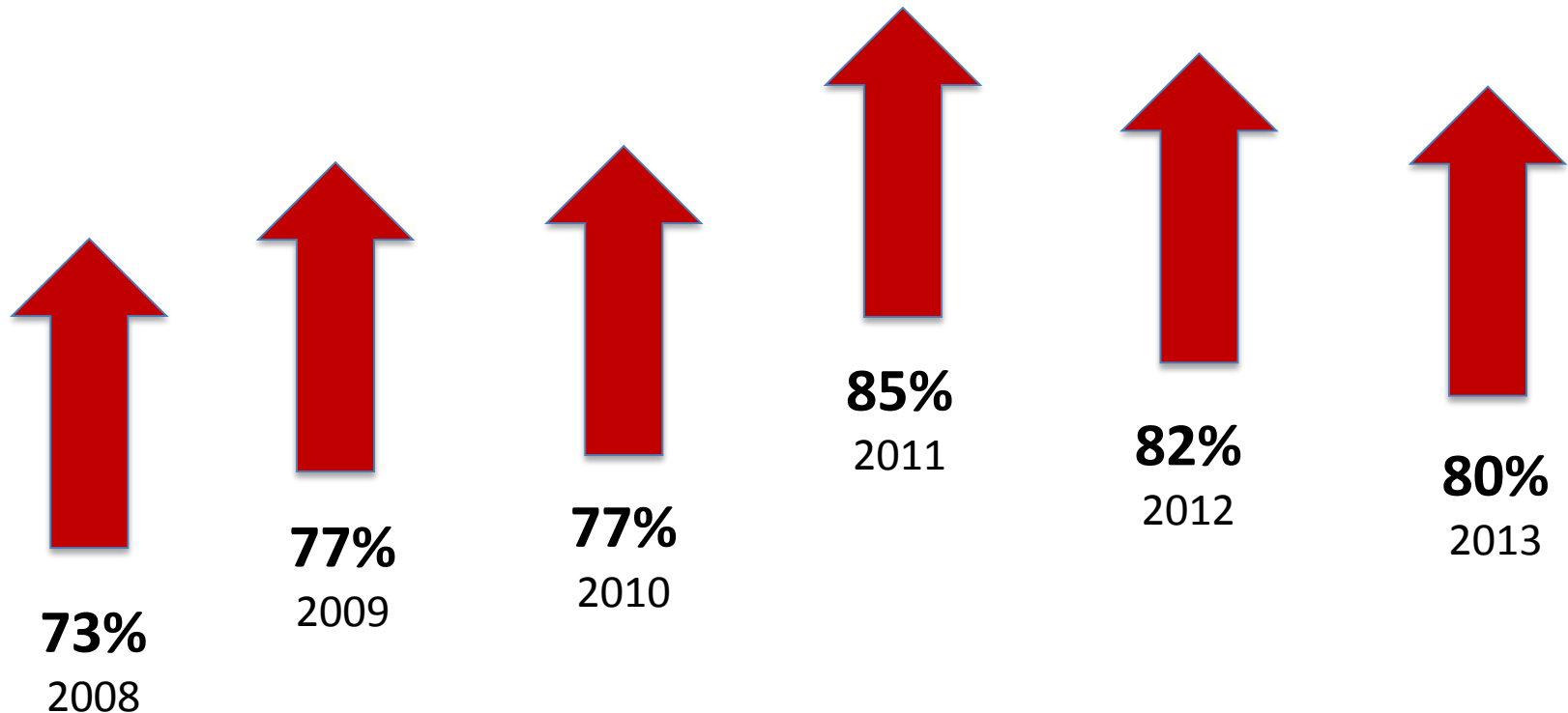
State of the Nonprofit Sector:
10 Trends & Threats

1

Increasing demands for services

Percent of nonprofits reporting an increase in demand for their services over the previous year

73%
2008

77%
2009

77%
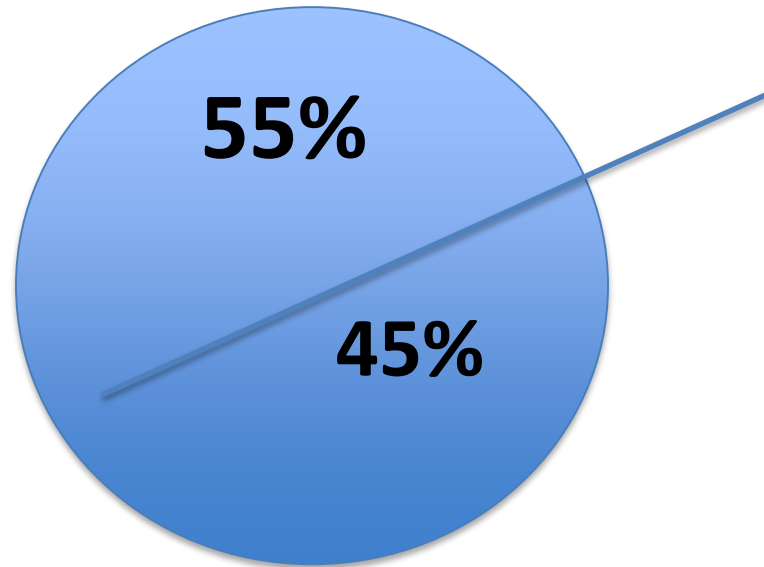2010

85%
2011

82%
2012

80%
2013

SOURCE: State of the Sector 2014, Nonprofit Finance Fund

2

Demands outpace resources

More than half of nonprofits reported they were
unable to meet the demand for their services

55%

45%

#3 Lagging Economic Recovery
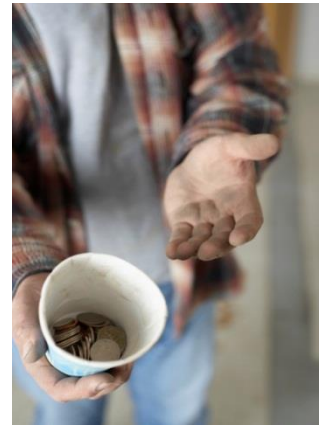## 4 U.S. Economies, 4 Separate Recoveries

Wall Street →

Business Sector →

Government Sector →

Nonprofit Sector

Recognize the Lagging Ripples

4 Sources of Nonprofit Revenues

Government Grants/Contracts **32.7%**

Foundations **1.8%**

Corporate Giving **0.6%**

Bequests **1.0%**

Individual Giving **9.2%**

Investments **2.6%**

Other **5.5%**

Fees for Service **46.6%**

(*e.g.*, hospital fees, tuition, ticket sales)

Sources: The Nonprofit Sector in Brief, National Center for Charitable Statistics, 2013 (2011 data); Giving USA 2012 (2011 data)

One-third of nonprofit community revenues *earned* from government contracts and grants.

Where the Action Is

Year	# of Laws Passed	
	U.S. Congress	State Legislatures
2011-2012		
2013-2014		

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Where the Action Is

Year	# of Laws Passed	
	U.S. Congress	State Legislatures
2011-2012	283	
2013-2014	140*	

* As of Sept. 9, 2014

Where the Action Is

Year	# of Laws Passed	
	U.S. Congress	State Legislatures
2011-2012	283	**69,000+**
2013-2014	140*	**66,559***

* As of Sept. 9, 2014

Where the Action Is

Year	# of Laws Passed	
	U.S. Congress	State Legislatures
2011-2012	283	**69,000+**
2013-2014	140*	**66,559***

* As of Sept. 9, 2014

 # 6+

A Mega-Trend/Threat:

Stealth Shift from Govt to Nonprofits

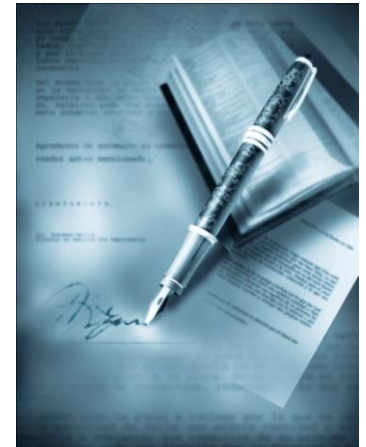## *Affects ALL Nonprofits!*

Off-loading Programs

Taxes, Fees, and PILOTs

Draining Dollars

Contracting Challenges

6 Off-loading/ Abandoning Programs

**Expecting nonprofits and foundations to
take over and run government programs for free.**

cutting funding, not human need

states: eliminated/reduced services for:

- Mental illness
- Disabled
- Elderly
- Children

7 Taking Money from Missions

Ripping the Safety Net Held by Nonprofits

1. Imposing New **Taxes** (*e.g.*, "sick bed") <u>and</u> Eliminating Tax-Exempt Status (*e.g.*, property tax, sales tax)

2. Assessing New "**Fees**" (*e.g.,* sewer usage "fee" and streetlight "fee")

3. Demanding "**PILOTs**" (Payments-in-Lieu-of-Taxes)

4. Latest trend → reassessing ("*are you charitable enough?*")

8 Draining Philanthropic Assets

Indirectly taking $$$ from nonprofit missions:

Creating Own Nonprofits

Eliminating/Limiting
 Giving Incentives
 Federal
 States →
  2013 "*March of the States*"
   • Hawai'i
   • Oregon
   • Minnesota
   • Kansas
   • North Carolina

#9 Withholding Money from Nonprofits

1. **Failure to Pay Full Costs** (*e.g.*, GAO) 54% problem

2. **Changing the Agreement Mid-Stream** 43% problem

3. **Complexification of Application Process** 72% problem

4. **Complexification of Reporting** 72% problem

5. **Paying Late** 45% problem

Nonprofits *on average* owed:

- $200,000+ by state governments; $108,000 by federal, $85,000 by local governments

10
Invading Nonprofit Independence

examples:

- **Executive Compensation** (FL, MA, NJ, NY, NC, PA, +)

- **Public Records Law**

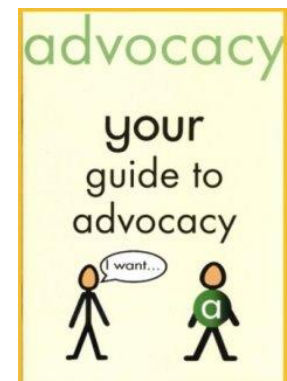- **Mandated Board Training**

Action Steps

Get Involved in Public Policy

Reclaim Our Space

Advocacy Matters

The False Lore of "No"
"*I heard there could be problems*"

The Power of Board Advocacy

www.StandForYourMission.org

Observations

Mary Hinde

President & CEO

Community Foundation of Northwest Missouri

Michelle Hogerty

COO

United Way of Greater Kansas City

Wray Clay

Vice President

United Way of Greater St. Louis