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State of Nonprofits Annual Report: 2013

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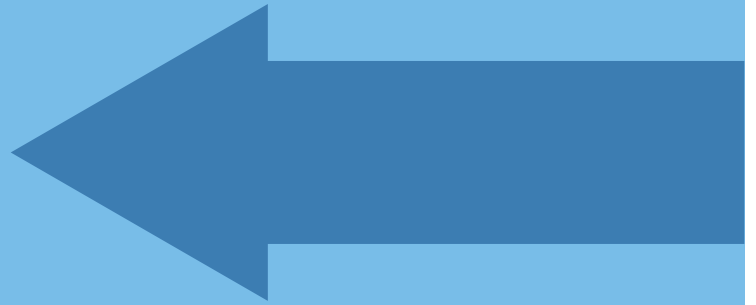
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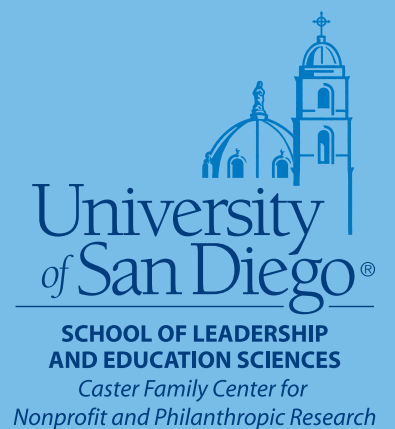
ANNUAL REPORT

STATE OF NONPROFITS

2013



PRESENTED BY THE
CASTER FAMILY CENTER FOR NONPROFIT
AND PHILANTHROPIC RESEARCH
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Trend Reporters

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(formerly Augustinian Scholarship Fund)
All for God Catholic Youth (Totus Pro Deo)
American Academy of Pediatrics, CA Chapter 3
Amor Ministries
AVID Center
Balboa Park Cultural Partnership
BIOCOM Institute
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Community Interface Services
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Nature and Culture International
Neighborhood Healthcare
Neighborhood House Association
Nonprofit Management Solutions
North County Interfaith Council, Inc.
North County Lifeline
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Project Wildlife
Rancho Coastal Humane Society
Regional Task Force on the Homeless
Reuben H. Fleet Science Center
San Diego Archeology Center
San Diego Blood Bank
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San Diego Hunger Coalition
San Diego Imperial Counties Developmental Services, Inc.
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San Diego Museum of Man
San Diego Natural History Museum
San Diego Opera Association
San Diego Theatres, Inc.
San Diego Youth Services
San Diego Youth Symphony
San Diego Nonprofits (SANDAN)
Social Advocates for Youth San Diego, Inc.
South Bay Community Services
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St. Vincent De Paul Village, Inc.
Stepping Stone San Diego
Survivors of Torture
TERI, Inc.
The Aja Project
The Arc of San Diego
The Boys and Girls Clubs of San Dieguito
The Elizabeth Hospice
The Larry English LEAD Foundation
The New Children's Museum
Thomas Jefferson School of Law
Toward Maximum Independence
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United Way of San Diego County
UNYEWAY, Inc.
Urban Corps of San Diego
Urban League of San Diego
US- Mexico Border Philanthropy Partnership
USS Midway Museum
Vista Community Clinic
Vista Hill Foundation
Voice of San Diego
Voices for Children
Wakeland Housing and Development Corporation
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Introduction: Key Findings

It is hard to believe, but prior to the Caster Center's first publication in 2006, *A Spotlight on San Diego's Third Sector*, nobody knew how many nonprofits were located in San Diego County, let alone anything about their major activities, capacity, or contributions to our larger economy. Since that time, the Caster Center team has been pushing the boundaries of nonprofit data collection to tell the sector's story in a more timely, complete, and meaningful way. This report represents a new milestone in these ongoing efforts.

Much has transpired since the publication of the Center's first report, not only in the nonprofit sector, but also in the lives of the 3 million San Diegans served by these organizations. Together we have weathered the most challenging economic conditions since the Great Depression and are adapting to its myriad and lasting effects. And, although it appears that the worst is behind us, our community and its organizations are forever changed as a result.

This report chronicles the economic health and well-being of San Diego's nonprofit sector over that time and documents the current state of the sector as expressed by its leaders.

Major findings include:

Nonprofits are a growing component of San Diego's Economic Engine:

- *People employed by nonprofits account for over 6% of San Diego County's Quarterly Wages*
- *Nonprofit expenses represent 7% of San Diego's Gross Regional Product*
- *Nonprofits brought over \$200 million in foundation grants to the region in 2010*
- *Despite severe funding challenges, nonprofit revenue, expenses, and total assets have experienced positive growth over the last five years (albeit at a much slower rate than in the years before the recession)*

Nonprofit CEOs tell us they are:

- *Facing continued financial challenges and shifting revenue sources*
- *Adapting and creating new models for doing business*
- *Moderately confident in the overall economic health of the sector*
- *Planning to hire new staff in the coming year*

The sector still faces challenges including:

- *Fewer private grantmaking dollars available here than in other cities*
- *The instability of California's state budget and other economic uncertainties*
- *An overreliance on volunteers without sufficient mechanisms for their oversight and risk mitigation*
- *The need for nonprofits to be educated about how they can be more fully engaged in policy-making that affects their organizations and the individuals they serve*

This report summarizes the state of the sector at this particular moment in time. It identifies current trends and raises important questions about how we as a community can consider ways of strengthening the organizations that comprise the core of our civil society.

SAN DIEGO BY THE NUMBERS

- ▶ **9,700** THE NUMBER OF 501(c)(3) NONPROFITS IN SAN DIEGO COUNTY
- ▶ **1,864** THE NUMBER OF NONPROFITS WITH PAID EMPLOYEES
- ▶ **48** THE PERCENT OF HOUSEHOLDS THAT MADE A FINANCIAL CONTRIBUTION TO A NONPROFIT
- ▶ **34** THE PERCENT OF HOUSEHOLDS THAT VOLUNTEER

Measuring The Scope Of San Diego's Nonprofit Sector

TABLE 1 | Growth of 501(c) Organizations 2008–2012

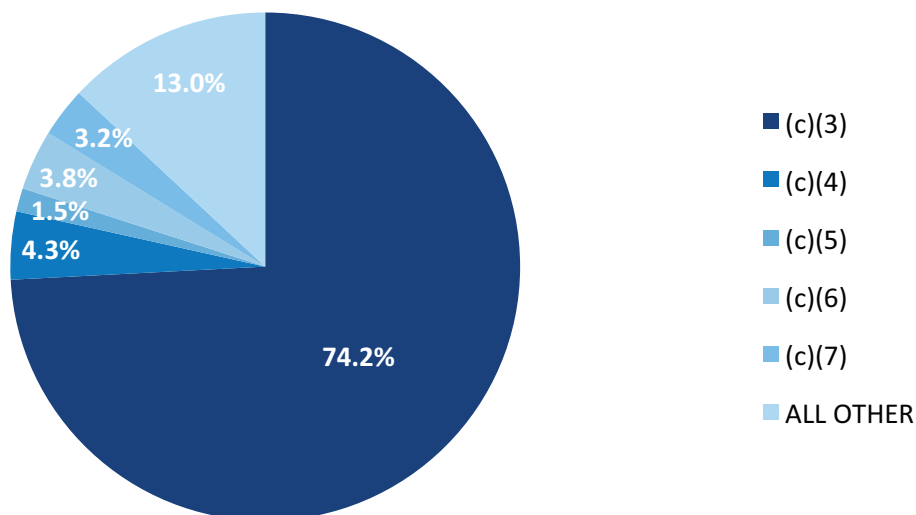
501(c) Class	San Diego County				California			
	2008	2012	2008 v. 2012	2012	2008	2012	2008 v. 2012	2012
	Number of NPOs	Number of NPOs	Percent Change	Total NPOs per 1,000 People	Number of NPOs	Number of NPOs	Percent Change	Total NPOs per 1,000 People
(c)(3)	9,095	9,688	7%	3.13	116,902	118,884	2%	3.19
(c)(4)	733	564	-23%	0.18	9,105	7,133	-22%	0.19
(c)(5)	217	194	-11%	0.06	4,812	4,303	-11%	0.12
(c)(6)	515	500	-3%	0.16	6,725	6,075	-10%	0.16
(c)(7)	513	412	-20%	0.13	5,591	4,642	-17%	0.12
TOTAL	11,073	11,358	3%	3.67	143,135	141,037	-1%	3.79

Data Source: National Center for Charitable Statistics, Urban Institute, 2008 and 2012 Business Master Files.

The Internal Revenue Service recognizes nearly 30 different subsections of nonprofit organizations; Table 1 describes the five most common. Of these, the 501(c)(3) subsection was the only classification to experience positive growth over the last five years in both San Diego County and the State of California, with 7 percent and 2 percent growth in the total number of organizations respectively. The number of nonprofits per 1,000 people is relatively the same in both areas (additional data for Orange County may be found in the Appendix). Figure 1 further illustrates that the vast majority of San Diego nonprofits (74%) fall into the 501(c)(3) subsection, which includes public charities and foundations. The remainder of this report focuses only on 501(c)(3) organizations.

NEARLY 9,700 REGISTERED 501(c)(3) PUBLIC CHARITIES AND FOUNDATIONS ARE LOCATED IN SAN DIEGO

FIGURE 1 | Nonprofit Organizations by Subsector



Data Source: National Center for Charitable Statistics, Urban Institute, 2012 Business Master Files.

TABLE 2 | Nonprofit Organizations by Subsector

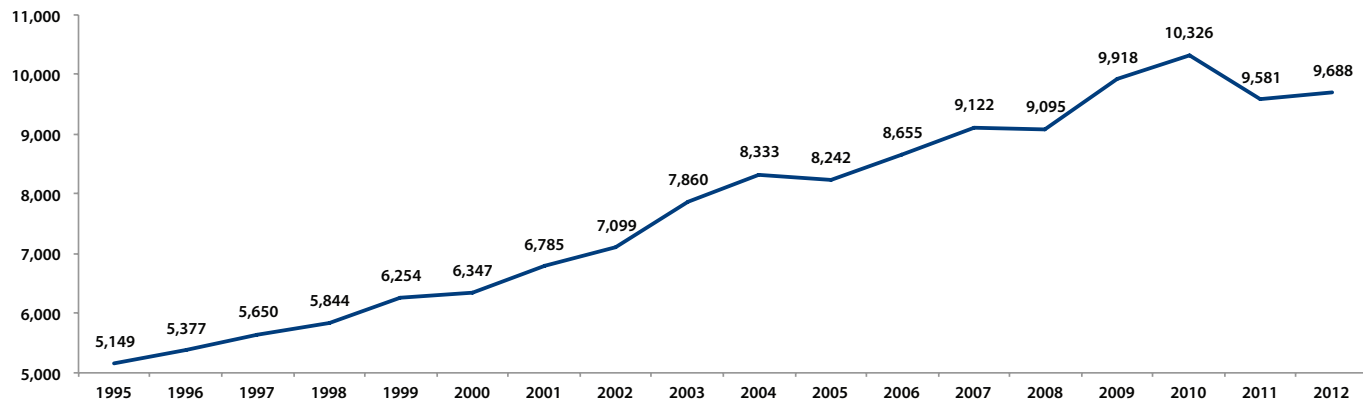
Subsector	San Diego County				California			
	2008	2012	2008 v. 2012	2012	2008	2012	2008 v. 2012	2012
	Number of NPOs	Number of NPOs	Percent Change	% of Total NPOs	Number of NPOs	Number of NPOs	Percent Change	% of Total NPOs
Arts and Culture	926	930	0%	10%	12,373	11,269	-9%	9%
Education	1,445	1,532	6%	16%	17,445	17,570	1%	15%
Health	721	661	-8%	7%	8,492	7,578	-11%	6%
Environment and Animals	340	432	27%	4%	4,081	4,721	16%	4%
Human Services	2,037	2,090	3%	22%	27,384	26,391	-4%	22%
International	173	247	43%	3%	1,848	2,684	45%	2%
Mutual, Public, and Societal Benefit*	1,737	1,639	-6%	17%	21,363	19,666	-8%	17%
Religion	1,716	2,157	26%	22%	23,916	29,005	21%	24%
TOTAL	9,095	9,688	7%	100%	116,902	118,884	2%	100%

* = Includes unclassified nonprofits.

Data Source: National Center for Charitable Statistics, Urban Institute, 2008 and 2012 Business Master Files.

Table 2 presents the number of nonprofits in eight major subsectors, as categorized by the National Center for Charitable Statistics (NCCS). The Human Services and Religion subsectors have the highest total number of nonprofits in both San Diego and California. In these geographical areas, the International sector demonstrated the most significant growth over the last five years in terms of number of nonprofits. The Environment and Animals subsector had the second highest increase in total number of organizations, with a 27% since 2008. Additionally, while the total number of Arts and Culture nonprofits across the state declined by 9 percent from 2008 to 2012, the number of these organizations remained relatively stable in San Diego. As Figure 2 shows, the total number of nonprofits in San Diego has steadily increased from 1995 through 2010, at which point the number declines slightly. While the reasons for the decline are not fully understood at this time, a couple of potential explanations should be noted. First, the overall economy and the prolonged economic recession may have contributed to the closure of nonprofits and prevented the formation of new organizations. Second, over the past three years, new IRS filing procedures have yielded more accurate counts of active nonprofits.

FIGURE 2 | Growth of 501(c)(3) Nonprofits in San Diego, 1995-2012



Data Source: National Center for Charitable Statistics, Urban Institute, 1995-2012 Business Master Files.



Financial Capacity and Economic Impact of the Sector

TABLE 3 | Nonprofit Assets

Subsector	San Diego County		California	
	Total Assets	Percent of Total Sector Assets	Total Assets	Percent of Total Sector Assets
Arts and Culture	\$687,021,561	4%	\$12,001,461,053	5%
Higher Education	\$1,665,805,838	9%	\$53,470,656,592	20%
Education	\$2,097,070,562	12%	\$23,835,364,374	9%
Hospitals	\$6,447,982,637	36%	\$70,854,817,900	27%
Environment and Animals	\$553,527,436	3%	\$4,637,167,911	2%
Health	\$2,315,568,767	13%	\$36,244,258,161	14%
Human Services	\$1,945,402,425	11%	\$31,573,017,128	12%
International	\$74,094,286	0.4%	\$1,450,981,156	1%
Mutual, Public, and Societal Benefit*	\$1,847,827,408	10%	\$26,114,615,848	10%
Religion	\$112,790,889	1%	\$3,241,750,403	1%
TOTAL	\$17,747,091,809	100%	\$263,431,285,540	100%

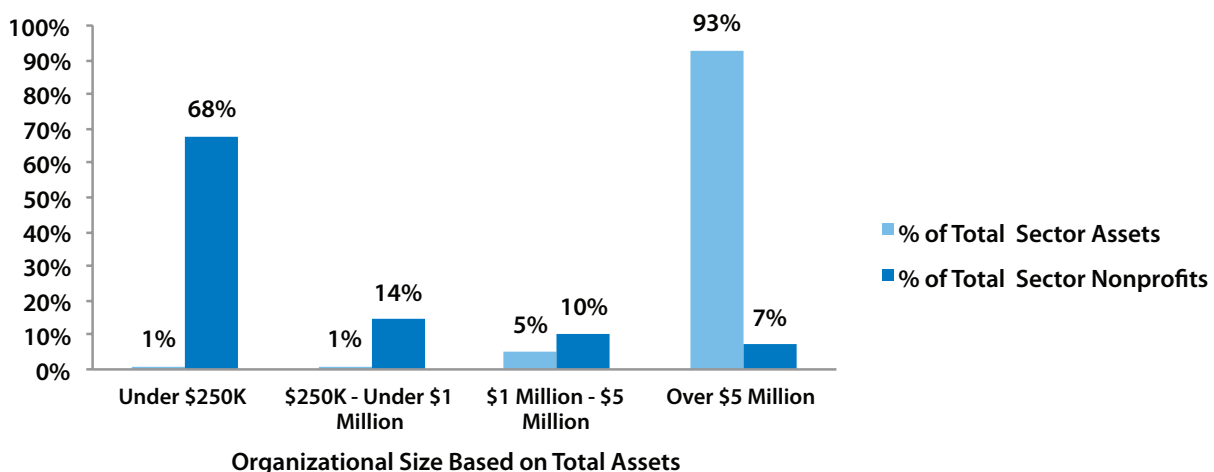
* = For California, this category includes unclassified nonprofits.

Data Source: National Center from Charitable Statistics, Urban Institute, 2010 Core Files.

In the nonprofit sector, measuring and tracking total assets is one way to characterize organizational size and to understand financial stability. As shown in Table 3, Hospitals account for the highest percentage of total nonprofit assets in San Diego and California. Organizations in Arts and Culture, Environment and Animals, International, and Religion subsectors account for the lowest percent of total sector assets. Moreover, despite having the highest number of nonprofits, the Human Services subsector holds only 11 percent of total assets overall.

Figure 3 illustrates several commonly recognized characteristics of the sector both in San Diego and nationally. First, most nonprofits are small, with 68 percent holding assets under \$250,000. And, although only 7 percent of San Diego nonprofits are considered large (i.e., having in excess of \$5 million in total assets), it is these relatively few large organizations that hold the greatest proportion of the sector's total assets by far (93%). Additional data for Figure 3 are presented in the Appendix.

FIGURE 3 | Comparison of Number of Nonprofits and Assets by Organizational Size



Data Source: National Center for Charitable Statistics, Urban Institute, 2010 Business Master Files and 2010 Core Files.

TABLE 4 | Comparison of Nonprofit Revenue and Expenses by Region and State

	San Diego County	Orange County	California
Total Population	3,095,313	3,010,232	37,253,956
Total Revenue	\$12,458,082,593	\$10,229,306,064	\$175,329,181,866
Total Expenses	\$11,723,961,571	\$9,628,557,950	\$169,782,724,665
Expenditures Per Capita	\$3,788	\$3,199	\$4,557
Median Revenue	\$106,160	\$98,112	\$119,560
Median Expenses	\$101,868	\$92,438	\$114,096
Total Number of Organizations	3,503	3,552	42,473

Data Source: National Center from Charitable Statistics, Urban Institute, 2010 Core Files and 2010 US Census.

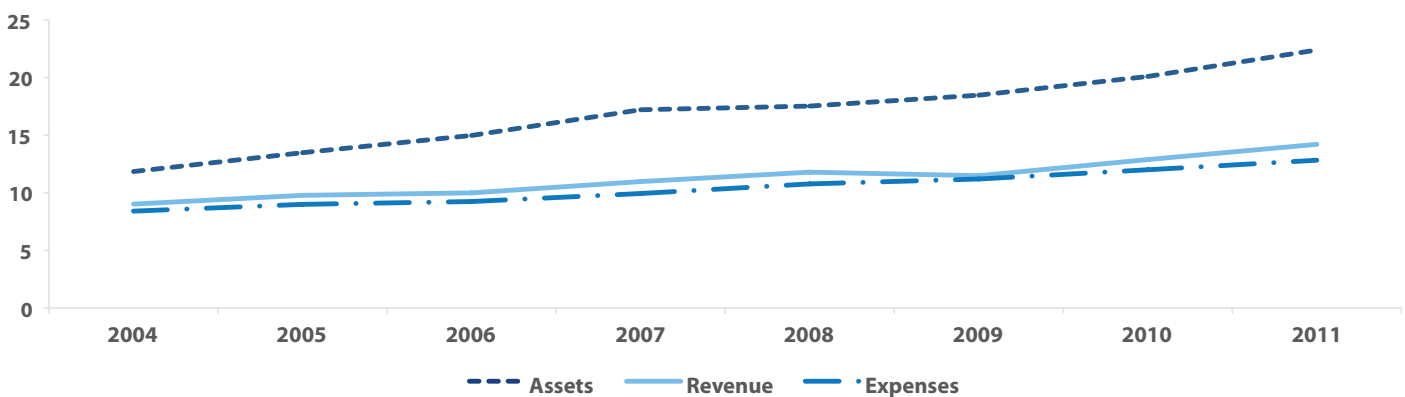
Table 4 provides a financial snapshot showing that San Diego County has roughly the same population as Orange County but produces a higher level of nonprofit activity as measured by expenditures per capita. However, both counties lag behind statewide levels. Furthermore, median levels for both revenue and expenses are higher for California than they are for San Diego or Orange County, potentially indicating a smaller economic footprint for the nonprofit sector in these two counties relative to other parts of California. Nonprofits spend funds in pursuit of their social mission. Since 2004, nonprofit expenditures have generally represented about 6 percent of San Diego’s gross regional product (GRP). However, in 2010 this number climbed to 7 percent.



NONPROFIT EXPENSES = 7% OF SAN DIEGO GRP

A longitudinal assessment of the sector’s finances, presented in Figure 4, finds a slow but progressive upward trend in assets, revenue, and expenses. The sector’s revenues exceed expenses, an indication of economic stability as the sector overall did not experience a deficit over this time period.

FIGURE 4 | Growth of San Diego Nonprofit Assets, Revenues, and Expenses 2004-2011



Nonprofit Revenue Sources

Figure 5 breaks down sources of nonprofit revenue. On the whole, the highest amount of revenue is generated by programs (67%) followed by donations (28%). Additional revenue is derived from the sale of goods, investments, and other activities. Hospitals account for 44 percent of all nonprofit revenue in San Diego, with 95 percent of revenues coming from programs.

FIGURE 5 | Percentage of Nonprofit Revenue by Source

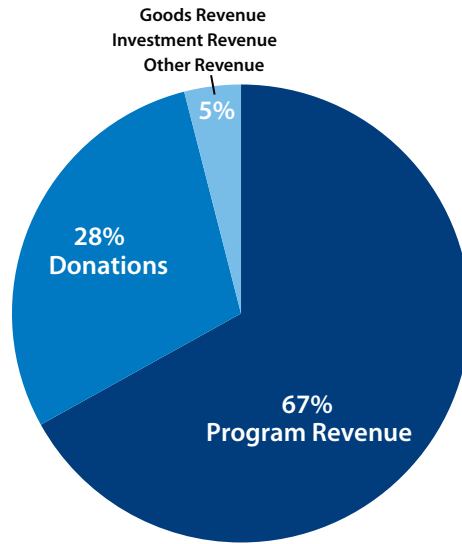


TABLE 5 | San Diego Nonprofit Revenue from Programs, Dues, Donations, and Investments

Subsector	Number of Filers	Percentage of NPOs	Total Revenue	Percent of Revenue	Percent of Program Revenue	Percent of Dues Revenue	Percent of Goods Revenue	Percent of Donations Revenue	Percent of Investment Revenue	Percent of Other Revenue
Arts and Culture	404	12%	\$270,588,168	2%	42%	0.6%	3%	50%	2%	3%
Higher Education	19	1%	\$701,829,670	6%	90%	0.0%	0.1%	6%	1%	2%
Education	743	21%	\$1,000,145,091	8%	40%	0.2%	3%	53%	2%	2%
Hospitals	10	0.3%	\$5,489,311,951	44%	95%	0%	0%	3%	1%	2%
Environment and Animals	167	5%	\$310,522,291	2%	59%	0.1%	4%	32%	1%	3%
Health	326	9%	\$1,843,809,579	15%	40%	0.1%	1%	54%	1%	4%
Human Services	1052	30%	\$1,816,657,823	15%	43%	0.3%	1%	52%	1%	3%
International	123	4%	\$120,682,523	1%	15%	0.1%	0.1%	83%	1%	2%
Mutual, Public, and Societal Benefit	408	12%	\$793,575,954	6%	35%	0.2%	1%	52%	4%	8%
Religion	251	7%	\$110,733,651	1%	15%	0.1%	1%	80%	1%	3%
TOTAL	3,503	100%	\$12,457,856,701	100%						

Data Source: National Center for Charitable Statistics, Urban Institute, 2010 Core Files. Percents rounded to the nearest tenth.

However, as shown in Table 5, there are notable differences in sources of revenue across the other subsectors. For instance, many rely more on donations than on program revenue. Specifically, this is the case for Arts, Education, Health, Human Services, and Mutual/Public Benefit nonprofits. In particular, Religious and International nonprofits rely primarily on donations with well over three-quarters of revenue generated from this source.

Nonprofit Employment

Another way nonprofits contribute to the local economy is through wages paid to employees and payroll taxes paid on employees. Table 6 provides further evidence that the majority of nonprofits are small; only 19 percent of San Diego nonprofits have paid employees and over half (57%) have less than ten employees. Furthermore, there are only 11 nonprofits in San Diego with more than 1,000 employees, and these organizations generate 42 percent of total quarterly nonprofit wages in San Diego.

TABLE 6 | San Diego Nonprofit Firm Size, Employment, and Quarterly Wages for First Quarter 2012

Firm Size	Number of Establishments	Average Number of Employees	Total Quarter Wages
0 - 4	644	1,291	\$12,244,646
5 - 9	410	2,816	\$21,500,799
10 - 19	326	4,412	\$37,521,566
20 - 49	268	8,247	\$73,712,953
50 - 99	91	6,406	\$57,840,781
100 - 249	80	12,737	\$115,948,317
250 - 499	24	7,803	\$73,597,986
500 - 999	10	6,766	\$67,639,338
1,000 +	11	24,063	\$328,159,942
TOTAL	1,864	74,540	\$788,166,328

Data Source: California Employment Development Department, 2012 Files.

The majority of San Diego nonprofit employees work in the Human Services subsector (27%). However, as Table 7 illustrates, it is the Hospital subsector that accounts for the largest portion of the sector's wages (34%).

NONPROFIT WAGES = 6.8% OF SAN DIEGO'S TOTAL QUARTERLY WAGES

TABLE 7 | San Diego Nonprofit Employment by Sector

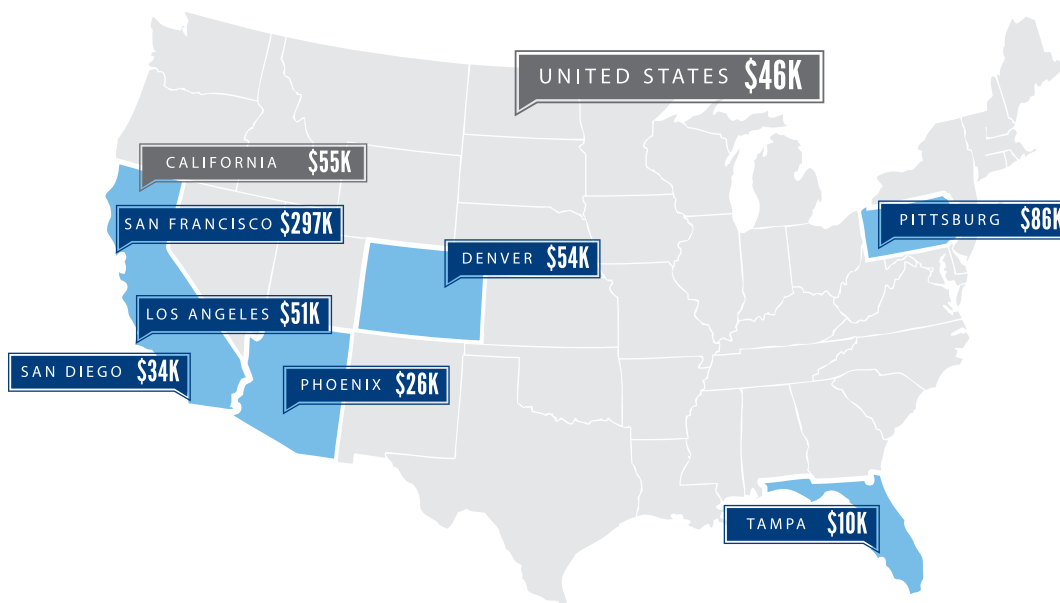
Subsector	Number of Establishments	Average Number of Employees	Total Quarter Wages
Arts and Culture	141	2,599	\$20,392,283
Higher Education	42	5,339	\$58,843,191
Education	215	9,237	\$84,062,318
Hospitals	48	18,180	\$269,594,182
Environment and Animals	59	2,968	\$28,802,351
Health	387	11,756	\$133,870,229
Human Services	731	20,442	\$140,675,769
International	34	309	\$3,927,043
Mutual, Public, and Societal Benefit	151	3,158	\$42,769,261
Religion	53	461	\$4,253,051
Unclassified	*	*	*
TOTAL	1,864	74,540	\$788,166,328

* = Unavailable confidential information. Data Source: California Employment Development Department, 2012 Files.

Grantmaking in San Diego

The Caster Center has identified 601 foundations located in San Diego County. These include private, community, corporate, and operating foundations. Most foundations are small with 53 percent holding less than \$500,000 in assets. In 2010, San Diego foundations made grants to nonprofits totaling more than \$287 million dollars, or 9.3 percent of their total assets. This is noteworthy as it is well above the legally required distribution rate which, for most foundations, is 5 percent of total assets.

FIGURE 6 | Regional Comparisons: Foundation Grand Dollars per Nonprofit



However, Figure 6 shows that, despite this higher percent of payout, San Diego is challenged philanthropically with far fewer grant dollars available per nonprofit than in many other regions in the country. The disparity in California is striking, specifically, total assets held by San Diego's foundations are \$3 billion compared to \$43 billion held by Los Angeles foundations and

\$29 billion held by foundations in San Francisco. In practical terms, this represents less capacity for nonprofits to access the kind of working capital typically offered through foundation grants and used by nonprofits for innovation, experimentation and expansion.

San Diego nonprofits stimulate our economy when they bring new money into our region via grants. The Caster Center evaluated over 6,000 individual grants made to local nonprofits. It was found that San Diego nonprofits received over \$200 million in grants from foundations outside of the region. Furthermore, local philanthropists keep a majority of their funding within San Diego, with 74 percent of grants being made to local nonprofits. The top five giving areas funded by San Diego foundations were Human Services (22%), Arts and Culture (16%), Health (16%), Medical Research (12%), and Higher Education (7%). Additional data about grantmaking is available in *The Grantmaking Report* on the Caster Center website, www.sandiego.edu/npresearch.

SAN DIEGO FOUNDATION GRANT MAKING:

WHERE THE MONEY WENT

Five giving areas received almost three-quarters of the total analyzed grant dollars from local foundations.



HUMAN SERVICES



ARTS & CULTURE



HEALTH



MEDICAL RESEARCH



HIGHER EDUCATION

Volunteerism in San Diego

According to nonprofit leaders surveyed as part of an ongoing needs assessment¹, volunteers create organizational impact by helping deliver programs and services (62%), fundraising (51%), and serving as ambassadors (40%). These local findings are consistent with national studies that identify the value that volunteers have to organizations.

However, many organizations report that they have not considered the full value of volunteers and, therefore, have a vague notion of the potential return on volunteer investment. As a result, these organizations do not properly invest in volunteer engagement. For example, local nonprofits report that they lack staffing (39%), funding (39%), and systems (26%) to support internal volunteerism. In fact, 35 percent of survey respondents indicate they do not have any staff dedicated to engaging volunteers.

35% OF NONPROFITS DO NOT HAVE ANY STAFF DEDICATED TO ENGAGING VOLUNTEERS

What is more, the research thus far shows that there often is a mismatch between what volunteers desire and what nonprofits express that they need from volunteers. Until there is a strong connection to the organization, most volunteer prospects seek one-time, hands-on activities convenient to their schedules (79%) and locations (61%). Fortunately, many of these types of opportunities are readily available. However, 66 percent of organizations are looking for a longer-term relationship that justifies their investment of time in recruiting and supporting the volunteers. Respondents find it most difficult to recruit board (49%), pro bono/professionally experienced (25%), and administrative (25%) volunteers who have time available and relevant skills.

Confusion about how to best connect volunteer prospects with the organizations that need them hinders the volunteer and nonprofit matchmaking process. Thirty-three percent of volunteer respondents indicate one of their top challenges to serving is that they are not sure where to find volunteer opportunities. At the same time, 21 percent of organizations surveyed cite challenges finding the volunteers they need. While there is a number of volunteer-connecting resources operating in San Diego to facilitate the volunteer matching process, they do not appear to sufficiently meet local needs. At this time, it is unclear as to why these services are not fully-utilized. Low awareness of the services available and lack of resources to fully scale and manage these organizations are plausible explanations. Currently, both nonprofits and volunteer prospects who participated in this study report that word of mouth and an organization's website are the most powerful tools for sharing and filling volunteer positions with the right person in the right role.

NONPROFITS FIND THE BEST VOLUNTEER MATCHES THROUGH WORD OF MOUTH (73%) AND THEIR WEBSITES (43%)

VOLUNTEERS FIND THE BEST OPPORTUNITY MATCHES THROUGH THE NONPROFITS' WEBSITES (35%) AND WORD OF MOUTH (29%)

¹ Additional data about volunteering in San Diego presented in this report were gathered through a separate needs assessment research project conducted by the Caster Center in the spring of 2013. This study included focus groups, interviews, and surveys of nonprofits and individuals. The study was designed to assess opportunities for better matching volunteers with nonprofit organizations. Some, but not all, of the findings from that study are included in this report. The full findings from the needs assessment will be available on the Caster Center website in summer 2013.

The State of Nonprofits Quarterly Index

In December 2011, the Caster Center launched the State of Nonprofits Quarterly Index (SONP Index), the only index of its kind designed to monitor the economic health of nonprofits. The SONP Index is published quarterly and tracks seven distinct indicators that have a direct impact on San Diego nonprofit organizations. The findings presented here represent the culmination of data collected to date.

A detailed systematic data collection process is used to generate each of the index components. What follows is a brief description of each of the data sources.

Caster Center Quarterly Individual Giving and Volunteering Survey

The Giving and Volunteering Survey is electronically administered, on a quarterly basis, to a panel of San Diego County residents. The survey is generated by Luth Research. The survey includes questions about public confidence in the local nonprofit sector and household-level giving and volunteering. Approximately 500 panelists participate per quarter. To generate the public confidence figures, data are weighted by race and ethnicity to better represent San Diego's population.

2-1-1 San Diego Call Data

The Demand for Services component of the index originates from 2-1-1 San Diego call data, which, per quarter, includes approximately 40,000 calls indicating the expressed need of individuals for a variety of social services. The three areas of need analyzed for this index include Food, Housing/Shelter, and Income Support/Employment.

Trend Reporters Survey

Trend Reporters are a select group of San Diego nonprofit leaders that volunteer to participate regularly in a brief online survey, which is administered quarterly. Trend Reporters also complete an annual electronic survey pertaining to HR and Finance. Currently there are 125 active Trend Reporters providing quarterly data for the index. At this time hospitals, higher education, and foundations are not represented in the Trend Reporters Survey.

Nonprofit Job Postings

This component of the index involves calculating the monthly average change in the number of San Diego nonprofit job postings across quarters. Nonprofit job postings are collected from NPWorks (www.npworks.org) which is hosted by Nonprofit Management Solutions.

San Diego County Unemployment

Unemployment data for the index originate from the California Employment Development Department's (EDD) San Diego County Unemployment numbers. These figures are not exclusive to nonprofits.

Findings Q2 2011–Q1 2013

A full methodology for each index component may be retrieved online at www.stateofnonprofits.org.

Additional longitudinal data are presented for index components Individual Giving and Volunteerism in the Appendix.

Public Confidence

Public confidence is the foundation upon which nonprofits function. Although previous national studies showed a decline in public confidence² after September 11, 2001 more recent research studies dispute this finding and show, in fact, that the public has high confidence in nonprofit leaders³ and nonprofit organizations.⁴ The SONP Index reflects these more positive findings as San Diegans regularly express either a fair amount or great deal of confidence in San Diego County nonprofits. Public confidence remained strong over the last eight quarters, ranging from a high of 88.8 percent in the third quarter of 2012 to a low of 86.1 percent in the first quarter of 2013.



ON AVERAGE **88%** OF SAN DIEGANS EXPRESS CONFIDENCE IN THE NONPROFIT SECTOR



ON AVERAGE **48%** OF SAN DIEGO HOUSEHOLDS MAKE FINANCIAL CONTRIBUTIONS TO A NONPROFIT
THE AVERAGE GIFT WAS \$245

Individual Giving

While the percentage of households that reported giving in any capacity did not fluctuate notably (giving ranged from 45.5 percent to 50.8 percent), on the whole, the number of dollars given did. Specifically, giving ranged from \$205.64 to \$299.40 average dollars per household. Perhaps, most importantly, there has been a slight upward trend for giving after the third quarter of 2012.

Volunteerism

The percentage of households in San Diego volunteering ranged from 30.7 percent to 39.6 percent over the last eight quarters. In comparison, these numbers are similar to the average rate of volunteering in San Diego estimated for the previous year by the Corporation for National and Community Service (31.1%).⁵ The State of Nonprofit Index found that San Diegans varied with regard to the average number of hours their households volunteered per quarter (ranging from 17.4 hours to 29.0 hours). At the early stages of this project it is uncertain whether or not this range of fluctuation is normal; however, other studies have also found significant fluctuation in volunteering patterns.⁶



ON AVERAGE **34%** OF SAN DIEGO HOUSEHOLDS VOLUNTEERED

ON AVERAGE THEY VOLUNTEERED **23 HOURS** PER QUARTER

² Light, P. (2008). *How Americans view charities: A report on charitable confidence*. The Brookings Institution, Washington, D.C.

³ Rosenthal, S. A. (2012). *National Leadership Index 2012: A national study of confidence in leadership*. Center for Public Leadership, Harvard Kennedy School, Harvard University, Cambridge, Massachusetts.

⁴ O'neil, M. (2009). Public confidence in charitable nonprofits. *Nonprofit and Volunteer Sector Quarterly*, 38(2), 237-269.

⁵ Volunteering and Civic Life. (2012). Corporation for National & Community Service.

⁶ Volunteering and Civic Life. (2012). Corporation for National & Community Service.

3 | DATA FROM THE FIELD: FINDINGS FROM THE STATE OF NONPROFITS QUARTERLY INDEX

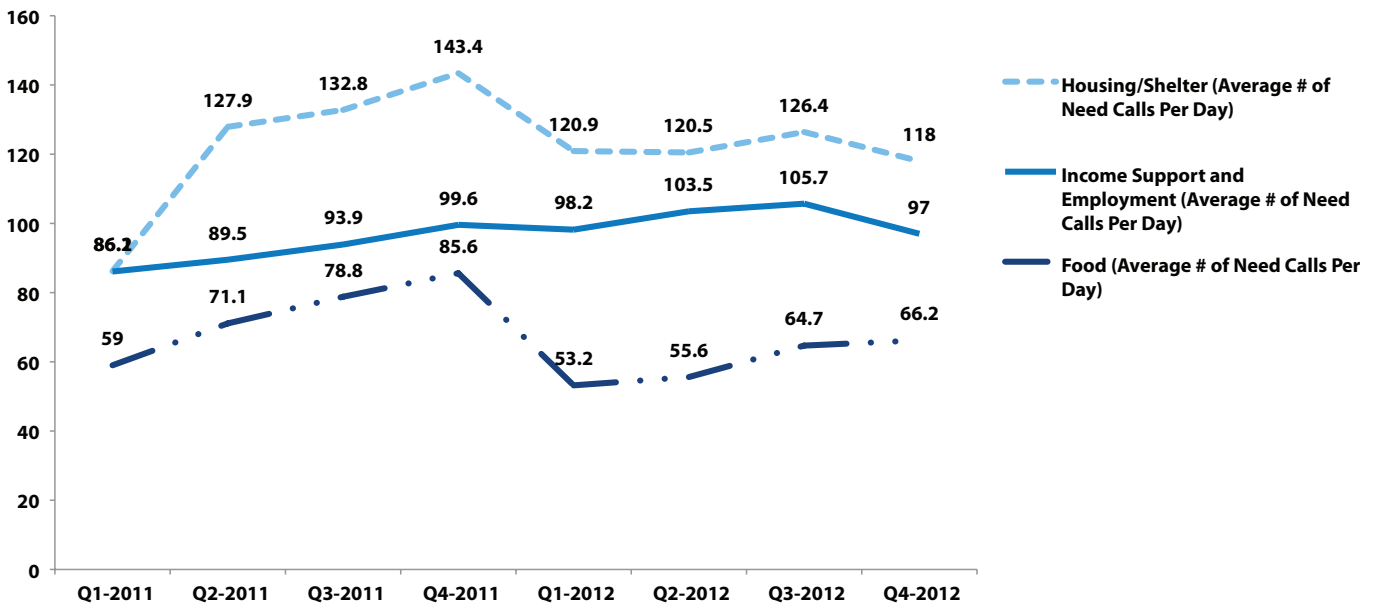


Demand for Services

To approximate demand for nonprofit services, the SONP Index tracks three specific areas of need: Food, Housing/Shelter, and Income Support/Employment. Collectively, each of these areas were on the rise from the second quarter of 2011 through the fourth quarter of 2011. Then, a decline in Food calls and Housing/Shelter calls occurred between the fourth quarter of 2011 and the first quarter of 2012. For this period, the average number of Food calls per day decreased from 85.6 calls to 53.2 calls, and the average number of Housing/Shelter calls per day fell from 143.4 calls to 120.9 calls.

Income Support and Employment calls did not drop significantly for this same time frame; rather, they remained relatively steady. For the first quarter of 2012 through the fourth quarter of 2012, the number of Food calls rose slowly and somewhat consistently, beginning at 53.2 calls and ending at 66.2 calls per day. For the same period, calls for Housing/Shelter remained around 120 calls per day on average (with the exception of the third quarter of 2012, which increased slightly at 126.4 calls). Overall, despite Income Support and Employment calls holding steady between the fourth quarter of 2011 and the first quarter of 2012, the average number of calls for this type of need increased steadily from the second quarter of 2011 through the third quarter of 2012. Figure 7 illustrates these call trends over time.

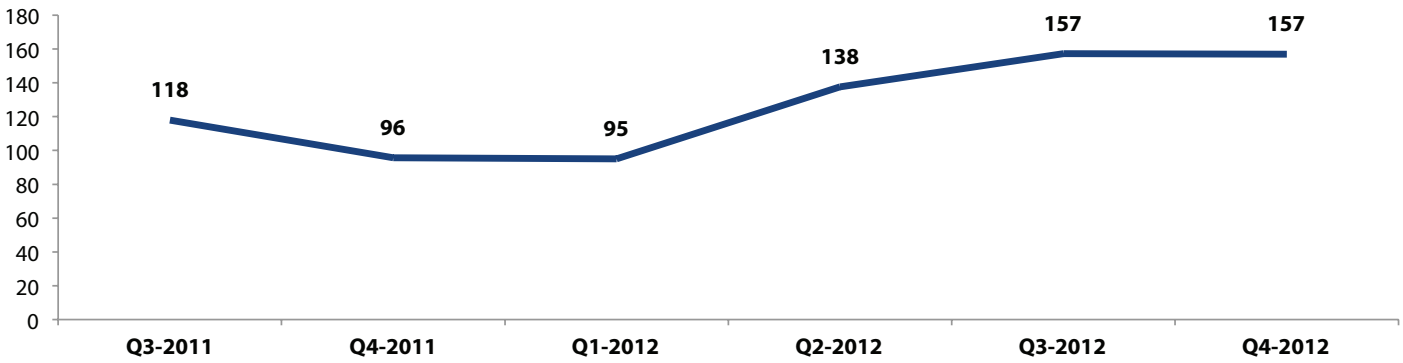
FIGURE 7 | Quarterly Demand for Services:
Average Number of Calls (Expressed Need) Per Day Across all 3 Types of Need



Data Source: 2-1-1 San Diego Call Data, Quarter 3 2010 through Quarter 4 2012.

It's important to note that 2-1-1 call data may be sensitive to seasonal fluctuations in need, caller differences in familiarity with the County's needs-based distribution system, and internal operator knowledge of available resources. Despite these complexities, 2-1-1 San Diego call data remains one of the most valuable publicly available indicators of expressed need in San Diego.

FIGURE 8 | Average Nonprofit Job Postings per Quarter



Employment: Nonprofit Job Postings

Like many businesses, two of the primary strategies nonprofits used to cope with the economic downturn were to enforce hiring freezes and lay off staff.⁷ As the recovery begins to take hold, it appears that new positions are being created (or old positions are getting reinstated). Although the average monthly number of San Diego nonprofit job postings⁸ dipped somewhat from the third quarter of 2011 through the first quarter of 2012 (beginning at 118 average postings and dipping to 95 average postings), as shown in Figure 8, the number of postings increased notably for the remainder of 2012 to end at 157 average postings in the fourth quarter.



Overall Unemployment

Perhaps most importantly for the nonprofit economy and San Diego’s overall economy, the unemployment rate has shown steady improvement in the last three quarters of 2012 and into 2013. Overall unemployment is critical to the health of the health of the nonprofit sector as it impacts demand for services. For instance, as people return to work they should naturally require less in the way of certain human services such as those provided by food banks, shelters, and financial and employment services. Although it may take time to realize a notable drop in demand for these types of services, any decrease in demand could help relieve some of the tension felt in particular nonprofit subsectors that have worked beyond maximum capacity over the recession.⁹ Also, higher levels of employment, usually one of the slowest parts of the economy to recover in a recession, could eventually bolster individual giving and further improve the economic outlook of San Diego nonprofits.

SAN DIEGO COUNTY UNEMPLOYMENT RATE CONTINUES TO DECLINE

- 9.9% • Q2 2011
- 9.4% • Q4 2011
- 8.9% • Q2 2012
- 8.4% • Q4 2012

APRIL 2013
7.0%

⁷ Deitrick, L., McDougale, L., & Roberts, T. P. (2010). *Operating in uncertain times: How economic conditions have affected San Diego County’s nonprofit and philanthropic sectors*. The Caster Family Center for Nonprofit and Philanthropic Research, University of San Diego, San Diego, CA.

⁸ As tracked on the website npworks.org.

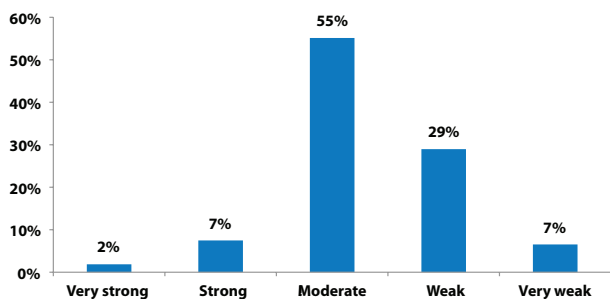
⁹ During the recession nonprofit leaders reported that they were doing more with less and feeling “stretched thin.” This meant cutting staff and not curtailing programs, as well as adding new programs while not expanding staff levels. Deitrick, L., McDougale, L., & Roberts, T. P. (2010). *Operating in uncertain times: How economic conditions have affected San Diego County’s nonprofit and philanthropic sectors*. The Caster Family Center for Nonprofit and Philanthropic Research, University of San Diego, San Diego, CA.

What our Trend Reporters Have to Say

One way to understand and verify the numbers presented in the SONP Index is to ask for primary data directly from nonprofit leaders. To get this perspective, the Caster Center recruited local nonprofit leaders, known here as Trend Reporters, to provide quantitative data on a quarterly basis and on a lengthier annual survey. Trend Reporters represent 125 San Diego-based nonprofit organizations, with collectively more than \$1.8 billion in assets and \$1.6 billion in annual revenue. These 125 nonprofits account for approximately 28 percent of all 501(c)(3) revenue in San Diego. Subsectors include Arts, Culture, and Humanities; Education; Environment and Animals; Health; Human Services; International; Public and Societal Benefit; and Religious organizations. Quarterly surveys have an average 40 percent response rate.¹⁰

Much like the larger economy where recovery is slow, the nonprofit economic climate is still presenting challenges to local agencies. The data presented here will report on some of the most notable trends, as expressed by our reporters' overall confidence in the economic health of the sector, change in various types of funding, availability of unrestricted operating reserves, demand for services, as well as intent to hire for new positions.

FIGURE 9 | CEO Confidence in Economic Health of San Diego Nonprofit Sector in 2012



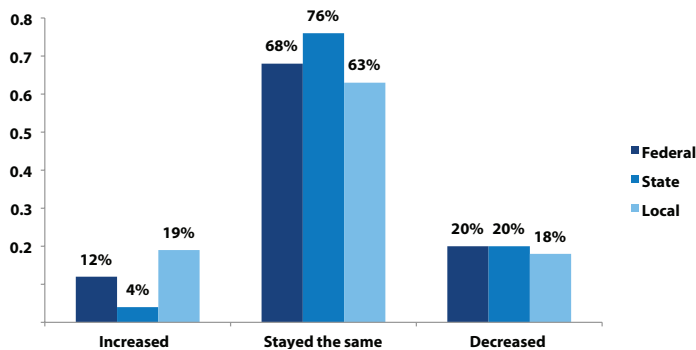
Confidence in the Economic Health of the Nonprofit Sector

When thinking about the year in its entirety, as Figure 9 demonstrates, less than a tenth (9%) of survey respondents felt the economic health of the sector was either strong or very strong; whereas over a third (36%) perceived the sector's economic health as rather weak, more than half of Trend Reporters perceived it as moderate. However, when looking at the data on a quarterly basis, professionals expressed increasing confidence in the economic health of San Diego's nonprofit sector between the first and the last quarter of 2012, suggesting a slow but consistent economic recovery.

Change in Funding Sources

Change in levels of funding appears to have varied across sources in 2012. For instance, as indicated in Figure 10, on average, more Trend Reporters have experienced a decrease in governmental support than those indicating an increase in such funding. In comparison to the national data, governmental funding in San Diego appears to have been somewhat more stable than nationally in 2012. According to the Nonprofit Finance Fund (hereafter NFF)¹¹, nationally,

FIGURE 10 | Change in Government Support in 2012



¹⁰ To supplement the regular pool of Trend Reporters for this report, Caster Center solicited additional nonprofit leaders to provide input regarding various trends described in this section. On average, each question received approximately 150 responses from this pool of Trend Reporters.

¹¹ Nonprofit Finance Fund, *2013 State of the Nonprofit Sector Survey National Results* (p. 11). The finding is based on 1,451 national responses regarding federal funding and 2,421 regarding state/local funding.

36 percent of nonprofits experienced a decrease in federal support and 38 percent in state/local government support. This compares to 23 percent of nonprofits experiencing an increase in federal and 22 percent in state and local funds.

Interestingly, as Figure 11 demonstrates, a third of Trend Reporters (33%) indicate that there has been an increase in individual giving in 2012, which is encouraging especially as revenues from other sources have been in decline. However, almost a quarter (24% and 23%, respectively) experienced either an increase or a decrease in foundation giving, and more than half (53%) felt that the foundation giving has stayed unchanged. Still, corporate funding appears to paint a slightly different picture: more respondents (27%) report experiencing a decrease in corporate funding than those seeing an increase (23%).

Most notably, the greatest increase appears to be observed in special events and fees for service: Figure 12 and 13 show that more than a third (34%) of Trend Reporters reported an increase in these types of revenues. Earned income from various sources, either related or unrelated to nonprofit missions, as well as investments/endowments and bequests, on the other hand, have experienced the slightest change in all of the reported sources of revenues: as Figure 14 indicates, between 66 percent and 76 percent of respondents have reported no change in these sources in 2012.

FIGURE 11 | Change in Individual, Corporate and Foundation Giving in 2012

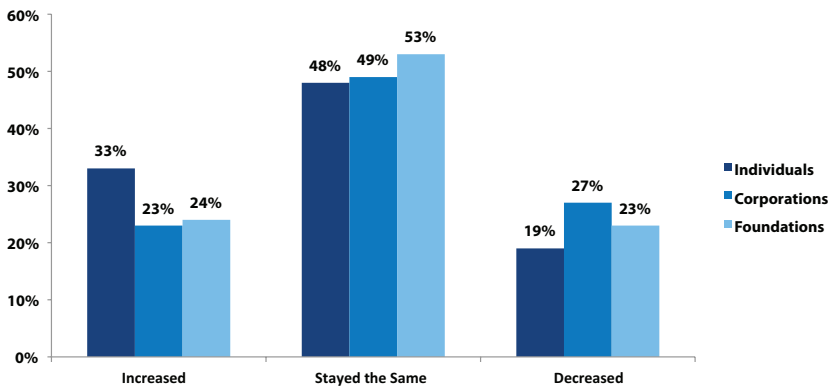


FIGURE 12 | Change in Revenues from Special Events in 2012

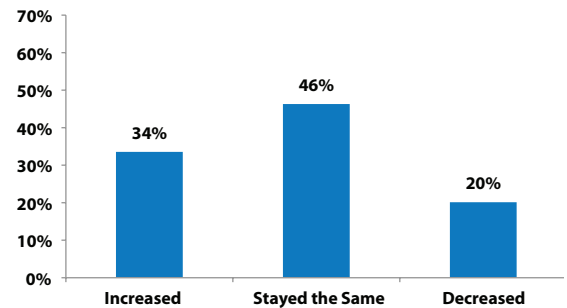


FIGURE 13 | Change in Revenues from Fees for Service in 2012

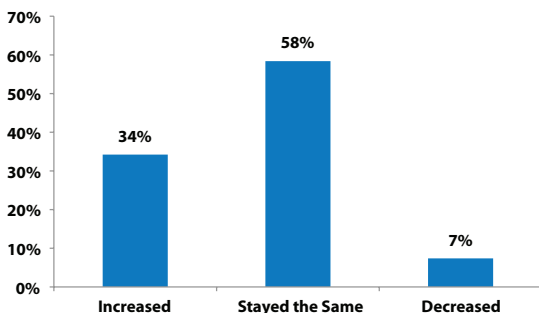
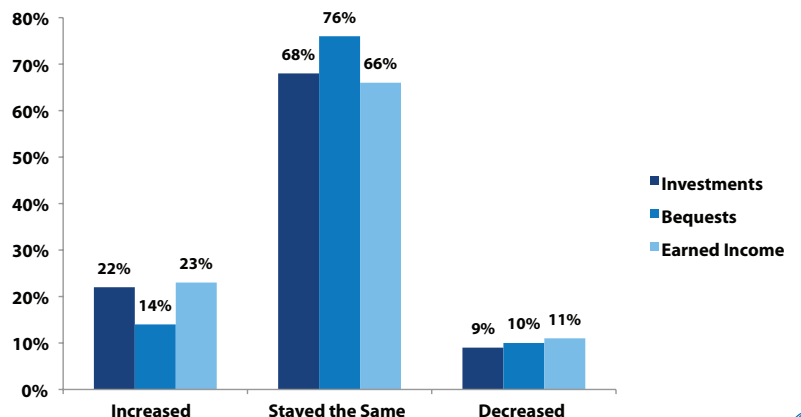


FIGURE 14 | Change in Revenues from Investments, Bequests and Earned Income in 2012



3 | DATA FROM THE FIELD: FINDINGS FROM THE STATE OF NONPROFITS QUARTERLY INDEX

Operating Reserves

Another way of estimating the health of the nonprofit economy is by assessing whether the sector possesses sufficient operating reserves. Although 15 percent of survey respondents indicated having no or less than 30 days of cash reserves, it is encouraging to report that more than half (56%) of Trend Reporters attested to having four or more months of unrestricted operating reserves, as shown in Figure 15. These numbers

are more promising than those reported by the Nonprofit Finance Fund (NFF)¹², which indicated that almost a quarter (24%) of nonprofits nationally have zero to one months of cash available and only 44 percent have over four months' worth of operating reserves. This disparity, however, could be due to sampling differences.

FIGURE 15 | Unrestricted Operating Reserves

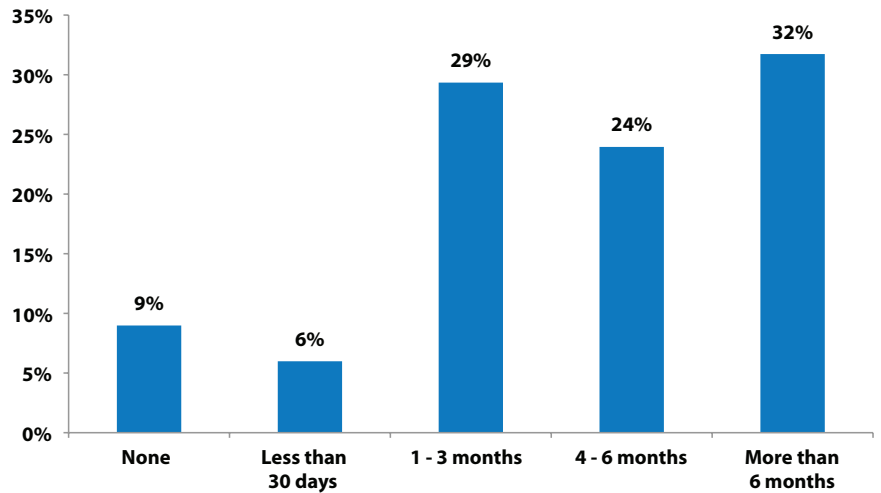
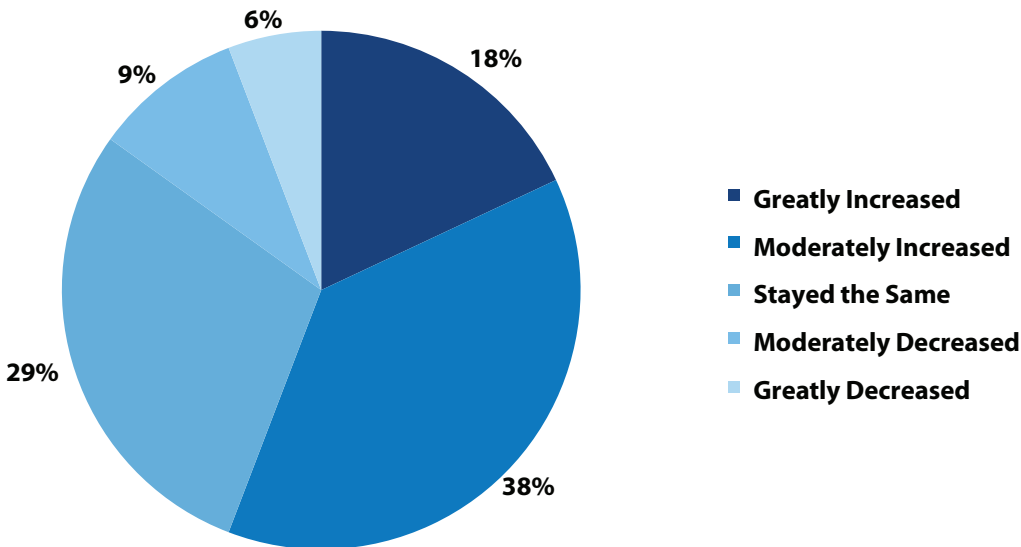


FIGURE 16 | Change in Demand for Service in 2012



Change in Demand for Service

While the economic recovery has been slow for the nonprofit sector, the demand for services in most parts of the sector has not eased up. As shown in Figure 16, over half of Trend Reporters experienced an increase in demand for their agencies' services (to varying degrees); whereas only 15 percent indicated a decrease in demand. It is important to distinguish that the demand

for service measured by Trend Reporters is a broader measure than what is presented in the SONP Index, which uses 2-1-1 call data for three specific types of need (Food, Housing/Shelter, and Income Support and Employment) to approximate a measure of demand for service.

¹² Nonprofit Finance Fund, *2013 State of the Nonprofit Sector Survey National Results* (p. 7). The finding is based on 5,336 valid responses by nonprofits organizations nationally.

Nonprofit Job Creation

In order to meet the increasing demand for services, it appears that nonprofits are beginning to hire additional personnel. Thus, after years of downsizing and hiring freezes during the peak of the economic recession, the nonprofit sector appears to be slowly turning the corner toward recovery. Forty-five percent of Trend Reporters say that they plan to hire for new positions in 2013. This finding is consistent with that of Nonprofit HR Solutions ¹³, which reports that 44 percent of nonprofits intend to hire for new positions in 2013; however, this number is somewhat higher than that reported nationally by the NFF ¹⁴, where 35 percent of nonprofits indicated intent to create new positions in 2013. This could be a noteworthy development for the overall economic recovery, considering that nonprofit employment accounts for over 10 percent of total private employment in the U.S., making the nonprofit sector the third largest among U.S. industries. ¹⁵

In particular, the 74 nonprofit leaders who responded positively about hiring in 2013 projected creating between 438 and 442 new full-time equivalent positions. This finding is particular to the organizations that responded to the survey and therefore, is not generalizable to the overall nonprofit sector. Additionally, these projected new jobs may be a combination of newly created positions, seasonal worker rotation and/or positions previously kept on hold because of budgetary restrictions. Overall, however, there appears to be a positive trend in nonprofit job creation in San Diego.

**45% OF NONPROFITS
INTEND TO HIRE FOR
NEW POSITIONS IN 2013**

Although detailed data on the specifics of the projected new positions are not available, it is still possible to estimate the potential economic impact of these jobs. For example, taking into account California's minimum wage of \$8.00 per hour, these jobs, at the very minimum, could collectively result in almost \$5,000,000 of new wages for San Diego's economy. In a different example, using the average annual nonprofit salary of \$49,000 ¹⁶, these 442 additional jobs could result in roughly \$21,500,000 in wages for the San Diego economy. Thus, according to these 74 Trend Reporters alone, 2013 may see an increase between approximately \$5 and \$21 million in newly created wages in San Diego.

¹³ Nonprofit HR Solutions, *2013 Nonprofit Employment Trends Survey*™ (p. 4). The finding is based on 588 valid responses by nonprofit organizations nationally.

¹⁴ Nonprofit Finance Fund, *2013 State of the Nonprofit Sector Survey National Results* (p. 8). The finding is based on 5,983 valid responses by nonprofits organizations nationally.

¹⁵ Salamon, L.M., Sokolowski, S.W., & Geller, S.L. (2012), *Holding the Fort: Nonprofit Employment During the Decade of Turmoil*, John Hopkins University Center for Civil Society Studies.

¹⁶ Simply Hired, Inc., *Average Nonprofit Salaries*, as of May 17, 2013, available at: <http://www.simplyhired.com/a/salary/search/q-nonprofit>. The average of \$49,000 was calculated using the average salary for all posted jobs with the term "nonprofit" in the job listing. This calculation may be influenced by the inclusion of larger nonprofit employers, such as healthcare and higher education organizations.

From the Desk of San Diego Nonprofit CEOs



The CEO's Desk component of the SONP Index provides nonprofit CEOs the opportunity to offer an immediate on-the-ground perspective about nonprofit economic trends.

Contributing CEOs and Executive Directors that participate in the panel of Trend Reporters are asked quarterly to answer the question, "What emerging or notable trends do you currently see in San Diego's nonprofit sector?" Data were analyzed quarterly using a narrative analysis. At the end of the year, this process was

again conducted to solidify key themes and better understand the story behind the data. CEOs were asked at the end of the year if the preliminary themes identified by researchers reflected their experience.

It is no surprise that a survey of nonprofit Chief Executive Officers designed to measure economic trends identified funding as one of the top challenges; however, the responses tell a compelling, nuanced story about the turbulence, reinvention and renewal occurring in nonprofit organizations every day. This analysis provided evidence of larger macro-economic trends, resulting challenges for nonprofits, and key strategies employed for economic resilience.

ECONOMIC TRENDS

In 2012, almost half (47%) of all survey responses throughout the year cited financial and fundraising challenges. CEOs identified several key macro-economic trends driving this concern: the residual effects of the economic recession, political issues (i.e., budget cuts and legislation regarding charitable tax donations), and shifts in funder priorities. These trends cannot be considered in isolation.

ECONOMIC RECESSION: Looking back at 2012, four full years after the stock market crash of fall 2008, the effects of the recession were still being felt throughout the world and in San Diego. Unemployment in San Diego varied slightly over the year, decreasing from 9.4 percent in January to 8.4 percent in December; however, this is still higher than normal.

“

“jobs and money are scarce, which [means] people give less cash donations to nonprofits.”

TRENDS OBSERVED IN 2012

- 47% FINANCIAL CHALLENGES
- 29% CHANGES TO THE MODEL
- 16% POLITICS
- 14% GENERAL ECONOMY
- 11% DEMAND FOR SERVICES
- 10% EMPLOYMENT AND STAFFING
- 5% LEADERSHIP (BOARD AND CEO)

PHILANTHROPY: Nationally, reports on giving during the recession have been varied. According to CEOs, local funders are reacting in various ways.

“Foundations are changing their priorities, giving less, giving less often, skipping years of giving, alternating years of giving, while dealing with the demand of responding to the diverse nonprofits service demands.”

Some foundations shift funding priorities during a recession to cope with the foundation’s own economic losses and, at the same time, continue to provide critical support to nonprofits. As previously mentioned, foundations in San Diego have a smaller pool of assets from which to draw for grantmaking purposes (\$3 billion). For example, Los Angeles (\$43 billion) has more than 14 times the assets of San Diego and San Francisco (\$28 billion) has almost ten times the amount of foundation assets.¹⁶ Several CEOs recognized this and at the same time urged funders to do more.

“One CEO encouraged foundations *“be open to differences between evidence practice and promising practice . . . related to programs/services that serve ethnically diverse communities. . . where research has not been designed for these populations.”*

POLITICS: Beyond philanthropy, politics was a theme manifest in 16 percent of all responses throughout the year. Trend Reporters specifically mentioned the Federal budget crisis, legislation regarding charitable tax deductions, changes to the marginal tax rates, the effects of healthcare reform, the loss of American Recovery and Reinvestment funding, changes to the payroll tax, the California State budget crisis, the effects of Proposition 30, San Diego City and Transient Occupancy Tax (TOT) funding, and redevelopment funding. This list further illustrates the deep connection between nonprofits and government.

“The uncertainty in government policy, particularly in regard to tax policy and healthcare costs creates risks in planning for the future.”

¹⁶ Deitrick, L. (2013). *The grantmaking report: Foundation giving in the San Diego region*. The Caster Family Center for Nonprofit and Philanthropic Research, University of San Diego, San Diego, CA.

RESULTING CHALLENGES FOR NONPROFITS

DEMAND FOR SERVICE: Approximately 11 percent of all CEO comments discussed demand for services. These comments included discussion of both increases and decreases in demand, which is to be expected from a diverse nonprofit sector. For example, many respondents from Social Service nonprofit organizations indicated they were caught in the crossfire, experiencing both a rise in demand for services and a decline in revenue with which to provide services. This is in line with other findings in this report.

“demands on NPOs continue to exceed the capacity” and, at the same time, the “sector continues to provide [a] large breadth of services and activities vital to the community.”

CEOs also indicated that clients were presenting increasingly complex, multifaceted problems. For example, a client might come in for help with a health issue and the nonprofit discovers the client also faces a mental health issue, substance abuse problem, and domestic violence. Given limited funding, for many nonprofits the focus was on “putting out the fires;” prevention work was put on hold. On the other hand, most but not all Arts and Culture organizations tended to experience a decrease in demand for services as patrons cut back on discretionary spending.

EMPLOYMENT & STAFFING: During the first two quarters of the year, CEOs identified a number of key issues in regard to employment and staffing in a turbulent fiscal environment.

One CEO commented on the challenges of “skyrocketing health insurance and workers compensation insurance costs and the ability to maintain fair, market pay for our employees along with a competitive benefits package.”

In Quarter 1, another CEO wrote, “Nonprofit staff is stretched even more than ever.” CEO Trend Reporters also reflected on the long-term, compounding impact of this environment on staff. However, by the third and fourth quarter, CEOs indicated some excitement to see hiring movement in the sector. It was indicated that the nonprofit sector has the ability to hire a high caliber of talent and that improved economic conditions mean more competition for good talent.

The input provided about employment and staffing also included a discussion of leadership at both CEO and board levels. Executive turnover was noted as an issue.

“The recession is speeding up the leadership drain,” as one CEO phrased it.

“As predicted, long-time CEOs/EDs are retiring and younger leaders are emerging. In some cases, former leaders are providing consultation as interim leadership.”

Board leadership was also seen to have been affected by the recession and political economy. “The recession has... escalated micro management by Boards.” It also caused potential board members to think twice before undertaking the responsibility of fiscal governance.

STRATEGIES FOR ECONOMIC RESILIENCE

CEOs noted many positive trends and strategies for economic resilience. Approximately a third of all comments throughout the year identified strategies nonprofits were adopting to strengthen economic resilience. The top three strategies observed by CEOs were: collaboration (54%), business-orientation (22%), and consolidation (15%).

STRATEGIES IDENTIFIED BY CEO TREND REPORTERS

- 54% COLLABORATION
- 22% BUSINESS-ORIENTATION
- 15% CONSOLIDATION
- 5% NEW, INNOVATIVE PROGRAMS

COLLABORATION: Cross-sectoral collaboration was by far the predominant strategy observed by CEOs throughout the year. This strategy can potentially increase program impact, attract new funders, and/or prevent the nonprofit from closing its doors.

“

“I’ve witnessed an increased interest in developing partnerships. More representatives from other organizations are requesting meetings to determine ways to collaborate to increase marketing appeal, reach new patrons/donors, and brainstorm ways to leverage resources.”

Collaboration may be a key strategy but it is not an easy one. Collaboration takes time, staff resources, and long-term commitment. Several CEOs spoke to the difficulties of inter-agency collaboration:

“

“Collaboration continues to be a hot topic for funders and organizations that want to leverage limited resources. The missing ingredient sometimes is the time to do it well... This isn't new, but it is a lesson we can carry forward even as the economy improves.”

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BUSINESS ORIENTATION: CEOs also noted a shift toward a business orientation including the creation of income-generating enterprise models. It was observed that nonprofit organizations with fee-for-service models tended to fare better during the last few years. Business orientation is also taking the form of a change in language and perspective:

“*More and more nonprofits are focusing on impact and return on investment (ROI) for donors and other funders.*”

CONSOLIDATION: Consolidation, including both internal restructuring, and mergers between nonprofits, although not mentioned as prevalently by CEO Trend Reporters, was observed as a common strategy. It was observed that nonprofits have continued, over the last year, to lay off staff members, combine staff member duties, and add more responsibilities to existing staff members.

“*There's always a struggle between revenue and services provided - need always grows more quickly than contributed or earned income... Do we skimp on administrative salaries in order to pay [staff]? Do we cut subsidized services in order to balance our ledger - and if so, do we undercut our ability to raise contributed and earned income? We run the risk of decreasing our income further even as we try to cut costs.*”

It was also noted several times that some nonprofits, particularly smaller ones, had merged with larger, more economically stable organizations.

Observations and Questions for the Future

As can be expected, reports such as this one often times raise more questions than they answer. It is our hope that this dilemma will be remedied in part as the State of Nonprofits Quarterly Index compiles additional data and as trends become more evident in the ensuing months and years.

The findings presented in this report were gathered through a variety of sources and represent different perspectives. Taken together, several themes emerge that are worthy of additional discussion as follows:

As documented in the findings of this report, when the economy is improving, people give more generously. However, on the whole, support from individuals pales in comparison to the level of support nonprofits receive from government in the form of fee-for-service payments and direct contracts. In fact, one third of nonprofit revenue is derived from government.¹⁷ As pressure increases for governments at all levels to reduce spending, more responsibility is placed on nonprofits to take up the slack when services that are still needed are reduced or eliminated through budget cuts. It is all the more important then, to have a better understanding of how nonprofits and government interrelate and for nonprofits to understand their role as shapers of government policy.

Nonprofit leaders recognize that political forces are at play that affect their work yet only 2% lobby the government as a way to further their organizational mission.¹⁸ Perhaps now more than ever, nonprofits need to be civically engaged on behalf of their constituencies. To do this nonprofit leaders and donors need to be educated on what they can do legally and effectively to influence their governmental partners.

It is evident in the report that the overall philanthropic climate in San Diego is under-resourced as nonprofits are highly dependent -- actually, disproportionately dependent compared to their counterparts throughout California and the nation -- on government support and earned revenue. For nonprofits in San Diego, a leg of the revenue stool is essentially, weak. The absence of comparable capital from private foundations means that San Diego's nonprofits are at a distinct disadvantage in their ability to take risks with new types of programs and initiatives.

Another key finding of this research is the sector as a major and unrecognized economic engine for San Diego. In our Trend Reporter panel alone we see that organizations plan to hire new employees in the coming year. Additionally, nonprofits bring new money into the local economy through grants and contracts with foundations and government entities. More work needs to be done to convey to the business community and general public the important role nonprofits play in contributing to the economy and to the health of the region as a whole. For example, San Diego businesses are able to attract talent to their ventures in no small part because of the educational, cultural and health care services provided by many different nonprofit organizations.

¹⁷ This percentage fluctuates by subsector. See: *The Nonprofit Sector in Brief: Public Charities, Giving and Volunteering*, 2012.

¹⁸ Suarez, D., Hwang, H. (2008). Civic engagement and nonprofit lobbying in California, 1998-2003. *Nonprofit and Voluntary Sector Quarterly* 37:93 originally published online 11 September 2007. Sage Publications.

4 | CONCLUSIONS: OBSERVATIONS AND QUESTIONS FOR THE FUTURE

In addition to the aforementioned, the report makes clear that volunteers are willing to give their time to nonprofits but, there needs to be a better mechanism for connecting them to organizations that desire their services. Moreover, there is a danger in the overuse of volunteers without adequate training and oversight which poses serious risks to organizations and the people they serve. The lack of properly trained volunteer supervisors within San Diego's nonprofit organizations is notable and concerning.

Finally, the report documents the complex issues confronting nonprofit leaders. In particular, unpredictable funding streams and a slow economic recovery extend the impacts of the recession for nonprofits, more so than for the corporate sector. In response, new models of working collaboratively and across sectors are emerging. At the same time, the face of nonprofit leadership is changing in San Diego as long tenured CEOs and Executive directors are transitioning into retirement. On the horizon, policy changes, especially in healthcare, have the potential to further impact and shape the sector and the way it carries out its business in the future.

This is the state of San Diego's nonprofit sector in 2013. Flux, uncertainty, and adaptation are the new norm. Yet, the overall economic health of the sector is stable and appears to be growing and the public's confidence in nonprofits remains high. The long term sustainability of the sector, and its ability to thrive and innovate in order to address the challenges and opportunities in our society that are outside the realm of the public and private sectors, will require new thinking and new partnerships. Therefore this study is a call to action for all of us who care deeply about quality of life in San Diego.

Appendix

The tables presented in this Appendix correspond to the numbered tables presented in the report but are expanded to include data from Orange County and some additional subsectors. Additionally, longitudinal data for the Individual Giving and Volunteerism components of the SONP Index are also presented.

ADDITIONAL DATA FOR

TABLE 1 | Number of Organizations by 501(c) Subsection, Growth and Per 1,000 Persons, 2008 and 2012

501(c) Class	San Diego County				Orange County				California			
	2008	2012	2008 v. 2012	2012	2008	2012	2008 v. 2012	2012	2008	2012	2008 v. 2012	2012
	Number of NPOs	Number of NPOs	Percent Change	Total NPOs per 1,000 People	Number of NPOs	Number of NPOs	Percent Change	Total NPOs per 1,000 People	Number of NPOs	Number of NPOs	Percent Change	Total NPOs per 1,000 People
(c)(3)	9,095	9,688	7%	3.13	8,903	9,725	9%	3.23	116,902	118,884	2%	3.19
(c)(4)	733	564	-23%	0.18	572	467	-18%	0.16	9,105	7,133	-22%	0.19
(c)(5)	217	194	-11%	0.06	194	160	-18%	0.05	4,812	4,303	-11%	0.12
(c)(6)	515	500	-3%	0.16	538	465	-14%	0.15	6,725	6,075	-10%	0.16
(c)(7)	513	412	-20%	0.13	459	375	-18%	0.12	5,591	4,642	-17%	0.12
TOTAL	11,073	11,358	3%	3.67	10,666	11,192	5%	3.72	143,135	141,037	-1%	3.79

Data Source: National Center for Charitable Statistics, Urban Institute, 2008 and 2012 Business Master Files.

ADDITIONAL DATA FOR

TABLE 2 | Nonprofit Organizations by Subsector

Subsector	San Diego County				Orange County				California			
	2008	2012	2008 v. 2012	2012	2008	2012	2008 v. 2012	2012	2008	2012	2008 v. 2012	2012
	Number of NPOs	Number of NPOs	Percent Change	% of Total NPOs	Number of NPOs	Number of NPOs	Percent Change	% of Total NPOs	Number of NPOs	Number of NPOs	Percent Change	% of Total NPOs
Arts and Culture	926	930	0%	9.6%	720	713	-1%	7%	12,373	11,269	-9%	9%
Education	1,445	1,532	6%	15.8%	1,406	1,525	8%	16%	17,445	17,570	1%	15%
Health	721	661	-8%	6.8%	591	592	0%	6%	8,492	7,578	-11%	6%
Environment and Animals	340	432	27%	4.5%	244	302	24%	3%	4,081	4,721	16%	4%
Human Services	2,037	2,090	3%	21.6%	1,915	2,055	7%	21%	27,384	26,391	-4%	22%
International	173	247	43%	2.5%	159	263	65%	3%	1,848	2,684	45%	2%
Mutual, Public, and Societal Benefit*	1,737	1,639	-6%	16.9%	1,679	1,601	-5%	16%	21,363	19,666	-8%	17%
Religion	1,716	2,157	26%	22.3%	2,189	2,674	22%	27%	23,916	29,005	21%	24%
TOTAL	9,095	9,688	7%	100%	8,903	9,725	9%	100%	116,902	118,884	2%	100%

* = Includes unclassified nonprofits.

Data Source: National Center for Charitable Statistics, Urban Institute, 2008 and 2012 Business Master Files.

The subsectors presented originate from NTEE codes, and some nonprofits may be reclassified into different NTEE categories over time, as determined by a variety of data sources. Thus, percent change calculations shown here are approximations based on the most recent information available. However, please note that variation in the number of organizations across years may at times be attributable to NTEE reclassification.

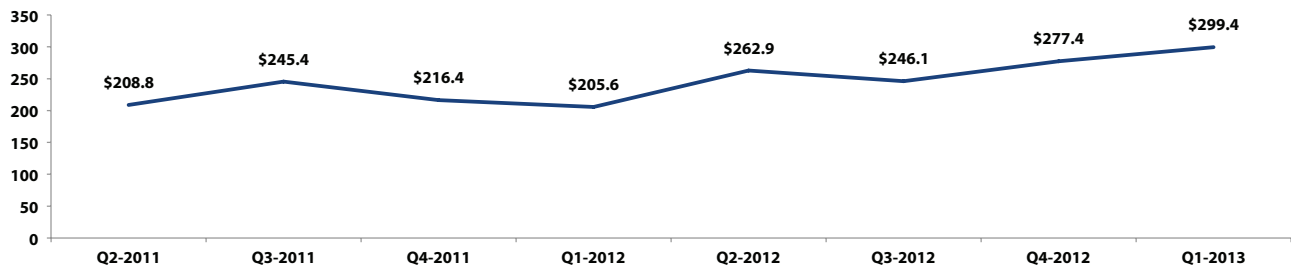
ADDITIONAL DATA FOR

TABLE 3 | Percent of All Dollars (Assets and Expenditures) for San Diego Nonprofit Organizations by Subsector

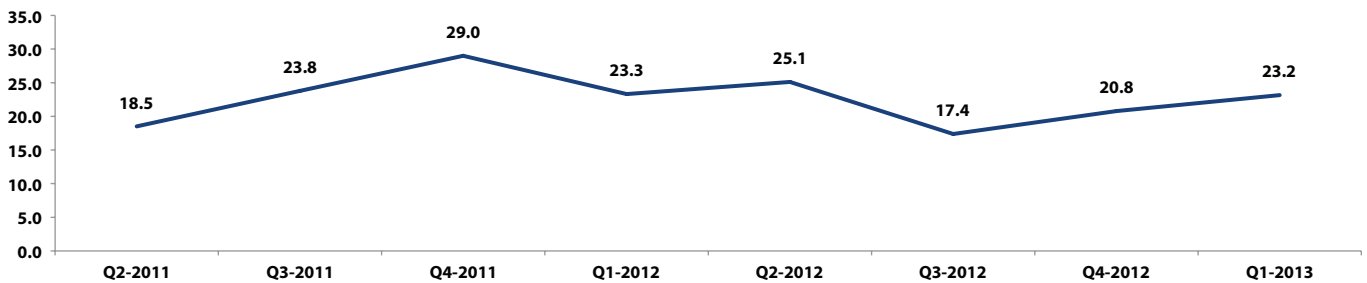
	Under \$250K		\$250K - Under \$1 Million		\$1 Million - \$5 Million		Over \$5 Million		
	Nonfilers (%)	Assets	Expenses	Assets	Expenses	Assets	Expenses	Assets	Expenses
Nonprofit Sector Total	28%	1%	2%	1%	3%	5%	6%	93%	90%
Subsector	Nonfilers (%)	Assets	Expenses	Assets	Expenses	Assets	Expenses	Assets	Expenses
Arts & Culture	17%	12%	13%	12%	9%	10%	8%	3%	1%
Higher Education	24%	0.2%	0.2%	1%	1%	1%	2%	10%	6%
Education	16%	18%	18%	20%	15%	13%	23%	12%	7%
Hospitals	37%	0.03%	0.1%	0%	1%	0%	0%	39%	49%
Environment & Animals	16%	5%	5%	5%	5%	5%	4%	3%	2%
Health	14%	9%	9%	11%	12%	13%	16%	13%	15%
Human Services	19%	31%	31%	26%	36%	36%	31%	9%	13%
International	18%	4%	3%	3%	5%	3%	3%	0%	1%
Mutual, Public, & Societal Benefit	1%	13%	12%	15%	12%	16%	8%	10%	6%
Religion	76%	6%	9%	7%	5%	3%	3%	0%	1%
TOTAL	--	100%	100%	100%	100%	100%	100%	100%	100%

Data Source: National Center from Charitable Statistics, Urban Institute, 2010 Business Master Files and 2010 Core Files.

ADDITIONAL LONGITUDINAL DATA FOR INDEX COMPONENT: INDIVIDUAL GIVING



ADDITIONAL LONGITUDINAL DATA FOR INDEX COMPONENT: VOLUNTEERISM



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