



# CONNECTIONS

## COMMUNITY OUTREACH THINK TANK NEWSLETTER JULY 2015

### WHO WE ARE

#### The State of Nonprofits in New Jersey 2015

American nonprofits face pressing and often severe challenges, according to a recent study of the field by the Nonprofit Finance Fund.

Given the central role of nonprofits in the economic and social wellbeing of the nation, that's alarming news. More than half of the five thousand nonprofits surveyed said that they cannot meet current demands for their services or support.

NEVER DOUBT THAT A SMALL GROUP OF PEOPLE CAN CHANGE THE WORLD. IN FACT, IT IS THE ONLY THING THAT EVER HAS.  
**MARGARET MEAD**

Affordable housing, expanded youth development programs, new jobs, and access to healthcare are identified in the survey as the most persistent and critical needs in communities across the nation.

The greatest challenge facing nonprofits, respondents said, remains the creation of long-term sustainability.

In addition, a majority of the nonprofits surveyed felt that new methods of working with funders

needed to be discussed and explored if the pressing needs in American communities are to be effectively addressed.

The survey, available online, offers confirmation that the problems which give us sleepless nights are shared by a majority of our fellow nonprofits. It also gives us a grassroots level snapshot of

the condition of nonprofits in our region and our state.

One hundred and five nonprofits in New Jersey

participated in the survey. Of those, 41% of the nonprofits identified themselves as arts, culture, and humanities organizations, as compared to 17% of the overall sample. Thirty percent were human services organizations (matching the percentage of the national sample), 8% worked in community development, 4% exclusively in education, and 4% in youth development. Eighteen percent said they exclusively served low-

### GLOUCESTER COUNTY STATS

A recent survey in The New York Times assessed the level of well-being in America on a county-by-county basis. Gloucester County was ranked 875<sup>th</sup> from the top overall, out of 3,135 counties.

Among the stats used to arrive at this ranking were:

- Median income: \$78,229.00 (2014)
  - % population with college degree: 34.2
  - % unemployed: 9.2
  - % of population receiving some form of disability payment: 12%
  - % of population considered obese: 35
  - Life expectancy: 79.4
- But this generally good news should be tempered with a few more stats:
- % population below poverty level: 8.6
  - % households with individuals employed above poverty level but struggling: 25%

income communities, and 37% said that they worked primarily in low-income communities. Four percent of the New Jersey respondents had annual budgets of \$100,000 or less, 11% had budgets of from \$100,000 to \$250,000, and nineteen percent had budgets of from \$250,000 to one million. Forty nine percent had annual budgets of a million dollars or more.

Forty three percent of the respondents had their main office in a low-income community.

Asked to identify critical needs from a lengthy list, 34% of the respondents cited access to the arts and cultural events (not surprising, given the number of arts organizations responding). Fifteen percent cited access to healthcare as an urgent problem, 9% said that access to healthy foods was the most pressing need in their communities, and 30% cited a critical need for affordable housing. Twelve percent put job training and jobs creation at the top of their list, 12% voted for enhanced pre-school access, and 25% ranked the creation of new youth development programs as a major issue.

Twenty eight percent of New Jersey respondents had experienced a significant increase in 2014 in the demand for their services, 39% had seen a slight increase, and 30% felt that demand had been basically unchanged from 2013.

Sixty five percent of the groups in New Jersey had been able to meet current demands in 2014. Thirty five percent had not. When asked what the clients they had been unable to help did, 64% of those surveyed said that these needs went unmet, 35% said that clients went elsewhere, and 25% said that clients received help from family or friends.

Fifty percent of the respondents expect a slight increase in demand for services in 2015. Thirty three percent expect a significant increase. Sixty four percent of the organizations feel that they will be able to meet increased demand. Thirty six percent said that they probably could not.

Thirty six percent of the New Jersey respondents ended 2014 with a surplus. Thirty three percent broke even, and 32% of the respondents closed 2014 with a deficit. A little more than half of the New Jersey groups had, on average, from one to three months of cash available.

Asked to identify their greatest challenge, 30% selected achieving long term sustainability, 18% cited the need to raise funding levels to cover all costs, 16% chose the need to recruit additional volunteers, and 26% cited the need to raise and offer competitive pay.

Somewhat surprisingly, given the challenges they face, half of those surveyed planned to

expand services in 2015. Thirty three percent hope to upgrade their technology to increase efficiency. Forty nine percent plan to stage collaborations with one or more partners. Eighteen percent doing so say that they are doing so at least in part to lower program costs.

In 2015 39% say that they will approach the government for support, 23% plan to create a new model for raising and spending money, 15% will seek loans, 30% will be working to create reserve funds and 43% hope to create a new long-term organizational plan.

Twenty six percent surveyed will approach the federal government for support, 50% will be applying to state departments for funds, and 38% will be seeking money from municipalities.

Surprisingly, given the economic challenges cited in the survey, 38% of the nonprofits plan to hire staff, while 24% expect to rely more this year on volunteers, and 44% expect to spend money to either help staff hone their professional skills or to provide additional or increased staff benefits.

While 88% of those surveyed said that they collected output data, only 34% of the nonprofits said that they had a logic model and/or a theory of change shaping their programs and directing their work.

**Richard Nicholls**

## WHAT IT MEANS

### Getting to Sustainability

Based on the results of its national survey, the Nonprofit Finance Fund identified several crucial questions they suggest every nonprofit ask itself as it works to create a viable sustainability plan. These include:

Do we ask for funding that covers the full cost of a program? Can we revise our budgetary practices to begin building surpluses into our plans?

Can collaboration improve our programs or increase their operational efficiency?

Do we have the financial and operational adaptability to carry through our plans?

Can we influence policy to improve our funding environment and the manner and extent to which resources flow to our communities?

The Fund also suggests that funders incorporate two questions into their deliberations about grants:

Do we fully understand the impact our funding will have on a program and on the applicant organization as a whole?

Do we regularly fund the necessary and full costs, or are we giving too little to a program to guarantee its impact and success?

Implicit in these questions is the suggestion that grant applicants sometimes ask for too little, hampering their ability even

if given a grant to make a lasting difference. Also implicit would seem to be the suggestion that too many grant-givers offer insufficient amounts to allow an organization to achieve its goals—a success in which the grant-giver should be as invested as the grantee.

The survey makes sobering reading: it's striking how many nonprofits feel themselves to be facing increasing demands with insufficient resources. But the survey is also reassuring: so many of us tend to operate in a vacuum, without time or energy to gather much of an impression about what other nonprofits are doing or facing. The survey forcefully reminds us that whatever our size we are all more alike than different, and that we are not alone in the challenges we face. Given that, it seems clear that we can all benefit from sharing experiences, ideas, and the details of what we are learning from our initiatives. COTT has been created to do that: provide a regular opportunity for nonprofits working in South Jersey to meet, share, and learn. COTT will also serve as a resource, making information on grants and government initiatives, new ideas in fundraising, and useful tools for nonprofits available to members online. The more we share, the more we stand to

learn. The more we learn about how best to do our work, the more successfully we can do it. And the more likely it is we can achieve the sustainability, and thus the ongoing impact, we are working for and the real change we are seeking.

**Richard Nicholls**

## THE NEIGHBORHOOD NON-PROFIT

There are approximately 1.5 million tax-exempt nonprofits of all kinds in the United States. Only a third of that total have annual revenues of more than one million dollars. And if we exclude other kinds of nonprofits and focus only on those created to answer pressing needs in society and create solutions for longstanding problems we find that two-thirds of that group have revenues of less than a million dollars a year—and many have a great deal less.

Yet much of the material available online, in seminars, webinars, and in books, purporting to teach us how to create, run and grow a nonprofit, is focused on that minority of nonprofits with considerable money in the bank, full-time employees, and sophisticated fundraising machinery. If you are surviving on volunteer labor and local donations, you won't benefit much from plans to raise a million dollars in less than a year, or run a multiple-platform social media campaign, or launch succeeding waves of mail solicitations. You probably can't afford to spend five or six hundred dollars on a seminar, or hire one of the many consulting firms to help you overhaul your

board, redo your website, and connect with wealthy donors. And while there is no shortage of books promising to help nonprofits create brilliant sustainability plans, raise money, and gain widespread visibility, very few are geared to the experience and needs of the small nonprofit. Even subscribing to a database of grant-giving foundations, to help you identify application possibilities, costs almost a thousand dollars per year.

While we may share the experience of constantly working to generate funding with the largest charities, how we do so varies greatly with our size.

Small nonprofits—those with assets of five thousand dollars, or twenty thousand, or even a hundred thousand dollars—can't afford specialists. All of us working for smaller nonprofits have to take on a variety of jobs to succeed. We may simply not have the time to research the best practices for fundraising, or to learn what works best in social media campaigns, or how to identify the best software for our unique purposes.

We make do by learning on the fly, by trading ideas and experiences informally with other similar local groups, by learning as much as we can

about our neighborhoods, and by being always on the lookout for those responsive to our goals. And we do these things well—if we did not, we would not survive. For instance, a 2013 survey of donors discovered that small nonprofits have a better track record at keeping donors than their larger cousins, in part because some donors want to feel that they are directly benefitting their neighbors and building resilient neighborhoods close to home.

COTT exists to answer the unique, immediate needs of small nonprofits in New Jersey. Using a monthly newsletter, meetings with guest speakers and free or low cost webinars and seminars, we want to put useful information within the reach of nonprofits open to new concepts. We also want to encourage an atmosphere in which nonprofits can meet and explore the potential for new partnerships. Most of all, we want to create an organization as resilient and responsive as its member groups. The direction and manner in which COTT grows will depend on those who join in creating it.

**Richard Nicholls**

**DEAR COLLEAGUE:**

Creating, expanding and running a small nonprofit brings with it an array of challenges. Some are unavoidable, but the impact of many of them can be reduced by tapping the experience and ideas of one's peers. Unfortunately, running a nonprofit leaves little time for interacting with them. The People for People Foundation of Gloucester County has decided to remedy that problem by sponsoring a free initiative for local nonprofits we have named COTT: the Community Outreach Think Tank.

COTT's initial goal is to provide a regular venue for small nonprofits in South Jersey at which they

can meet, share experiences, ask for advice, and exchange ideas emerging from their day-to-day labors helping those in need.

The Community Outreach Think Tank is designed explicitly to address the needs of organizations we refer to as "storefront nonprofits;" that is, 501 (c) (3) grassroots charities working on one or several related problems in neighborhoods, towns, or a

county-wide basis in southern New Jersey. Unlike larger nonprofits covering a large terrain, a storefront nonprofit emerges in response to hyper-local experiences and local needs. It may be run from a desk in someone's home (we originally ran People for People Foundation from our kitchen table) or from borrowed office space. Storefront nonprofits may have a modest budget for salaries or may rely entirely on volunteers. Their daily operations often don't resemble those of larger counterparts, and the needs they respond to may

be more urgent. Despite the marked

peers, and explore ways to pool resources to magnify the impact of their work. In addition, by sponsoring speakers and informational sessions in which members can learn about new techniques and technologies in the nonprofit field, COTT can help its members keep abreast of innovative ideas and adapt them to fit local needs and realities.

There is undoubtedly more that COTT can do, and I know that its possibilities and actions will expand to meet its members' pursuits and interests.

We hope that you will join us in creating an organization uniquely designed to answer the special needs of its participants.

**Paul Blackstock**  
**Chairman of the Board**  
 People for People Foundation of GC

**COTT'S Mission**  
 To provide a regular venue for small nonprofits in South Jersey to meet, share experiences, ask for advice and exchange ideas.

differences between large and small nonprofits, much of the material available online or in books is geared to organizations with hefty budgets and a full-time staff.

We believe that COTT can help members more effectively meet their goals by fostering an environment in which local nonprofits can gather on a regular basis, exchange information and ideas with local

## RESOURCES AND NEWS

The Nonprofit Finance Fund 2015 Survey of Nonprofits can be accessed at <http://nonprofitfinancefund.org>.

**Sustainability.** There are a number of books offering roadmaps for nonprofits seeking to achieve sustainability, and they don't often agree about specific steps. "**The Sustainability Mindset: Using the Matrix Map to Make Strategic Decisions**" by Steve Zimmerman (Jossey Bass, 2014) seems to us to be clear and persuasive. At its heart is the "Matrix Map," a detailed form allowing you to more clearly visualize and identify the various components required to maximize program impact and financial viability. In addition, "**The Sustainability Formula**" a 13 page report available for download at the TCC Group website ([tccgrp.com/pdfs/sustainabilityformula.pdf](http://tccgrp.com/pdfs/sustainabilityformula.pdf)), identifies the key qualities necessary for sustainability (and program effectiveness), based on their analysis of some 700 nonprofits.

A detailed, annotated list of sustainability resources for small organizations will be available in August 2015.

**County statistics.** COTT is currently compiling from multiple sites and sources a variety of up-to-date statistical data on Gloucester County so that we can create a detailed, comprehensive portrait of the county's demographics, the needs of its population, and the county's evolving economic landscape. Better data, readily available, will help everyone more clearly identify local needs, design more efficient programs, and make more effective arguments for support.

Richard Nicholls

## THANK YOU

**COTT** would like to thank **Atlantic City Electric** for their sponsorship of this new initiative.



### COMMUNITY OUTREACH THINK TANK

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