Sector Forward: Impact and Opportunity

Nonprofits in Leon County and Florida’s Big Bend
Nonprofit organizations are a critical stitch in the fabric of any community’s economy and quality of life.
To better understand the current condition and impact of the nonprofit sector in our local community, the Institute for Nonprofit Innovation and Excellence (INIE) commissioned a multi-part study on nonprofit organizations in Leon County and the Big Bend region\(^1\).

Using analyses of economic data and tax filings of Leon County nonprofits, as well as a representative survey of Big Bend area nonprofits conducted by INIE in 2015, this report examines the state of the sector, detailing the economic value and social contribution of its members.

SECTOR FORWARD: IMPACT AND OPPORTUNITY REVEALS A VIBRANT SECTOR WITH GREAT POTENTIAL TO FURTHER ENHANCE THE REGION’S ECONOMIC VITALITY.
Community Response to INIE’s Sector Forward Report

“This report wonderfully illustrates the $3 billion economic impact and growing influence nonprofit organizations have in just Leon County alone. Additionally, with nearly four decades of nonprofit leadership experience, I assure you that this is just tip of the iceberg that many of these regional and statewide groups have on guiding the public policy, fiscal and economic future of the entire Sunshine State. Florida would not be as prominent without them.”

Dominic M. Calabro, President & CEO of Florida TaxWatch, Inc.

“This report clearly demonstrates that they are also a strong and growing industry that provides good jobs and direct investment in our local economy. This critical information can help guide decision-making as we look for opportunities to strengthen our economy, create jobs and a community that works for everyone”

Kristin Dozier, Leon County Commissioner

“This report shows the direct economic impact of nonprofits to Tallahassee and Leon County, and the critical role they play in insuring a balanced and quality future for everyone... The report highlights the dramatic changes that are creating more efficient and effective ways of delivering much needed services and resources in the face of increasing needs and costs.”

Steve Evans, Retired Executive and Community Volunteer

“Nonprofit organizations in Leon County and the Big Bend region are integral to maintaining the high quality of life of our community. As businesses, they provide jobs that contribute to economic growth. As service providers, they assist in elevating the condition of area citizens and causes. They also enrich our lives through their support of humanities, arts and culture”

Al Latimer, Executive Director of the Office of Economic Vitality

“We at Tallahassee Community College are proud of our role in helping build and ensure capacity within our nonprofit sector through the launch of the Institute for Nonprofit Innovation and Excellence (INIE). We are equally proud to provide a home for it in our downtown Center for Innovation. INIE has emerged as an effective advocate for the amazing nonprofit organizations in our community.”

Dr. Jim Murdaugh, President of Tallahassee Community College

“Nonprofit organizations fill many gaps in our community, and their impact goes beyond the social services they provide. These organizations employ people, leverage resources, and use innovation to increase their capacity to serve those in need. INIE’s work to highlight and support these efforts is necessary, and can serve as a model for other communities across the nation.”

Heidi Otway, VP and Partner of SalterMitchellPR

“This report demonstrates the vital role nonprofits play in strengthening our economy, improving the quality of life, and contributing to economic vitality.”

Alyce Lee Stansbury, Chair, INIE Board of Directors and President of Stansbury Consulting LLC
Major Findings

**KEY FINDING #1: THE NONPROFIT SECTOR IN LEON COUNTY AND THE BIG BEND IS VITAL AND DIVERSE.**

THE NONPROFIT SECTOR IS ROBUST

- **Over 2,000 Registered**
  NONPROFITS IN LEON COUNTY
- **Over $3.1 Billion**
  IN REVENUE
- **Over $5.5 Billion**
  IN TOTAL ASSETS

**SECTOR AT A GLANCE: # OF REGISTERED NONPROFITS**

<table>
<thead>
<tr>
<th>ALL NONPROFITS</th>
<th>1,548,644</th>
</tr>
</thead>
<tbody>
<tr>
<td>501(c)(3) PUBLIC CHARITIES</td>
<td>1,076,208</td>
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<table>
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<td>501(c)(3) PUBLIC CHARITIES</td>
<td>59,566</td>
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<table>
<thead>
<tr>
<th>ALL NONPROFITS</th>
<th>2,041</th>
</tr>
</thead>
<tbody>
<tr>
<td>501(c)(3) PUBLIC CHARITIES</td>
<td>1,467</td>
</tr>
</tbody>
</table>

*As of December 2015*
THE NONPROFIT SECTOR CONTINUES TO GROW

Leon County has more registered nonprofits per capita than any other county in Florida, and the number continues to grow. From 2006 to 2015, Leon County saw a 15% growth in the number of registered nonprofits with an almost 50% growth in assets.

A 30% Growth in Revenue
MEANT THAT NONPROFITS GENERATED CLOSE TO
$30 BILLION
DURING THAT 10-YEAR PERIOD.

LEON COUNTY

<table>
<thead>
<tr>
<th>Dec 2015</th>
<th>Nov 2006 (Dec not available)</th>
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<tr>
<td>2,041</td>
<td>1,781</td>
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<tr>
<td>REGISTERED NONPROFITS</td>
<td>REGISTERED NONPROFITS</td>
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<tr>
<td>$3,161,125,369</td>
<td>$2431,644,573</td>
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<tr>
<td>TOTAL REVENUE</td>
<td>TOTAL REVENUE</td>
</tr>
<tr>
<td>$5,596,745,238</td>
<td>$3,763,311,160</td>
</tr>
<tr>
<td>TOTAL ASSETS</td>
<td>TOTAL ASSETS</td>
</tr>
</tbody>
</table>
The steady growth of the local nonprofit sector, even during the economic recession of 2007-09, is consistent with national trends. According to the U.S. Bureau of Labor Statistics, “nonprofit employment, total annual wages, and the number of establishments grew steadily each year from 2007 through 2012, even during the 2007–09 recession. By contrast, these three measures were much more volatile over the 2007–12 period for the total private sector, with employment declining by 3% over the period and nominal wages and the number of establishments growing much slower than in the nonprofit sector.”

5
BUT, THE MAJORITY OF NONPROFITS ARE SMALL

2/3 of nonprofits generate less than $500K

Nonprofits in Leon County are primarily small and midsized organizations with 66% having generated less than $500,000 in revenue in 2014.

Over 1/3 of all nonprofits had revenues of $100,000 or less.⁶

LEON COUNTY NONPROFIT SIZE BY 2014 REVENUE

- Less than 500,000: 66%
- 500,000 to 1 Million: 18%
- 1 Million to 10 Million: 10%
- 10 Million & Above: 6%
THE NONPROFIT SECTOR IS DIVERSE

While this report focuses heavily on 501(c)(3) public charities in Leon County and the Big Bend, the nonprofit sector includes multiple other designations.

<table>
<thead>
<tr>
<th>501(c)(3)</th>
<th>Public Charities and Private Foundations</th>
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</thead>
<tbody>
<tr>
<td>501(c)(4)</td>
<td>Civic Leagues, Social Welfare Organizations, and Local Associations of Employees</td>
</tr>
<tr>
<td>501(c)(5)</td>
<td>Labor, Agricultural, and Horticultural Organizations</td>
</tr>
<tr>
<td>501(c)(6)</td>
<td>Business Leagues, Chambers of Commerce, Real Estate Boards, Etc.</td>
</tr>
<tr>
<td>501(c)(7)</td>
<td>Social and Recreation Clubs</td>
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<tr>
<td>501(c)(8)</td>
<td>Fraternal Beneficiary Societies and Associations</td>
</tr>
<tr>
<td>501(c)(14)</td>
<td>State Chartered Credit Unions, Mutual Reserve Funds</td>
</tr>
</tbody>
</table>

**LEON COUNTY NON-501(C)(3) NONPROFIT REVENUE AND ASSETS IN 2015 ***

*As of December 2015*
NONPROFITS PROVIDE AN ARRAY OF CRITICAL SERVICES

Local nonprofits work to provide a host of critical services within the Big Bend region. Although many associate the sector most directly with health & human services, the area is also rich in arts & cultural organizations, civic clubs, research institutes, advocacy organizations, animal welfare agencies and environmental and faith-based groups. The scope and diversity of nonprofit service areas underscores the sector’s overall importance in preserving this region’s strong quality of life.

COMMUNITY SUPPORT FOR THE SECTOR IS STRONG

The relationship between nonprofits and their communities is one of mutual benefit. The sector depends on its community in the same way that the community depends on the organizations that serve it.

In Leon County, nonprofits report strong community support for their work. That support is illustrated by the number of active community members who volunteer.

Organizations surveyed reported having 16,381 volunteers providing 650,019 hours of work in the previous year. 9

At Florida’s minimum wage, that amounts to an economic value of more than $5 million. Using the estimated hourly value of volunteer time in Florida ($22.08), calculated by Independent Sector 10, the value is closer to $15 million.
Major Findings

KEY FINDING #2: NONPROFITS ARE A MAJOR PLAYER IN THE LOCAL ECONOMY.

In Leon County, the nonprofit sector is an economically impactful force in terms of assets and receipts held by local organizations, as well as the employment opportunities they offer residents.

REGIONAL NONPROFIT CONTRIBUTION TO TOTAL GDP IN 2015

- $3.16 BILLION REVENUE for Leon County nonprofits
- $14.75 BILLION TOTAL GDP in Tallahassee Metropolitan Area
- Leon County nonprofits make up over 1/5 of total GDP

Nonprofits are contributing to the economy by providing goods and services, as well as by employing a significant proportion of residents.
NONPROFITS ARE MAJOR EMPLOYERS

As of 2013, there were at least 13,968 jobs provided by 501(c)(3) nonprofit organizations in Leon County –10.1% of the county’s total 137,859 jobs. 13

In Florida, the nonprofit sector accounted for 7.4% of total employment, which means Leon County’s ratio is comparatively higher than the state and just about equal to the national rate of 10.3%. 14

Nonprofits employ 1 in 10 workers in Leon County

NONPROFITS ATTRACT MONEY TO OUR REGION

In North Central Florida, 90% of federal grant dollars awarded in 2014 were allocated to organizations headquartered in Leon County. That means local nonprofits attracted more than $33 million in federal funding to the county. 15

These local nonprofits meet the rigorous criteria which makes our community eligible to receive these funds. Without qualified nonprofits, these dollars would go to other communities and states.

CALL TO ACTION:
The nonprofit sector is a critical component of the regional economy and must be actively engaged in, and represented on, decision-making bodies that seek to impact the area’s economic future.
Major Findings

**KEY FINDING #3: CHALLENGES FACED BY BIG BEND NONPROFITS THREATEN THE SECTOR’S CONTRIBUTION TO COMMUNITY WELFARE.**

**DEMAND FOR SERVICES EXCEEDS AVAILABLE RESOURCES**

Despite the nonprofit sector’s strong growth overall, nearly two-thirds of local nonprofits report that the demand for their services exceeds their available resources. Operating from a position of scarcity threatens the sector’s ability to meet the region’s needs and places undue pressure on staff and volunteers to fill gaps in order to maintain quality services.

- **Nonprofits that saw increased demand for services (Another 28% saw demand stay the same)**: 69%
- **Nonprofits that lack resources to meet current demand**: 64%

**NONPROFITS STRUGGLE WITH WORKFORCE DEVELOPMENT**

Local nonprofits also struggle to attract and retain talent. A national report conducted by the Urban Institute in 2013 revealed that nonprofits faced with a budget deficit frequently choose to cut salaries and benefits before services, a practice that can undermine the sector’s ability to maintain high quality employees.¹⁶ Locally, less than half of nonprofits report paying a competitive wage to their employees.

- **Nonprofits that pay competitive wages**: 49%

In addition to salaries, providing ongoing training and professional development opportunities for staff is a concern for local nonprofits. When surveyed in 2012, more than half of Big Bend nonprofits agreed that their staff could benefit from professional development training.¹⁸ Nonprofits that are stretched thin financially and from a human resources perspective may opt to forgo additional training for their staff, but this decision can hamper growth and success in the long term.

**CALL TO ACTION:**
A robust investment in operational capacity is necessary to ensure the long-term sustainability of the region’s nonprofit sector. However, such investment must not come at the expense of critical direct services.
LOCAL NONPROFITS ARE HIGHLY COLLABORATIVE

While 94% of Big Bend nonprofits surveyed report that they collaborate with each other, organizations also reported hesitation around collaborations due to concerns about internal capacity (both their own and their partners').

76% of nonprofits surveyed reported they would collaborate more if such partnerships resulted in an increased capacity to deliver programs. 19

MOST POPULAR TYPES OF COLLABORATION BY BIG BEND NONPROFITS SURVEYED

CALL TO ACTION:
Recognize and fund effective collaboration within the nonprofit sector to increase efficiency and meet community needs.

How does the Big Bend compare nationally?

CALL TO ACTION:
Recognize and fund effective collaboration within the nonprofit sector to increase efficiency and meet community needs.
HOW TO MOVE THE SECTOR FORWARD

Big Bend nonprofits report receiving revenue from a variety of funding sources, including grant-making entities, individual and corporate donors, and via fees for services.

REVENUE SOURCES FOR LOCAL NONPROFITS

Under the leadership of engaged volunteer Board leaders and professional staff, some local nonprofits have incorporated revenue-generating enterprises (aka earned income) into their business models.

To increase capacity, 13% of local nonprofits have taken on revenue-generating enterprises accounting for 26% of their income on average. ²¹

For the other 87%, earned income models represent a prime opportunity for greater financial sustainability.
NONPROFIT AND FOR-PROFIT BUSINESS MODELS ARE CONVERGING

As nonprofits seek to develop sustainable funding to meet the demand for their services, a movement toward entrepreneurship within the sector is developing. Locally, several nonprofits have begun new ventures meant to generate additional revenue for their primary programs.

Notable examples include:

- **Big Bend Cares** operating a wholesale pharmacy
- **Element3 Church** starting RedEye Coffee to support their global humanitarian work
- **Big Brothers Big Sisters of the Big Bend** collecting clothing and other household goods in bulk via their “purple bins” to re-sell on the international market
- **The Tallahassee Museum** constructing and operating a zipline course on their 54-acre property
- **The League of Women Voters of Florida** planning and facilitating educational trips to Washington, D.C., upstate New York and even Cuba to generate unrestricted income for the organization

At the same time that some nonprofits are becoming more entrepreneurial, many private sector companies have intentionally sought to make a positive social impact. Corporate foundations and social responsibility programs leverage company resources in support of nonprofit causes, and the last 20 years have seen a surge in the creation of social businesses, which seek to solve social problems via their business model.

Locally, DivvyUp Socks provides an example of such a business. For every pair of designer socks they sell to a customer, DivvyUp donates a pair to the homeless. As the Jim Moran School of Entrepreneurship becomes more established, it is likely that this region will see an increase in social businesses. Social entrepreneurship will be among the first programs rolled out when the new school opens in 2017.

**CALL TO ACTION:**
Increase support and access to entrepreneurial resources for nonprofits to help them generate additional revenue for their missions.
Conclusion & Next Steps

The Big Bend’s nonprofit sector is a significant contributor to the region’s economic vitality and quality of life. While the diversity and vitality of the overall nonprofit sector is strong, charitable 501(c)(3) organizations are under-resourced and competing for limited dollars. As this report identifies, opportunities abound for strengthening the effectiveness and impact of nonprofits locally.

CALL TO ACTION:

The nonprofit sector is a critical component of the regional economy and must be actively engaged in, and represented on, decision-making bodies that seek to impact the area’s economic future.

CALL TO ACTION:

A robust investment in operational capacity is necessary to ensure the long-term sustainability of the region’s nonprofit sector. However, such investment must not come at the expense of critical direct services.

CALL TO ACTION:

Recognize and fund effective collaboration within the nonprofit sector to increase efficiency and meet community needs.

CALL TO ACTION:

Increase support and access to entrepreneurial resources for nonprofits to help them generate additional revenue for their missions.
METHODOLOGY

The original data cited in this report comes from analysis of IRS Form 990s filed by Big Bend area 501(c)(3) nonprofit organizations between 2010-2014. Because some organizations are not required to file forms with comprehensive financial information, this methodology is likely to produce conservative estimates of the nonprofit sector’s economic performance as a whole.

INIE’s 2015 State of the Sector survey was fielded among nonprofits in the Big Bend region from July through December 2015. There were 101 responses with a completion rate of 85% across all 29 questions. In terms of financial distribution, the survey can be considered representative, even though it mildly under-samples nonprofits with budgets less than $500,000.

DEMOGRAPHICS OF RESPONDENTS:

<table>
<thead>
<tr>
<th>SIZE OF ANNUAL BUDGET</th>
<th>POSITION/ROLE OF RESPONDENTS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than $100,000</td>
<td>37% Executive Director</td>
</tr>
<tr>
<td>$100,000 to $500,000</td>
<td>22% President/CEO</td>
</tr>
<tr>
<td>$500,001 to $1,000,000</td>
<td>9% Other Agency Head</td>
</tr>
<tr>
<td>$1,000,001 to $2,000,000</td>
<td>11%</td>
</tr>
<tr>
<td>$2,000,001 to $3,000,000</td>
<td>4%</td>
</tr>
<tr>
<td>$3,000,001 to $4,000,000</td>
<td>3%</td>
</tr>
<tr>
<td>$4,000,001 to $5,000,000</td>
<td>4%</td>
</tr>
<tr>
<td>$5,000,001 to $10,000,000</td>
<td>4%</td>
</tr>
<tr>
<td>Over $10,000,000</td>
<td>6%</td>
</tr>
</tbody>
</table>

ACKNOWLEDGMENTS

INIE would like to thank the Community Foundation of North Florida for funding this report. We also wish to thank Jared Cory, Laura Parra, Sakif Rahman and Maggie Lawrence for their assistance in collecting data, conducting analysis and drafting the report, along with other commenters, David Berlan, Ph.D., of Florida State University’s Askew School of Public Administration & Policy, and Joyce Ott, Ph.D., for providing feedback and guidance. We would like to acknowledge Salter>Mitchell for their editorial and creative support. Finally, we wish to thank INIE’s Board of Directors, membership and the broader nonprofit community for contributing data and completing surveys that made this report possible – and making our region a better place to live and work.
REFERENCES

1 Florida’s Big Bend region includes Franklin, Gadsden, Jefferson, Leon, Liberty, Madison, Taylor and Wakulla counties.


6 2014 Leon County 990 data analysis


8 INIE 2015 Big Bend Nonprofit Survey

9 INIE 2015 Big Bend Nonprofit Survey


17 INIE 2015 Big Bend Nonprofit Survey


19 INIE 2015 Big Bend Nonprofit Survey


21 INIE 2015 State the Sector Survey
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