

SAN FRANCISCO'S NONPROFIT SECTOR

Institute for Nonprofit Organization Management



CONTRIBUTIONS

DIVERSITY

CHALLENGES

San Francisco's Nonprofit Sector

A Regional Nonprofit Sector Report

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This is the final report of the USF Institute for Nonprofit Organization Management, which is closing its doors after over 25 years as a leader in research and curriculum development in nonprofit and philanthropic studies. Institute reports can be found on the web at cps.usfca.edu/inom.

This report is also available as a free PDF download on the CompassPoint Nonprofit Services website at compasspoint.org.

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Preface

It is hard to imagine San Francisco without its extensive network of nonprofit organizations. The fact is San Francisco is home to a bevy of brilliant arts organizations, innovative social service providers, and a multitude of savvy change makers; many local nonprofits do work of national and international importance. The San Francisco nonprofit community is an essential element of what makes San Francisco such a wonderful place to live, work, and visit. However, the contributions of these nonprofits often go unrecognized by the general public and policy makers, and their value as an employer and contributor to our local economy is often unappreciated.

Given the importance of the nonprofit sector to San Francisco's vitality and economy, it is important to have a clear and updated picture of the state of the sector. It is not an easy job to capture the dynamics and characteristics of the sector. It is made up of organizations large and small, in size, budget, and scope. The focus can range from the arts to childcare, from animal protection to the environment, from seniors to voting rights, from service to advocacy—and everything in between. Because of their broad and stable presence, neither the general public nor policy makers fully realize the very real challenges nonprofits face or grasp the community-wide impact a collapse of the sector would have.

This important research was funded by several local foundations for multiple reasons. One, we rely heavily on nonprofits; the bulk of our grants go to nonprofits, and we need to have a clear picture of the strengths and weaknesses of the sector. Second, as funders, we recognize that, though extensive, the nonprofit infrastructure is fragile—made even more so because of the economic downturn (which occurred subsequent to the initiation of this survey). Third, as a city and as a community, we value diversity, and recognize its relationship to efficacy. Yet, there was little or no data available as to how nonprofits reflected the city's diversity in their leadership and geographic reach.

This study, like others, can only be a snapshot; even as it is published, the economic downturn is radically shifting the terrain. Nonprofits have seen declining support from government and donors, while the need for high-quality, high performing organizations has never been greater. Thus, we hope this report helps strengthen the sector by providing policy makers and funders, public and private, to better target their resources. We also hope this is helpful to nonprofits themselves, providing useful information to improve their work and make their case for funding. And, finally, we hope this report helps the general public understand the importance of the sector—to their day to day lives and to the general health and economic well-being of the city.

Finally, we are grateful to Carol Silverman and Jeanne Bell and their respective colleagues at the University of San Francisco and CompassPoint Nonprofit Services for their work on this report. We hope that this report is a useful tool for all those committed to support and improve San Francisco's nonprofit sector.



Pamela David
Executive Director
The Walter and Elise Haas Fund

Executive Summary

San Francisco is home to many prominent nonprofit organizations—institutions that contribute to the character of the city and to the distinct quality of life it offers. San Franciscans from all walks of life interact with nonprofits on a daily basis. Because of this familiarity, many believe they understand the sector well. This knowledge, however, is typically constructed around interactions with the sector's larger institutions, such as hospitals and art museums—and increasingly, through pointed local reporting on the sector's real and perceived shortcomings and scandals. The purpose of this report is to expand and deepen knowledge of the San Francisco nonprofit sector: its many contributions, its impact, its diversity, and the challenges that it faces.

To this end, we've examined data about nonprofit activities and finances, and foundation grant activity, from the Internal Revenue Service, demographic data from the U.S. Census, and employment statistics from the California Employment Development Department. We also learned a great deal about San Francisco nonprofits through a survey we conducted in early 2008. From these sources, we can say that:

San Francisco's Nonprofit Sector Matters to the City, the State and the World

San Francisco's nonprofit sector is distinguished. The city would be a very different place without its world class cultural, educational and social service institutions. But San Francisco nonprofits have importance far beyond the city. Innovative nonprofits here are known for their work in the environment, advocacy, senior services and many other areas.

San Francisco's nonprofit sector is distinguished not only by its work, but also by its strength in numbers and financial impact compared to other regions. Both its per capita numbers and per capita expenditures exceed the rest of the Bay Area, Los Angeles, and the state. This pattern is particularly evident when San Francisco's foundations are considered separately.

The city also benefits from the stability of its nonprofit sector: fewer nonprofits formed between 2000 and 2006 than in the rest of the Bay Area, in Los Angeles, or in the state. Local foundations provide a substantial percentage of funding to local nonprofits, and the foundation sector is growing more rapidly than in the comparison regions.

San Francisco has a lower percentage of very small nonprofits than elsewhere, and nonprofits with revenues between \$25,000 and \$250,000 are growing more slowly. San Francisco's small nonprofits make daily contributions to the life of the city, thus evidence that they are not building their capacity should be noted.

IN SAN FRANCISCO THERE ARE:

7093 Registered Nonprofits
46% with revenues < \$25,000

2,229 Filing Public Charities
33% with assets <\$250,000
19% with revenues >\$5 mil
1 public charity/183 people

862 Filing Private Foundations
1 foundation/863 people

LARGE LOCAL FOUNDATIONS PROVIDE:

50% of grants
33% to total grant dollars

The Sector Is Financially Important to the City

San Francisco nonprofits are important to the city's economy. The majority of San Francisco nonprofits do at least some of their work within the city, bringing services ranging from healthcare and afterschool programs to advocacy on both local and national issues to the daily lives of San Francisco residents. San Francisco is particularly rich in arts, culture, and humanities nonprofits, which bring visitors to a city that increasingly relies on tourism. The nonprofit sector also makes direct economic contributions through its considerable expenditures and employment. The percent of people employed by the nonprofit sector is larger than in the comparison regions. While average nonprofit wages are below both private and public sector wages, they still account for 7.7 percent of all wages earned in the city, compared to 5.5 percent in the state. Furthermore, as of 2007, nonprofit wages were growing faster than the other two sectors.

The Sector is Diverse, But not as Diverse as the City

San Francisco's population is extraordinarily diverse, but the leadership among its nonprofits does not fully reflect this diversity. For the purposes of this report, we've examined nonprofit diversity through three lenses: of color, Lesbian/Gay/Bisexual/Transgendered (LGBT), and women. About 10 percent of nonprofit boards and/or management staff are entirely of color, but close to half have no management staff of color at all. LGBT representation on boards and management staff is even less likely, with only three percent of nonprofits having 100 percent LGBT boards. Women, however, are well represented among the leadership of the nonprofit sector. Diverse organizations typically have lower revenues and are concentrated in certain neighborhoods of the city.

NONPROFIT CONTRIBUTIONS

2006 EXPENDITURES

\$7.5 Billion - Operating Nonprofits

\$1.1 Billion - Private Foundations

WAGES

\$719 Million (2007 Quarterly)

7.7% of all wages earned in the City

9% growth in average inflation adjusted wages (2000 to 2006)

SERVICES

63% of San Francisco's nonprofits target their services to the city as a whole or one its neighborhoods.

Key Neighborhoods Lack "Native" Organizations

San Francisco is a very small city in square miles, but the distribution of nonprofits across the city suggests that there are large areas of high need that lack nonprofit presence. For example, the southeast portion of the city, home to some of the poorest neighborhoods, has very few nonprofits.

DIVERSITY IN NONPROFITS

BOARD OF DIRECTORS DIVERSITY

20% have no person of color

41% have no LGBT members*

10% have no women

MANAGEMENT STAFF DIVERSITY

43% have person of color

55% have no LGBT members*

10% have no women

"Diverse nonprofits" have lower revenues

*In the cases where the executive director was able to estimate.

While it is true that there are nonprofits located elsewhere offering services to these neighborhoods, there is a special role for community-based nonprofits and their absence is cause for concern.

The Sector Faces Financial Challenges

Substantial percentages of respondents to our survey told us in early 2008 that finances were their greatest concern. They also reported that they were unsure about their ability to meet their 2008 budgets and raise adequate general operating support. Aggregate revenues were once greater than expenditures, but as of 2006 they were roughly equal. Median revenues for individual nonprofits are declining. Undoubtedly, the current economic climate will negatively impact nonprofits wherever they are located.

However, the city strongly relies on the sector to provide vital services and the sector's financial instability will therefore be felt broadly.

Conclusion: Sophisticated and Important, but Financially Vulnerable

While San Francisco's nonprofit sector is relatively strong by most measures, it may well serve as a cautionary tale to emerging local sectors around the state and country. Even embedded in a city and county that appreciates and invests substantially in its presence, the sector struggles with financial stability—revealing, perhaps, basic flaws in how nonprofits are capitalized. As the depressed economy both increases demand for nonprofit services and undermines the investing capacity of government and philanthropy, San Francisco's nonprofit sector—for all of its relative size and strength—will nonetheless be vulnerable.

FINANCIAL VULNERABILITY

DECLINING REVENUES

51% saw a decline in inflation adjusted revenues between 2000 and 2006.

FUNDRAISING DIFFICULTIES

28% found it very difficult to raise general operating support.

45% found it somewhat difficult to raise these funds.

17% said their fundraising infrastructure was very inadequate.

DECREASING CONFIDENCE

18% were either not too confident or not at all confident that they would meet their revenue needs for the year as of 2008.

The City and Its Nonprofits

As in the famous story of the blind men describing the elephant, there are many disparate impressions of San Francisco nonprofits. Most of the general public are aware of nonprofits as major institutions—the museums, hospitals, and universities that so enrich the city. Some recognize the essential services nonprofits provide—from housing development and outreach to the homeless, to afterschool programs and community health services. Those investing in or providing capacity building services are aware of the critical community role that numerous small nonprofits play as well as the challenges they face daily—challenges that may prove overwhelming for some in a prolonged recession.

The City and County of San Francisco relies heavily on its nonprofit sector, contracting with numerous nonprofits to bring essential services to its residents. A recent report by the City’s Department of Children, Youth and their Families has identified the nonprofit infrastructure as both key to its mission and in need of support and reinforcement.¹ But this relationship cuts two ways. Because of the sector’s close relationship with the City, both the local press and city supervisors have questioned the transparency of the sector and called for more scrutiny.

The aim of this report is to identify the accomplishments, diversity, and challenges faced by San Francisco’s nonprofit sector.

Growing With the City

Nonprofits in San Francisco, as elsewhere in America, have grown out of an American tradition of creating new solutions through association. San Franciscans have had great need of such associations throughout our history. Beginning in 1849, a huge influx of people came to San Francisco to make their fortunes in the California Gold Rush. The YMCA set up in a few rooms in Chinatown to assist Chinese immigrants, and the Eureka Benevolent Society (which later became the Jewish Community Federation of San Francisco) was formed to help provide widows and children with food and shelter and pay burial costs when their husbands and fathers succumbed

ABOUT THIS REPORT

This report provides details about nonprofit activities, locations, financial contributions, organizational issues, and changes over time. To better understand what is unique about the San Francisco nonprofit sector, the report makes comparisons with the rest of the Bay Area, Los Angeles, and with California as a whole.

THE ANALYSES IN THIS REPORT ARE DRAWN FROM:

Administrative Data from the National Center for Charitable Statistics, The Foundation Center, the U.S. Department of the Census and the California Employment Development Department. The administrative data provides information on the current size and scope of the sector (circa 2006) and also enables us to report on changes over the prior five years.

Survey Data from a 2008 survey of a random sample of the executives of 1,000 San Francisco service-providing nonprofits conducted by the Institute for Nonprofit Organization Management. With a 59% response rate, this data provides demographic and financial information as well as respondents’ perceptions about the health of their organizations and their practices in areas of current concern.

See Appendix for a complete list of data sources.

¹ “Community Needs Assessment - 2008” Department of Children, Youth and their Families, San Francisco, <http://www.dcyf.org/Content.aspx?id=978> (2008).

to the hardships of dangerous work and difficult living conditions. German immigrants opened a free clinic for the indigent that would become the California Pacific Medical Center (now one of the largest private, nonprofit, academic medical centers in California). All of these early nonprofits, and many others, have matured into important institutions that continue to contribute to the life of the city to this day.

San Francisco's nonprofits not only provide services and bring culture to the city, they keep issues and groups front and center in civic decision-making. Early efforts include the Women's Exchange which consisted of monthly markets where women could display their products for sale after entering their "articles in their own name and own ticket." Throughout their history, San Francisco nonprofits have organized to meet the needs of specific ethnic and cultural minorities, notably Asian Americans, Latinos, and African Americans. San Francisco has become a city that makes every effort to meet the needs of its diverse populations, often prompted by its nonprofits.

San Francisco's private foundations, like its nonprofits, trace their roots to the city's early history. Many of the foundations are closely tied to the prosperity of San Francisco companies and the individual families that founded and controlled those companies. The earliest evidence of a family foundation in San Francisco is the Mary Crocker Trust, established by the children of Mary and Charles Crocker (a banker involved in the creation of the Pacific Railroad), to honor their mother's commitment to charitable work. This trust, which is still active, was established in 1889 and thus predates the establishment of the Russell Sage Foundation, which is often cited as the first family foundation in the United States. The San Francisco Ladies' Protection and

Relief Society is a private operating foundation that was founded in 1853 to provide for widows and orphans. This foundation is still in operation and is among the largest foundations in the city. Today, San Francisco is home to a number of large private foundations along with the 11th largest community foundation in the country.

Another critical catalyst for the growth in numbers and prominence of San Francisco's nonprofit sector is the extent to which city and county governmental departments contract out health and human services to nonprofit providers. The city's diverse populations and public health issues are addressed through hundreds of nonprofits with particular client access and expertise—from gang prevention work with immigrant youth to health case management with the transgendered community. Indeed, the notion that local nonprofits are often best positioned to find and serve local residents in a culturally competent manner is nowhere more enacted than in San Francisco. A 2001 study by the Urban Institute estimated that the nonprofit share of the total human services expenditures in San Francisco was 40 percent. And in fiscal year 2007-08, the city's Office of the Controller reports spending \$483,042,451 on all nonprofit vendors.

The demographics of San Francisco's resident population, as shown in Table 1, are also a key factor in the size and role of the nonprofit sector here. The city's diversity, including many waves of immigration from around the world, creates demand for associations, arts and culture, and culturally competent human services. The fact that it is a highly educated and a politically liberal city means that residents value the work of nonprofits and do not object to spending tax dollars on their programs and services. Fifty-five percent of the people in the city are of color, the largest group being Asian/Pacific Islanders.

Table 1

San Francisco and Bay Area Residents are Well Paid and Highly Educated
Population Characteristics, 2006

	San Francisco	Rest of Bay Area	Los Angeles	California
Population (2006 estimate)	744,041	6,429,065	9,948,081	36,457,549
Per Capita Income	\$41,734	\$34,612	\$25,544	\$26,974
Median Household Income	\$65,497	\$72,072	\$51,315	\$56,645
Poverty Rate	12%	9%	15%	13%
Unemployment	6%	6%	7%	7%
Non Hispanic White	45%	47%	29%	43%
Non Hispanic Black/African American	7%	37%	10%	7%
Non Hispanic Asian/Pacific Islander	33%	22%	15%	14%
Hispanic/Latino	14%	23%	47%	36%
Age under 18	1%	24%	27%	26%
Age 65 and over	13%	11%	10%	11%
High School Drop Out Rate	15%	13%	25%	20%
Bachelor's Degree or Higher	50%	44%	28%	29%
Foreign Born Population	36%	28%	35%	27%
Renters paying more than 35% toward housing	33%	41%	45%	43%
Owners paying more than 35% toward housing	32%	35%	37%	44%

Data: U.S. Census Bureau Population Estimates Program, American Community Survey 2006

Note: Data are limited to the household population and exclude the population living in institutions, college dormitories, and other group quarters.

MANY TYPES OF NONPROFITS

PUBLIC CHARITIES

In this report, the term “nonprofit” derives from the legal designation of organizations granted tax-exempt status by the Internal Revenue Service. There are major divisions in the classification of nonprofits. Most are public charities, classified by the IRS as 501(c)(3)s. These are the organizations that most people have in mind when they talk about nonprofits. Donations to these organizations are tax deductible. Public charities range in size from the very small all-volunteer organization (perhaps run out of someone’s home) to large hospitals and universities. This report examines public charities, as well as other, perhaps less familiar, nonprofit designations, including membership organizations, chambers of commerce, and organizations that lobby for particular causes .

(See Appendix for a complete list of nonprofit designations)

FOUNDATIONS

In addition to the public charities, both public and private foundations are also part of the nonprofit sector. The most common distinguishing characteristic of a foundation is that most of its funds come from one source, whether an individual, a family, or a corporation. A public foundation, in contrast, normally receives its assets from multiple sources, which may include private foundations, individuals, government agencies, and fees for service. Moreover, a public foundation must continue to seek money from diverse sources in order to retain its public status.

(Definition: The Foundation Center)

A Snapshot of the Sector

As shown in Table 2, there were slightly more than 7,000 registered nonprofits in San Francisco in 2006. This represents five percent of all the nonprofits in the state, while San Francisco has two percent of the state’s population. Registered nonprofits include foundations, public charities (501(c)(3)s), and other 501(c) designations. Of these, slightly more than 4,000 are filers—organizations having \$25,000 or more in annual revenues. This represents 57 percent of all nonprofits in the city, a much higher percentage than is true for the rest of the Bay Area, Los Angeles or California. Thus, the San Francisco nonprofit sector includes a much lower percentage of very small nonprofits (those with less than \$25,000 in annual revenues).

As is true in California, and in the United States, the overwhelming majority of nonprofits are 501(c)(3) public charities. San Francisco is home to 5,556 public charities, 2,229 of which have more than \$25,000 in annual revenues. Forty percent of public charities are filers, again a much higher percentage than is true for the region, Los Angeles or the State. Filing public charities are the nonprofits included in the majority of the analysis in the remainder of this report.

To complete this picture of San Francisco’s nonprofit sector, there are 862 filing private foundations in the city, 9.5 percent of all the private foundations in the state. Foundations represent a higher percentage of public charities in San Francisco than is true in the comparison regions.

Table 2

San Francisco’s Nonprofit Sector is Relatively Large and has a Higher Percentage of Filers

Numbers of Nonprofits

	San Francisco	Rest of Bay Area	Los Angeles	California
Total Number of Nonprofits (Public Charities and Private Foundations)	7,093	41,059	39,715	152,793
Number of Filers	4,059	18,925	16,026	63,007
Percent of All Nonprofits that are Filers	57%	46%	40%	41%
Number of 501 (c)(3) Organizations	5,556	30,603	32,532	115,516
# of Filing Public Charities	2,229	8,804	9,158	37,600
Percent of Public Charities that are Filers	40%	29%	28%	33%
Number of Private Foundations	862	2,541	3,058	9,013
Percent of Public Charities that are Foundations	16%	8%	9%	8%

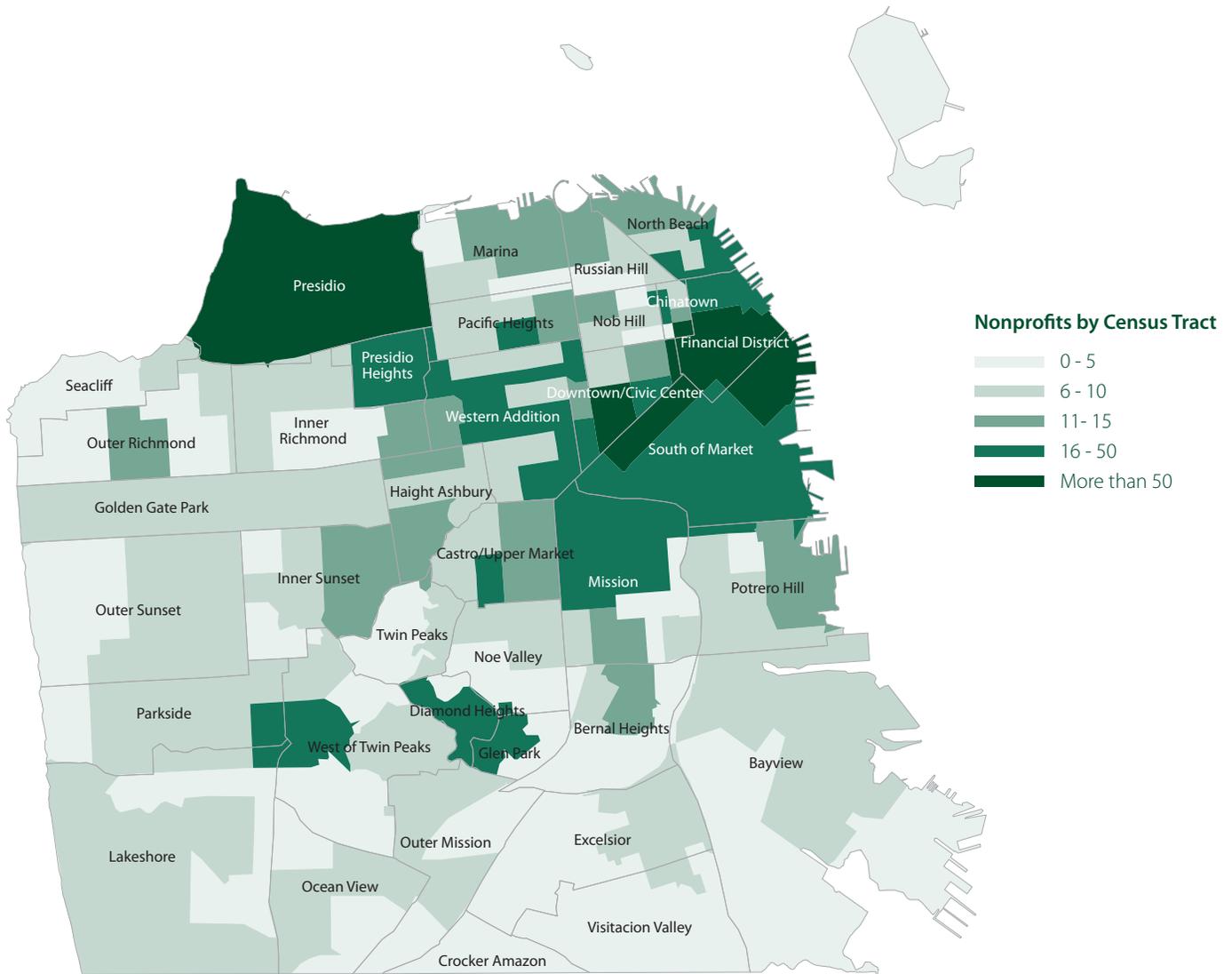
Data: Internal Revenue Service Business Master File 2006, National Center for Charitable Statistics Core Files, Public Charities and Private Foundations 2006

Map 1 shows the location of public charity filing addresses in the city. Nonprofit headquarters are most heavily concentrated in the downtown and the Presidio. The southeast section of the city, home to some of the poorest neighborhoods in

San Francisco, has a low density of nonprofits. This does not mean that work is not being done in these neighborhoods, only that most nonprofits have their administrative offices elsewhere.

Map 1

San Francisco Nonprofits are Headquartered in the Financial District, Downtown, and in the Presidio



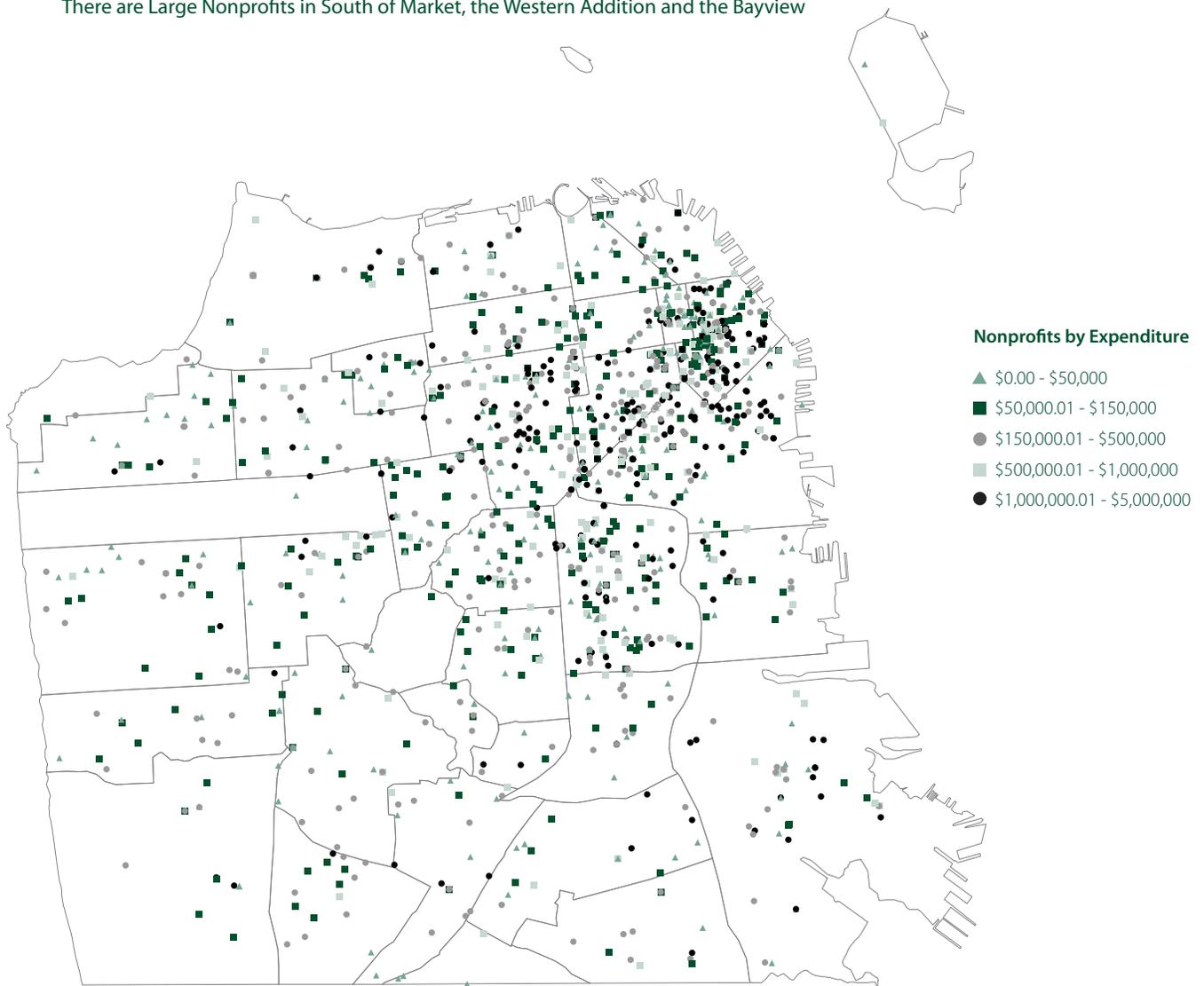
Boundary: City and County of San Francisco, U.S. Census
Data: National Center for Charitable Statistics Core Files, Public Charities 2006

Although nonprofits are concentrated in the downtown, Map 2 shows that there are some large nonprofits (as indicated by total expenditures) in other areas of the city, notably South of Market, and the Western Addition. While there are other areas of the city with a low density of nonprofits, Map 2 shows that Bayview is distinctive in that

it has larger nonprofits but very few small ones. We should note that in the Presidio, a number of nonprofits are located in a very small area; thus the dots representing their expenditures are superimposed on each other and cannot be distinguished in the map.

Map 2

There are Large Nonprofits in South of Market, the Western Addition and the Bayview



Boundary: City and County of San Francisco, San Francisco Planning Neighborhoods, U.S. Census
Data: National Center for Charitable Statistics Core Files, Public Charities 2006

Contributions of San Francisco’s Nonprofit Sector

San Francisco nonprofits contribute to the life of the city in many ways. While nonprofit expenditures and employment make a significant economic contribution to the city, their impact is more widely felt on a daily basis in the services they provide—from world class arts and cultural events, to health services and housing provision—to the diverse people of San Francisco.

A Wide Range of Services

When most people think of nonprofits, they often think of programs for the needy. While nonprofits do play this critical role in San Francisco, they play many other valuable roles, too. Table 3 shows all 501(c)(3)s by their NTEE classification—a way of organizing nonprofits by their major focus (See Appendix for a full description of NTEE codes). San Francisco is particularly strong in nonprofits focusing on the arts, culture, and humanities

(15 percent of charitable filers in the city, compared to 12 percent for the region and 10 percent for Los Angeles and the state). The city is perhaps most distinguished by its percentage of foundations, supporting organizations, and giving programs—23 percent of San Francisco’s charitable organizations are in this classification, a far higher percentage than in any of the comparison regions.

Table 3
San Francisco has Large Arts and Foundation Subsectors
Number of 501(c)(3) Organizations by Subsector

Nonprofit Subsector	San Francisco		Rest of Bay Area		Los Angeles		California	
	#	%	#	%	#	%	#	%
Arts, Culture, and Humanities	858	15%	3,604	12%	3,399	10%	11,737	10%
Education	587	11%	4,219	14%	3,997	12%	14,895	13%
Higher Education	35	1%	160	1%	207	1%	570	0%
Environment	161	3%	1,050	3%	702	2%	3,642	3%
Health	395	7%	1,797	6%	2,029	6%	6,917	6%
Hospitals	15	0%	93	0%	121	0%	460	0%
Human Services	1,004	18%	6,694	22%	6,563	20%	25,558	22%
International	124	2%	581	2%	450	1%	1,596	1%
Mutual Benefit	19	0%	64	0%	44	0%	179	0%
Public and Societal Benefit	485	9%	2,789	9%	2,512	8%	9,989	9%
Foundations, Supporting Organizations, Giving Programs	1,290	23%	5,007	16%	5,059	16%	16,652	14%
Religion	555	10%	4,397	14%	7,241	22%	22,732	20%
Unknown	28	1%	148	0%	208	1%	589	1%
TOTAL	5,556	100%	30,603	100%	32,532	100%	115,516	100%

Data: Internal Revenue Service Business Master File 2006

Table 4

The Majority Offer Educational Activities but Many also do Advocacy, Services, and Arts or Cultural Activities

Activities of San Francisco Nonprofits

Provide Social or Health Services	34%
Offer Classes, Trainings or Other Educational Activities	62%
Produce Arts/Cultural Events or Exhibits	36%
Athletics or Sports-Related	7%
Protect the Environment or Animals (Hands-On)	7%
Advocate for Specific Groups, Places or Causes	30%
Conduct Research or Policy Analysis	19%
Provide Support or Development Services	22%
Membership Organization	17%
Other Purpose	20%

Data: San Francisco Nonprofit Survey 2008

The NTEE classification considers only the primary purpose of the organization. Within this, nonprofits can conduct a wide range of activities. In our survey, we asked nonprofits about the variety of their activities. As shown in Table 4, more than 60 percent offer some type of educational activity. Substantial percentages also conduct advocacy for causes (this activity is legal

for charitable organizations so long as they do not support specific bills or candidates and restrict the amount of resources devoted to these activities), provide health and human services, and produce arts and cultural activities.

Serving the City as a Whole

The vast majority of San Francisco nonprofits provide their services to the city as a whole. Overall, close to 73 percent of nonprofits in our survey target some geographic area—whether a neighborhood in San Francisco, the state, or the nation. Table 5 shows which geographic areas they target (multiple areas can be targeted by a given organization). Slightly more than 73 percent of those who target any geographic area target San Francisco as a whole. Nonprofits target specific neighborhoods in San Francisco at much lower rates, but mostly the poorer neighborhoods in the southeast of the city.

Table 5

Most Nonprofits Target the City as a Whole

Areas Where San Francisco Nonprofits Target Their Activities

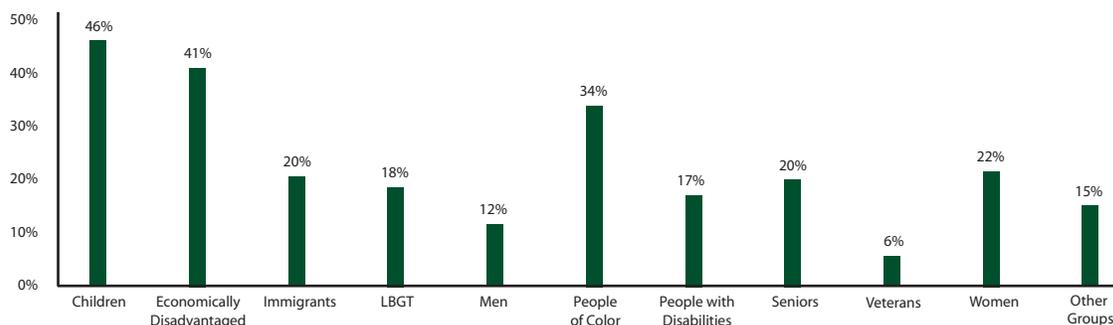
Any Geographic Area	72.7%
San Francisco as a Whole	73.2%
Richmond, Lake, Laurel Heights, Lone Mountain	3%
Sunset, Parkside, Golden Gate Heights	4%
Stonestown, Lakeside, Merced, Ingleside, Oceanview	2%
Twin Peaks, Sunnyside, Diamond Heights, Midtown Terrace, West Portal	2%
Glen Park, Noe Valley, Eureka Valley, Haight/Ashbury	3%
Lower Pacific Heights, Western Addition, North Panhandle, Hayes Valley	5%
Marina, Cow Hollow, Pacific Heights	2%
Russian Hill, North Beach, Telegraph Hill, Downtown, Civic Center, Tenderloin	6%
South of Market, Mission Bay, Inner Mission, Potrero Hill, Central Waterfront, Bernal Heights	8%
Bayview, Visitation Valley, Excelsior, Outer Mission	10%
Peninsula	36%
East Bay	40%
Marin	32%
California	17%
Specific Areas of California	11%
Other Parts of the U.S.	11%
International	9%

Data: San Francisco Nonprofit Survey 2008

Figure 1

Children are the Group Most Often Targeted

Groups Targeted for Nonprofit Services



Data: San Francisco Nonprofit Survey 2008

The majority of San Francisco nonprofits conduct at least some of their activities in the city. Sixty-three percent of all the nonprofits in the survey, and 87 percent of those that target a geographic area, target the city or its neighborhoods.

San Francisco nonprofits serve a wide variety of people; many specifically target their services to particular groups. As shown in Figure 1, children are most often targeted for services—almost half of the nonprofits surveyed said they targeted children. Substantial percentages also target the economically disadvantaged (41 percent) and people of color (34 percent), although all groups are well represented among those targeted.

Direct Economic Impact

Beyond services, nonprofits bring significant economic benefits to the city. It is not within

the scope of this report to consider the subsidiary economic contributions provided by organizations such as museums that help attract tourists to the city. We can, however, examine the direct economic contributions of wages and expenditures.

As shown in Table 6, operating charities made more than \$7.5 billion in expenditures in 2006 and controlled more than \$11 billion in assets. Private foundations contribute more than \$1 billion in expenditures and over \$14 billion in assets. San Francisco has approximately 10 percent of the population in the Bay Area; the expenditures of nonprofits and foundations comprise a considerably greater percent of the Bay Area total. We cannot state what percent of these expenditures were made in the city, but as has already been discussed, the vast majority of San Francisco nonprofits do at least some of their work in the city.

Table 6

Nonprofits Are a Significant Financial Contributor to the Region

Expenditures and Assets: Operating and Non-Operating Nonprofits, and Private Foundations

	San Francisco	Rest of Bay Area	Bay Area Total	San Francisco as a % of Bay Area Total
Total Expenditures				
Operating Public Charities	\$7,525,958,869	\$32,354,555,796	\$39,880,514,664	19%
Non-Operating Public Charities	\$1,180,051,006	\$1,274,451,788	\$2,454,502,794	48%
Private Foundations	\$1,137,053,777	\$2,155,432,906	\$3,292,486,683	35%
Total Assets				
Operating Public Charities	\$11,416,827,258	\$50,767,674,079	\$62,184,501,337	18%
Non-Operating Public Charities	\$7,881,044,077	\$6,844,844,384	\$14,725,888,461	54%
Private Foundations	\$14,515,478,645	\$30,141,001,278	\$44,656,479,923	33%

Data: National Center for Charitable Statistics Core Files, Public Charities and Private Foundations 2006

Note: Operating nonprofits run their own programs. Non-operating nonprofits included mutual benefit organizations, public foundations, trusts, and giving programs. Private foundations receive most of their funding from one source—typically an individual, family or corporation—and use these funds to either support their own charitable activities or the activities of other nonprofits.

Figure 2

Nonprofit Wages are Higher in Larger Organizations

Average Weekly Nonprofit Wages by Size of Organization



Data: California Employment Development Department, ES-202 Program 2007

Nonprofit employees earn substantial wages. In total, nonprofits contributed \$719 million in quarterly wages in the third quarter of 2007—7.7 percent of all wages earned in the city in that quarter. For California, by way of contrast, nonprofit wages accounted for 5.5 percent of all wages. Wages vary by the size of the organization. As shown in Figure 2, average weekly wages are higher in larger organizations, particularly those with between 500 and 999 employees. Figure 2 also shows that nonprofit wages in San Francisco are consistently higher than those in the state. Inflation adjusted nonprofit wages have also grown in the period between 2000 and 2007. With the exception of organizations with between 250 and 499 employees, wages in San Francisco nonprofits grew more rapidly than the state as a whole.

It is commonly assumed that nonprofit wages are lower than those in other sectors. Table 7 shows that in the state, average nonprofit wages are about 100 dollars lower than public sector wages, and only very slightly lower than private sector wages. In San Francisco, in contrast, nonprofit wages are considerably below those of the other two sectors. Furthermore, Table 7 also shows that nonprofit wages are growing much faster in inflation adjusted dollars than is true for the other sectors. Average inflation adjusted wages grew by 19 percent – more than double that of public sector wages and appreciably more than private sector, which actually declined during this period). This period (2000 to 2006) saw the decline in the technology industry, with the accompanying impact on private sector wages.

Table 7

Average Weekly Nonprofit Wages are Below Both Public and For-Profit Wages

Employment and Wages, by Subsection for the 3rd Quarter of 2007

	Number of Establishments	Average Quarterly Employment	Total Quarterly Wages	Average Weekly Wages	% Change in Employees from 2000	% Change in Weekly Wages from 2000
San Francisco						
Nonprofit	1,788	54,108	\$718,728,823	\$1,022	9%	19%
Public	705	90,943	\$1,514,485,088	\$1,281	4%	2%
For-Profit	42,262	414,890	\$7,128,525,746	\$1,322	-1%	-9%
California						
Nonprofit	28,104	881,429	\$10,368,180,384	\$905	2%	18%
Public	31,686	2,306,603	\$30,505,429,421	\$1,017	3%	3%
For-Profit	1,254,302	12,466,888	\$148,756,276,169	\$918	6%	-8%

Data: California Employment Development Department, ES-202 Program 2007

The Sector’s Sophistication

The San Francisco nonprofit sector is remarkable for the numbers of nonprofits operating relative to its population, the stability of its growth pattern, the strong role of local foundations, and the presence of numerous intermediary organizations. These factors point to a mature sector, one that is broadly supported and deeply integrated into the functioning of the city.

Signs of Strength

The relative numbers and expenditures of San Francisco nonprofits are larger than elsewhere in the state. The two following figures should be carefully evaluated. We use the tax filing address to determine the location of the organization. Foundations or nonprofits may be located in San Francisco or Los Angeles and do their work elsewhere in the state, country or world. Therefore, we are not saying how many San Franciscans are actually served by each nonprofit; but rather showing the relative density of nonprofits and expenditures in San Francisco. As shown in Figure 3, there are far fewer people for each operating nonprofit and foundation than is the case in the comparison regions, dramatically so for foundations. In San Francisco, there is one nonprofit for every 183 people and one foundation for every 863 people. In Los Angeles,

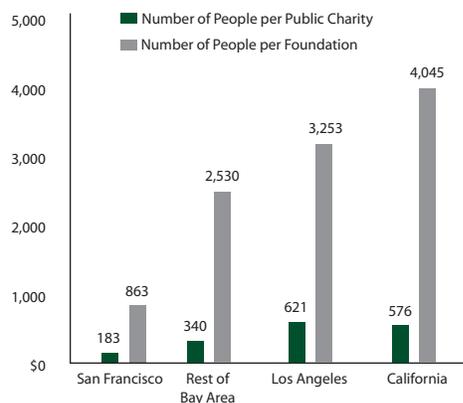
the nonprofit and foundation sectors are larger, but so is the population. There is one nonprofit for every 621 people and one foundation for every 3,253 people.

Similarly, as shown in Figure 4, per capita expenditures by operating nonprofits in San Francisco are almost double that of the rest of the Bay Area, and more than twice that found in Los Angeles or California. In San Francisco each nonprofit “spends” \$8,406 per resident compared to \$4,443 for the rest of the Bay Area, \$3,723 for Los Angeles and \$3,436 for the state. The regional comparison is particularly interesting because the well-funded Stanford University and its affiliated hospital are located in Santa Clara County, and are thus included in the “Rest of Bay Area” number.

Figure 3

San Francisco has a Large Number of Nonprofits and Foundations Relative to its Population

Persons per Operating Nonprofit by Region



Data: American Community Survey 2006, National Center for Charitable Statistics Core Files, Public Charities and Private Foundations 2006

Figure 4

Nonprofit Expenditures per Capita are Much Higher than the State or Comparison Regions

Per Capita Expenditures by Operating Nonprofits by Region



Data: California Department of Finance E-4 Population Estimates 2007, National Center for Charitable Statistics Core Files, Public Charities 2006

Note: Data adjusted for Kaiser Permanente and Catholic Healthcare West. See authors for calculations.

Table 8

Per Capita Expenditures are Particularly High in the Arts and Human Service Subectors

Total Expenditures per Capita of Operating Nonprofits, 2006

	San Francisco	Rest of Bay Area	Los Angeles	California
Arts, Culture, and Humanities	\$775	\$71	\$104	\$79
Education	\$459	\$186	\$153	\$131
Higher Education	\$764	\$562	\$620	\$337
Environment	\$705	\$40	\$14	\$40
Health	\$1,777	\$1,690	\$1,036	\$1,044
Hospitals	\$1,605	\$1,412	\$1,037	\$1,099
Human Services	\$1,815	\$664	\$497	\$485
International	\$274	\$33	\$193	\$77
Mutual Benefit	\$140	\$22	\$1	\$8
Public and Societal Benefit	\$323	\$153	\$141	\$95
Religion	\$34	\$22	\$28	\$29
TOTAL	\$8,669	\$4,856	\$3,823	\$3,424
Total Excluding Higher Education and Hospitals	\$6,300	\$2,882	\$2,166	\$1,988
Foundations, Supporting Organizations, Giving Programs	\$2,974	\$511	\$394	\$343

Data: California Department of Finance E-4 Population Estimates 2006, National Center for Charitable Statistics Core Files, Public Charities and Private Foundations 2006

Note: Data adjusted for Kaiser Permanente and Catholic Healthcare West, see authors for calculations.

An examination in per capita expenditures by subsector reveals San Francisco's strength in the arts, environment, and human services, as shown in Table 8. Foundation and supporting organization are shown separately in Table 8 to avoid double counting dollars that are given by one nonprofit to another.

A note of caution is necessary. It would be incorrect to conclude that San Francisco spends "too much" on nonprofits. There are a number of large arts and environmental organizations in the city that have importance beyond San Francisco's borders. For example, the Trust for Public Land had more than \$220 million in annual revenues and does work nationally. Los Angeles also has major institutions with national importance but a much larger population; so the large organizations' expenditures are divided over many more people. Furthermore, San Francisco contracts with its nonprofits to provide a number of services that other counties house in their public agencies.

The figures above undoubtedly represent the city's confidence in—and very real reliance upon—its nonprofit sector.

Role of Foundations

San Francisco is home to a number of large foundations. As shown in Table 9, San Francisco based foundations "spend" \$1,178 for every person in San Francisco and \$393,080 for every nonprofit. These figures should not be taken as actual local funding since grants are made to nonprofits located outside of the city, although substantial percentages of San Francisco foundations do fund locally.

Table 9

San Francisco has a Strong Foundation Sector Relative to Population

Total Number of Foundations, Contributions, Grants, and Gifts and Assets

	Mean	Sum	\$ per Capita	\$ per Nonprofit	Total N	People per Fnd	Nonprofits per Fnd
Contributions, Gifts, and Grants							
San Francisco	\$1,016,444	\$876,174,674	\$1,178	\$393,080	862	863	2.59
Rest of Bay Area	\$639,615	\$1,625,262,630	\$253	\$184,605	2541	2530	3.46
Los Angeles	\$439,697	\$1,344,592,296	\$135	\$146,822	3058	3253	2.99
California	\$517,852	\$4,667,403,894	\$128	\$124,133	9013	4045	4.17
Total Assets							
San Francisco	\$16,839,302	\$14,515,478,645	\$19,509	\$6,512,103			
Rest of Bay Area	\$11,861,866	\$30,141,001,278	\$4,688	\$3,423,558			
Los Angeles	\$11,062,590	\$33,829,399,385	\$3,401	\$3,693,972			
California	\$9,396,354	\$84,689,340,272	\$2,323	\$2,252,376			

Data: National Center for Charitable Statistics Core Files, Public Charities and Private Foundations 2006, American Community Survey 2006

San Francisco is home to many nonprofit organizations that exist to support and build the capacity of other nonprofits—often referred to as **intermediary organizations**. The size and strength of this intermediary community is both a reflection of and a contributor to the maturity of the overall nonprofit marketplace here.

EXAMPLES OF THE POWER OF A STRONG INTERMEDIARY SUPPORT SYSTEM INCLUDE:

Tides Center and **Community Initiatives** have provided fiscal sponsorship to hundreds of unincorporated projects—many of which have gone on to be thriving independent organizations.

CompassPoint Nonprofit Services is among the country's oldest and largest management support organizations (MSOs) which provide training, consulting, leadership development, and other critical services to the nonprofit sector.

San Francisco Human Services Network is an association of more than 110 nonprofits that educates service providers, elected officials, policymakers, and the community on how policy decisions affect San Francisco's social and health programs.

Northern California Community Loan Fund and the **Nonprofit Finance Fund** are community development financial institutions (CDFIs) that provide affordable capital and related technical assistance to local nonprofits.

The Foundation Center and the **Local Initiatives Support Corporation** (community development) are national organizations that have strong local presences.

Table 9 also shows that San Francisco foundations possess larger assets, and make larger grants, than foundations in the comparison regions and the state. Because of the relatively large number of nonprofits in the city, there are only slightly fewer nonprofits per foundation than is true for Los Angeles, although certainly more than for the state or the rest of the Bay Area. However, there are considerably more foundations per capita in San Francisco than in any of the comparison areas.

Table 10 shows the grant dollars flowing into San Francisco from the approximately 1,300 largest foundations in the country. About one half of total grants made to San Francisco nonprofits come from foundations with headquarters in the city, as does about one-third of total grants dollars.

While we do not have comparable grant flow statistics for other major headquarters of foundations such as New York or Los Angeles, the extent to which San Francisco foundations fund locally is impressive. Forty percent of grant dollars and 26 percent of grants from the largest foundations come from out of state.

The data below excludes smaller foundations and also the majority of grants, often of considerable size, made to public institutions such as the University of California, San Francisco. When these are considered, there were a total of 9,533 grants made to San Francisco nonprofits in 2006 and a total dollar amount of \$823,402,170².

Table 10

Foundation Revenues Come From San Francisco, Silicon Valley and Out of State

Sum of Grants by Locations of Grantor and Grantee

Location of 1300 Largest Foundations Giving to San Francisco	Mean	Sum	Total % of Grant Dollars	Total # Grants	Total % of Grants
San Francisco*	\$78,483	\$160,810,893	33.2%	2,049	49.7%
Silicon Valley	\$182,394	\$69,674,364	14.4%	382	9.3%
Rest of Bay Area	\$133,782	\$14,582,275	3%	109	2.6%
Other California	\$96,755	\$48,377,744	10%	500	12.1%
Out of State	\$176,571	\$191,226,640	39.5%	1,083	26.3%
TOTAL		\$484,671,916	100%	4,123	100%

Data: The Foundation Center

*Sixteen recipients did not have a zip code and were identified as being in San Francisco County by their city.

Note: "Silicon Valley" includes Santa Clara county and San Mateo county; "Rest of Bay Area" includes Alameda county, Contra Costa county, Marin county, Santa Cruz county, Solano county, and Sonoma county

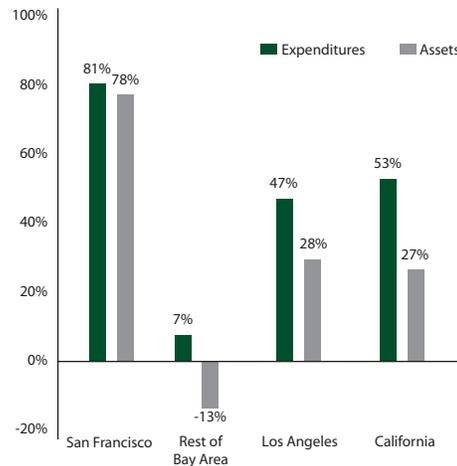
² Data furnished by FoundationSearch, Metasoft Systems, Inc.

Between 2000 and 2006, San Francisco foundations also experienced more rapid growth than foundations elsewhere. As shown in Figure 5, foundation expenditures and assets (in adjusted dollars) grew more than in the comparison regions. Expenditures increased by 81 percent in adjusted dollars and assets increased by 78 percent. The rest of the Bay Area saw a decline, undoubtedly reflecting the financial fortunes of foundations investing heavily in technology stocks, which saw a steep downturn during this period. This picture is expected to change dramatically given the downturn in the economy in 2008 and the accompanying decline in foundation portfolios.

Figure 5

Foundation Expenditures and Assets Grow More Rapidly than Comparison Regions or the State

Change in Foundation Expenditures and Assets between 2000 and 2006



National Center for Charitable Statistics Core Files, Private Foundations 2000 and 2006

Stability

While the foundation sector saw faster growth, the remainder of the nonprofit sector experienced much less change. When all 501(c)(3) organizations are considered, rather than just the filers shown in Table 11, 501(c)(3) organizations grew by 20 percent in San Francisco, compared to a phenomenal 72 percent in the rest of the Bay Area and 35 percent in Los Angeles and the state.

Table 11, which only considers filers, shows that the total number of public charities, excluding supporting organizations, grew by 15 percent during the period from 2000 to 2006. This is appreciably slower than the growth rate in the rest of the Bay Area, Los Angeles or the state. In no subsector did San Francisco nonprofits grow at equal or more rapid rates than the comparison regions. In a few subsectors, such as environment,

Table 11

San Francisco Nonprofits Grew at a Slower Rate than Elsewhere

Number and Growth of 501(c) Organizations, by Subsector

Nonprofit Subsector	Rest of Bay Area			
	San Francisco	Los Angeles	California	
Arts, Culture, and Humanities	14%	34%	32%	32%
Education	16%	24%	20%	27%
Higher Education	-10%	-17%	10%	-1%
Environment	13%	42%	59%	54%
Health	4%	17%	11%	18%
Hospitals	-11%	0%	9%	2%
Human Services	17%	21%	26%	26%
International	32%	37%	27%	40%
Mutual Benefit	17%	40%	83%	38%
Public and Societal Benefit	23%	28%	51%	49%
Religion	25%	29%	31%	38%
TOTAL Percent Change	15%	25%	27%	30%
Foundations, Supporting Organizations and Giving Programs	20%	34%	36%	45%

Data: Internal Revenue Service Business Master File 2006

Table 12
San Francisco's Nonprofit Sector is More Stable than the State's or Comparison Regions'

Percent of Nonprofits Present in 2000 Only, in Both 2000 and 2006, and in 2006 Only

	San Francisco	Rest of Bay Area	Los Angeles	California
Present in 2000 Only (Closed)	14%	14%	15%	14%
Present in 2000 and 2006	58%	54%	51%	52%
Present in 2006 Only (New)	28%	32%	34%	34%
Total %	100%	100%	100%	100%
Total #	2,600	10,177	10,771	43,569

Data: National Center for Charitable Statistics Core Files, Public Charities 2000 and 2006

the rate of growth was much lower. Aggregate expenditures tell the same story—in real dollars expenditures increased by only 6 percent compared to more than 20 percent for the rest of the region and the state and by even more in Los Angeles

Table 12 breaks down the components of growth by comparing the percent of organizations that closed during this period, were present at both 2000 and 2006, and those that were formed during the period. Nonprofits were closing at about the same rate as elsewhere—14 percent of San Francisco nonprofits filing in 2000 were no longer filing in 2006. The difference is that fewer new nonprofits were forming compared to the rest of the Bay Area, Los Angeles or the state. Twenty-eight percent of filing nonprofits in the city in 2006 were not in the 2000 files, compared to 35 percent for the state and 34 percent for Los Angeles.

Table 13
San Francisco's Nonprofit Sector Saw Less Revenue Growth than the State or Comparison Regions

Percent Change in Revenues Between 2000 and 2006 by Initial Revenue Size

	Under \$250,000	\$250,000 to \$1M	\$1M to \$5M	Over \$5M	Total
San Francisco	-1.2%	44.3%	50.8%	163.4%	42.5%
Rest of Bay Area	30.5%	92.9%	160.0%	283.7%	86.2%
Los Angeles	22.2%	66.3%	108.0%	359.1%	80.4%
California	21.6%	83.5%	229.7%	301.3%	92.9%

Data: National Center for Charitable Statistics Core Files, Public Charities 2000 and 2006

Note: Adjusted for Inflation

The stability of the sector is also evident in the revenue growth of individual nonprofits. As shown in Table 13, inflation adjusted revenues of individual nonprofits grew more slowly than the comparison regions or the state and indeed declined slightly in the smallest organizations. San Francisco nonprofits saw their inflation adjusted revenues increase by 43 percent during this period, but this was less than half the growth shown in the rest of the Bay Area, Los Angeles or the state. This suggests that in San Francisco, organizations that were small in 2000 did not grow their revenues, but rather were still small in 2006. In the other regions, revenues of small nonprofits grew, although by a smaller percentage than was true for the initially larger organizations.

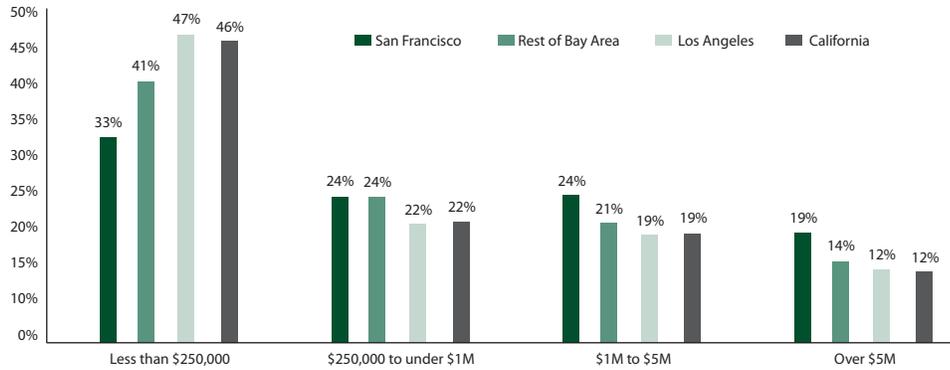
Most nonprofits are small—this is true throughout the country. In San Francisco, there are fewer small nonprofits than elsewhere in the state. As shown in Figure 6, in San Francisco, 33 percent of filing nonprofits have assets of less than \$250,000. We have already noted that San Francisco nonprofits are more likely to be filers, those with revenues of \$25,000 or more. Furthermore, the percent of those with assets of over \$5 million (19 percent) is larger than elsewhere.

San Francisco nonprofits are distinguished by their use of deficit spending (when expenditures exceed revenues in one year). Deficit spending can happen for many reasons. Nonprofits can receive multi-year grants so that money is received in one year and expended in the next; they can borrow against assets to do program or capital expansion. Alternatively, they can spend down reserves because they are unable to bring in necessary financing. Generally, larger nonprofits are more likely to use deficit spending, reflecting their greater capacity to borrow or to receive multi-year grants and marshal other sources of revenues. As shown in Figure 7, this is true in San Francisco and throughout the

Figure 6

San Francisco has a Lower Percentage of Small Nonprofits than the Region, Los Angeles or the State

Organization Size Based on Total Assets



National Center for Charitable Statistics, Public Charities 2006

state—close to 100 percent of nonprofits with assets of \$5 million or more use deficit spending.

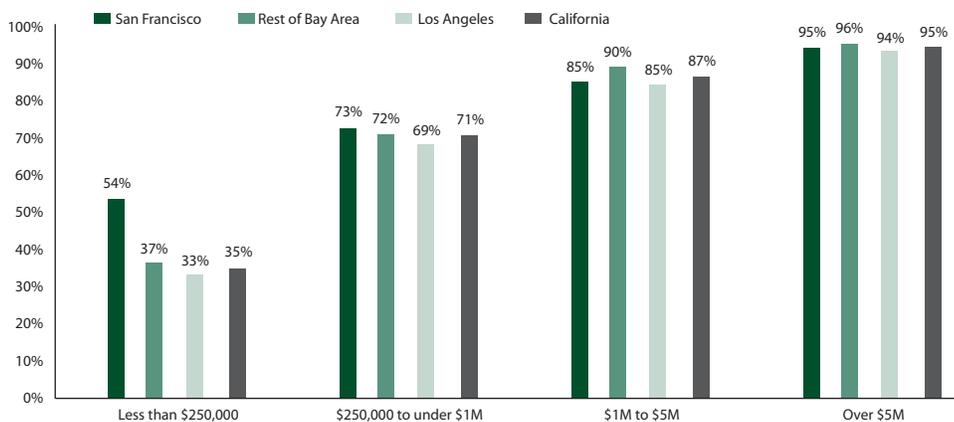
San Francisco nonprofits are more likely to use deficit spending than our comparison areas. Sixty-nine percent of them do, compared to 46 percent of the rest of the Bay Area, 52 percent of Los Angeles and 52 percent of California nonprofits. As shown in Figure 7, this is not simply because San Francisco has a greater percentage of larger nonprofits; it is

also because San Francisco's smaller nonprofits—those with assets of \$250,000 or less—are much more likely to use deficit spending (54 percent) compared to approximately one-third using it in each of the comparison regions. We cannot tell if this is an indication of financial problems, or given all the other findings of this report, the greater financial sophistication of the San Francisco nonprofit sector.

Figure 7

Small San Francisco Nonprofits Are More Likely To Use Deficit Spending Than Elsewhere in the State

Percent of Nonprofits Using Deficit Spending By Size of Assets



National Center for Charitable Statistics Core Files, Public Charities 2006

Diversity In San Francisco Nonprofits

San Francisco is a diverse city—not only in that almost half of its inhabitants are people of color, but also in other ways, including the prominence of the Lesbian/Gay/Bisexual/Transgender (LGBT) community in the city. But do nonprofits mirror the diversity of the city? This is an issue that has garnered a good deal of attention lately—both locally and statewide. Our survey data on the diversity of nonprofit leadership in San Francisco can contribute to this critical and ongoing conversation. The data show the leadership of San Francisco nonprofits is less diverse than it could be, and diverse nonprofits have lower revenues.

“We are not just visioning a better future, we are creating a more inclusive community every day.”

—Survey Respondent

Identifying an organization as “diverse” is not a straightforward undertaking. First we look only at leadership, the composition of the organization’s board and management staff. We then add whether the organization specifically targets the community of interest, under the assumption that organizations that exist in part to serve a particular group have a special role to play in the discussion of nonprofit diversity. We start by looking at each of these indicators separately and then, as

discussed in the sidebar, move to a simplified measure that combines the three indicators.

Note: In the figures that follow, the bottom axis states the percentage of diversity of the boards or management staff while the side axis lists what percentage of nonprofits in the survey have no diverse boards or management staff, 1 to 5 percent diverse boards or management staff and so on.

MEASURING DIVERSITY

For this report, we consider three categories of diversity: of color, LGBT, and women. We recognize that there are many other important categories of diversity but these three represent sizable populations in the city. Diversity criteria are much debated, and we know there are other ways of analyzing the data that would also be revealing.

The classification of race and ethnicity used by the United States census presents a variety of problems. In designating a single “of color” category for race/ethnicity, we hoped to capture the largest response, neutralize some of the drawbacks of many of the standard categories, and acknowledge the growing multiple race identification.

The LGBT community is very important to the life of the city and there are many nonprofits that serve this community.

While LGBT representation might be easily reported in some organizations, in others, this identification may not be possible or appropriate. We therefore allowed organizations to indicate that they did not know the LGBT status of individuals serving as management staff or on boards.

We have focused on the leadership of nonprofits, and cannot estimate the diversity of general staff. In framing what constitutes a “diverse organization,” we’ve set the criteria as at least 50 percent representation on the board and management staff because that is the point at which the diverse group is in the majority. To complete the criteria, the diverse organization must target the specific population because such identification is then central to the organization’s identity in a way that is not true for organizations that target more broadly.

The Diversity of Nonprofit Leadership

As shown in Figure 8, 20 percent of San Francisco nonprofits in our survey have no person of color currently serving on their board, while 43 percent have no management staff of color. Thus, more nonprofits have at least some ethnic/racial diversity on their boards than among their management staff. There are a notable percentage of organizations whose entire board is of color (9 percent), as well as of organizations whose entire management staff is of color (13 percent).

Figure 8
Many Nonprofits Have No Board or Management Staff of Color
Management Staff and Boards of San Francisco Nonprofits: Of Color

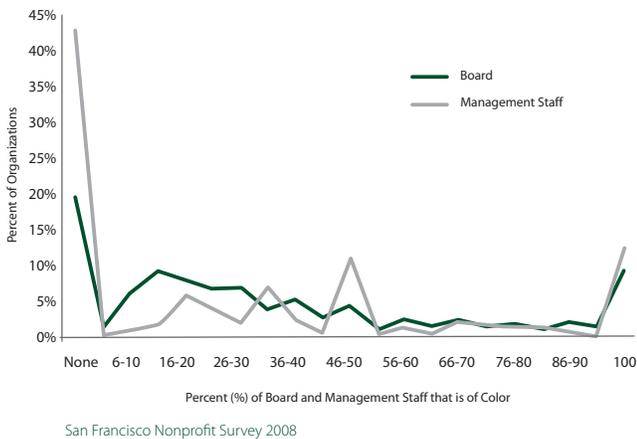


Figure 9 shows the LGBT composition of boards and management staff (where the executive director was willing or able to report the numbers). Forty one percent of boards and 55 percent of management staff have no identified LGBT members. Three percent of the nonprofits have entirely LGBT boards, and 9 percent of the nonprofits have entirely LGBT management staff.

Figure 9
The Majority of Nonprofits Have No LGBT Board or Management Staff (as known by ED)
Management Staff and Boards of San Francisco Nonprofits: LGBT

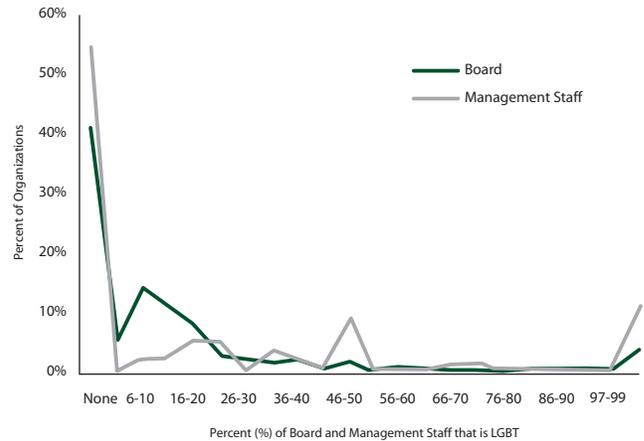
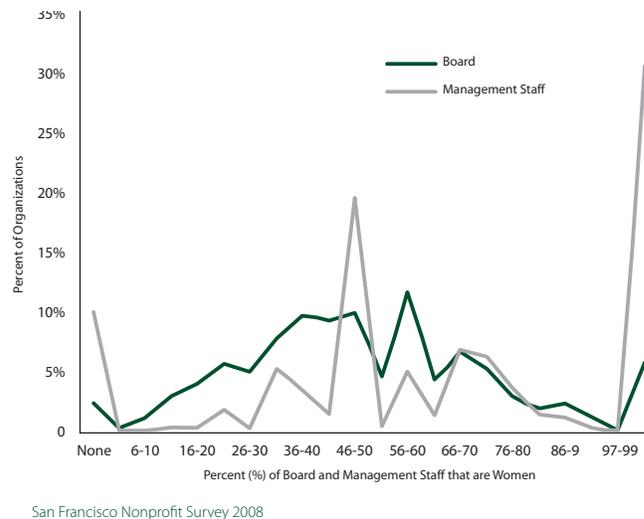


Figure 10 shows the gender composition of boards and management staff. There is a good representation of women in both roles. Only 2 percent have no women on their boards, and 10 percent have no women among their management staff. In contrast, 6 percent have boards comprised entirely of women, and 31 percent have 100 percent female management staff.

Figure 10
Women are Well Represented on Nonprofit Boards and Management Staff
Management Staff and Boards of San Francisco Nonprofits: Women

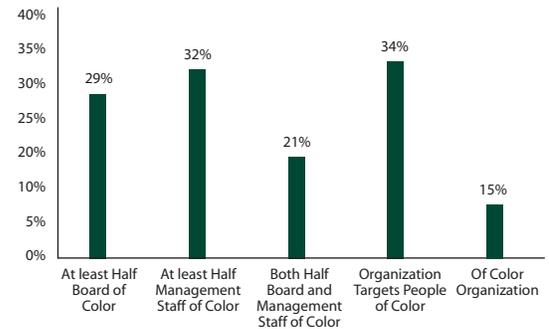


Figures 11, 12, and 13 show that the three indicators of diversity overlap each other. Most (but not all) nonprofits where at least half the board and management staff are of color or LGBT also target these groups with their services. This is much less likely to be the case for women, where 54 percent of nonprofits fit the definition for boards and management staff, but only 11 percent also specifically target women.

In these figures, an “Of Color,” “LGBT,” or “Women’s Organization” is a nonprofit that meets three diversity criteria: half of its board, half of its management staff, and it targets its activities to, the particular group being considered.

Figure 11
 Nearly a Third of San Francisco Nonprofits have Either Half Management Staff or Half Boards of Color

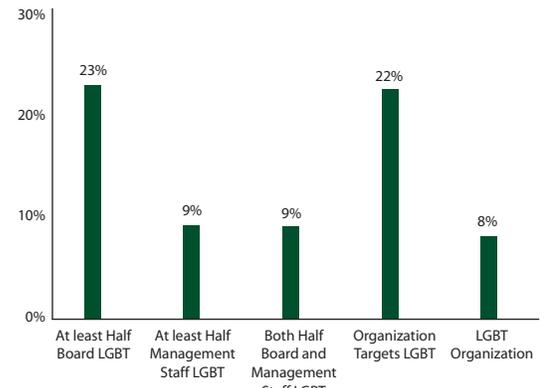
Diverse Organizations: Of Color



San Francisco Nonprofit Survey 2008

Figure 12
 Boards are More Likely to Have LGBT Members than Management Staff (as known by ED)

Diverse Organizations: LGBT



San Francisco Nonprofit Survey 2008

Figure 13
 Nonprofits are More Likely to Have Women on Boards or Management Staff than to Target Women

Diverse Organizations: Women



San Francisco Nonprofit Survey 2008

“Diverse” Organizations

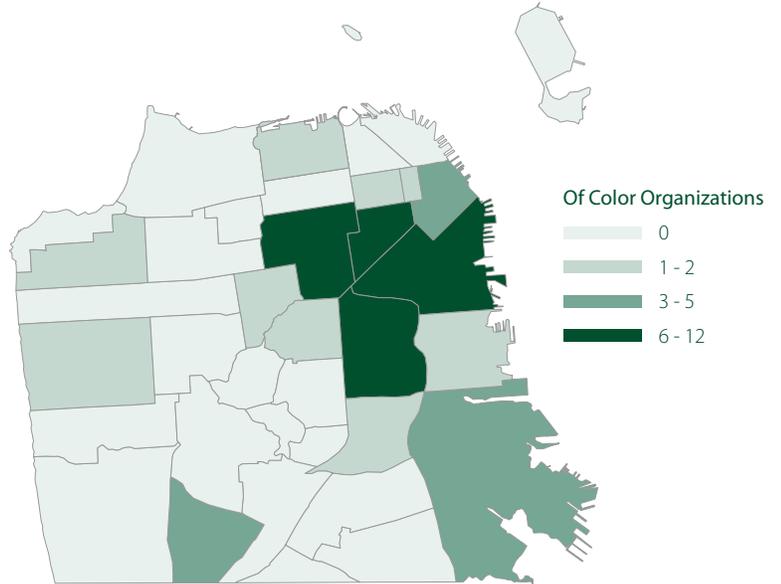
In the remainder of this analysis, we use the three diversity criteria together (at least half management staff, at least half board, and targets population) as representing a diverse organization. The three categories of diversity that we’ve chosen for this report (of color, LGBT, and women) are not mutually exclusive. A nonprofit could fit all three. While no nonprofit that responded to the survey actually did, there were eight women/of color, three LGBT/women, and two of color/LGBT nonprofits. We first look at where diverse nonprofits are located and then consider the ways that they are distinct from the other nonprofits in the city.

“Of Color” nonprofits are most likely to be located in Downtown, North Beach/Chinatown, South of Market, and the Western Addition (Map 3). A smaller number (in the 3 to 5 range) are found in the Bayview and Ocean View areas.

“LGBT” nonprofits are most likely to be found in the Downtown area and in the Castro (Map 4). There are a smaller number in the South of Market, Mission, and Financial districts.

Map 3

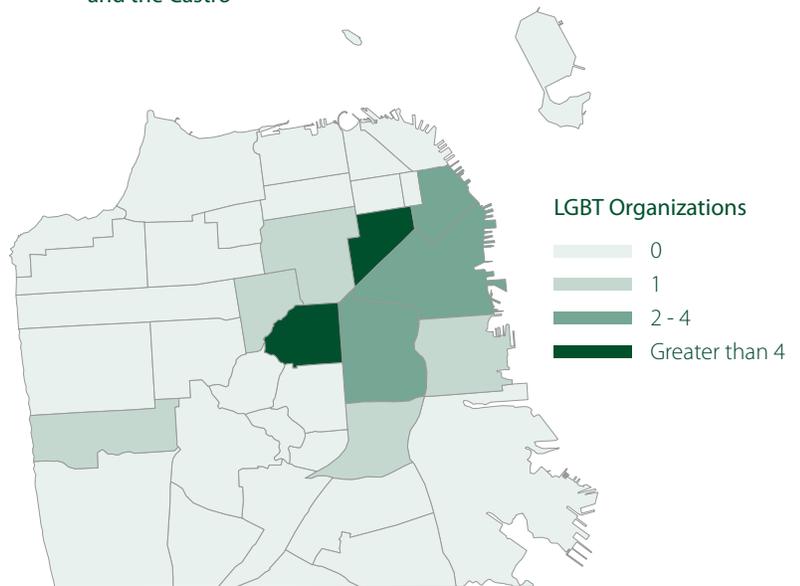
Of Color Nonprofits are Most Heavily Concentrated in the Downtown, North Beach/Chinatown and the Mission



Boundary: City and County of San Francisco
Data: San Francisco Nonprofit Survey 2008

Map 4

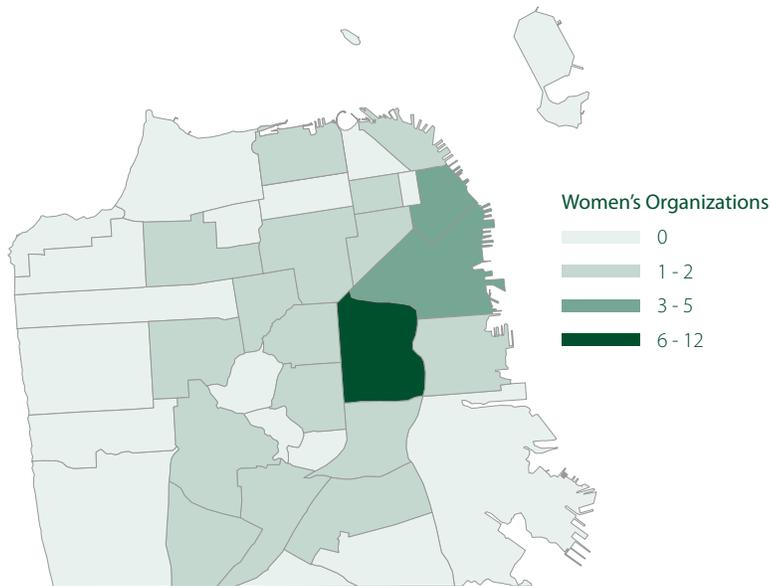
LGBT Nonprofits are Most Often Found in the Downtown and the Castro



Boundary: City and County of San Francisco
Data: San Francisco Nonprofit Survey 2008

Map 5

Women's Nonprofits are Most Often Found in the Mission



Boundary: City and County of San Francisco
Data: San Francisco Nonprofit Survey 2008

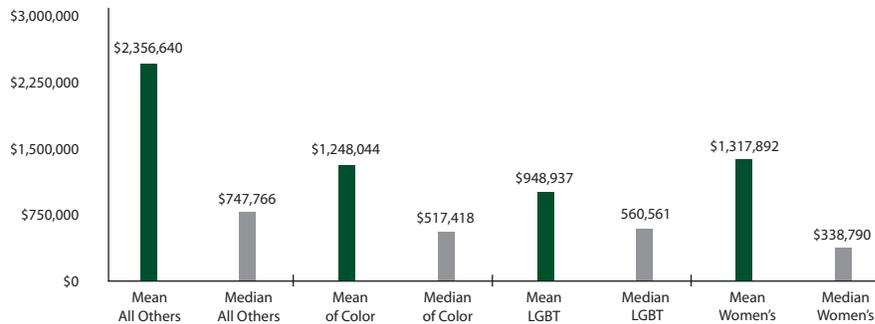
“Women’s” nonprofits are concentrated in the Mission and to a lesser extent in the South of Market areas of the city (Map 5).

As shown in Figure 14, diverse nonprofits tend to be smaller than the other nonprofits. Because the mean can be distorted by very large organizations, we will consider only median revenues. The median revenue in 2006 for of color nonprofits was about \$418,000, for LGBT nonprofits \$560,000, and for women nonprofits \$350,000.

Figure 14

Diverse Nonprofits Have Lower Revenues

Revenues of San Francisco Nonprofits



Data: San Francisco Nonprofit Survey 2008

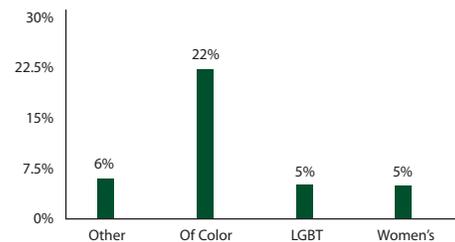
Where do diverse nonprofits do their work?

Figure 15 compares nonprofits that fit the full diversity criteria to others that may fit one or two of the measures but not all three. It considers only those nonprofits that target their work to a particular geographic area. As shown there, of color nonprofits are much more likely to have their filing address (typically the administrative headquarters) in at least one of the neighborhoods where they do their work—more than 20 percent of them are located in at least one neighborhood they target.

Figure 15

Nonprofits of Color are More Likely to be Located in at Least One Neighborhood They Serve

Organization is Located in at Least One Neighborhood Where It Targets Services

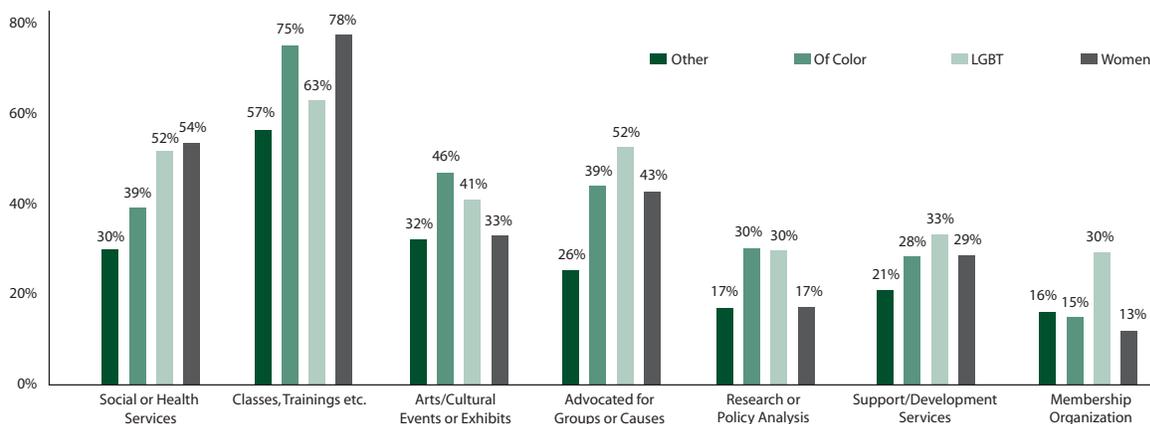


Data: San Francisco Nonprofit Survey 2008

Figure 16

Diverse Nonprofits Conduct More Different Kinds of Activities

Types of Activities the Organization Conducts



Data: San Francisco Nonprofit Survey 2008

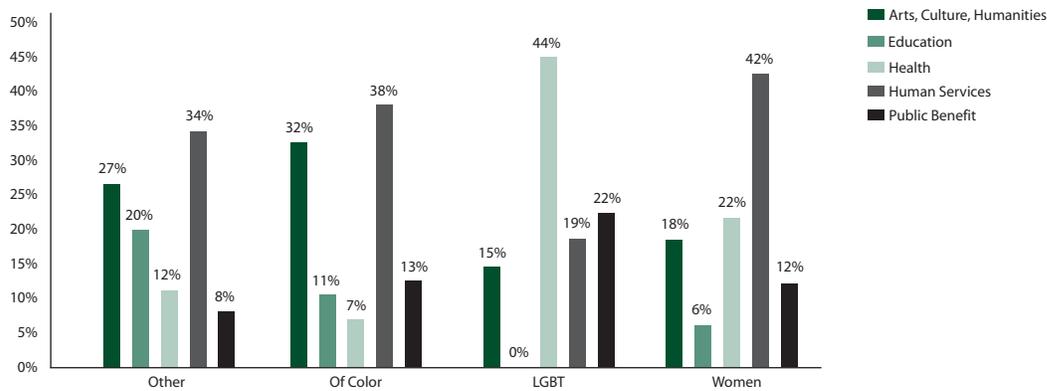
Figure 16 shows the types of activities conducted by diverse nonprofits. While the patterns are complex, a few things stand out. Diverse nonprofits, despite the fact that they are smaller, do more different kinds of activities. Of color nonprofits are distinguished by their focus on educational activities, arts and culture, and policy and advocacy. LGBT organizations are more likely to conduct social or health related activities, policy or advocacy work, provide support to other nonprofits, and serve as a membership organization. Finally, women’s nonprofits are more likely to offer social or health services and educational activities. On average, of color organizations checked 3.06 different types of activities, LGBT checked 3.19, and women’s checked 2.91. The remainder of nonprofits checked on average 2.3 activities.

Another way of looking at these organizations is by their NTEE codes (Figure 17). This differs from self-reported activities in that it summarizes the major purpose of the organization. Of color nonprofits are most likely to be found in arts, culture and humanities or in social services. LGBT nonprofits are overwhelmingly concentrated in health, although substantial percentages are also classified as public benefit and social services. Women’s organizations are most likely to be found in social services and secondarily in health and arts, culture and humanities.

Figure 17

Diverse Nonprofits are Less Likely to be in Education

Select NTEE Codes



Data: San Francisco Nonprofit Survey 2008, National Center for Charitable Statistics Core Files, Public Charities 2006

Challenges To A Strong Sector

While the San Francisco nonprofit sector has been remarkably stable, survey data indicate a range of moderate to extreme challenges facing the sector and its constituents—from decreasing nonprofit revenues to a skewed distribution of organizations relative to population needs. All of these challenges will be impacted—most negatively—by a prolonged recession, which seems very likely as of the writing of this report.

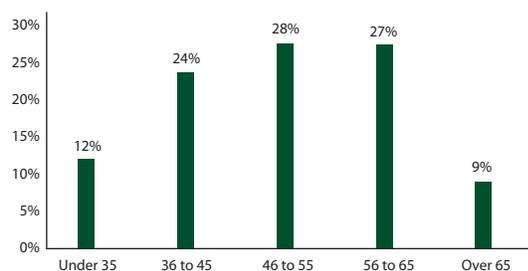
Executive and Board Leadership

A great deal of attention has been paid to the coming crisis of executive director retirement. Our data show that the majority of nonprofit leaders are not near retirement. Only 9 percent of those responding to the survey are over 65, and an additional 27 percent are between 56 and 65. Some of these, undoubtedly, will be retiring soon, but many are years away from retirement. The issue appears not to be the sheer numbers of simultaneously exiting executives. Our survey data do not show whether nonprofits are able to replace executives as they retire.

Also of concern is the ability of nonprofits to attract board members—and even more importantly, to support them in being as effective as possible on behalf of organizations. Our survey data indicate some challenges on both fronts. We found that 79 percent of nonprofits attempted to recruit a board member in the past year. Of those, 44 percent were turned down by at least one person. We don't know the myriad reasons potential board members may have declined; however, 11 percent of nonprofits who had been turned down by someone they had asked to join their board said it was because of the increased board accountability standards reflected in the Sarbanes-Oxley Act and the Nonprofit Integrity Act of California.

Figure 18

The Majority of Nonprofit Executives are Under 55
Age of Survey Respondents

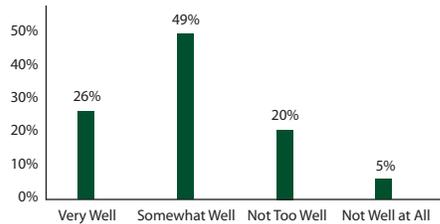


Data: San Francisco Nonprofit Survey 2008

As shown in Figure 19, executive directors are moderately satisfied with the performance of their boards. About half of respondents rated their boards as meeting the needs of the organization “somewhat well.” Twenty-five percent felt that the board did not meet the organization’s needs at least somewhat well, 26 percent felt that the board met the organization’s needs very well. This finding is consistent with other leadership research suggesting that nonprofits still have open questions about the nature of board roles and contributions.

The following analysis examines the location of nonprofit resources in relation to the location of specific population. We do not have the data to say precisely who nonprofits serve. However, NTEE codes (see Appendix) can be used to identify nonprofits that can reasonably be assumed to be providing services to particular populations. The following is an examination of the numbers of these nonprofits, and an effort to relate them to the numbers of specific populations that can benefit from their services.

Figure 19
Most Executives Feel that the Board Meet Needs Somewhat Well
How Well the Board Meets Needs



Nonprofit Location Relative to Need

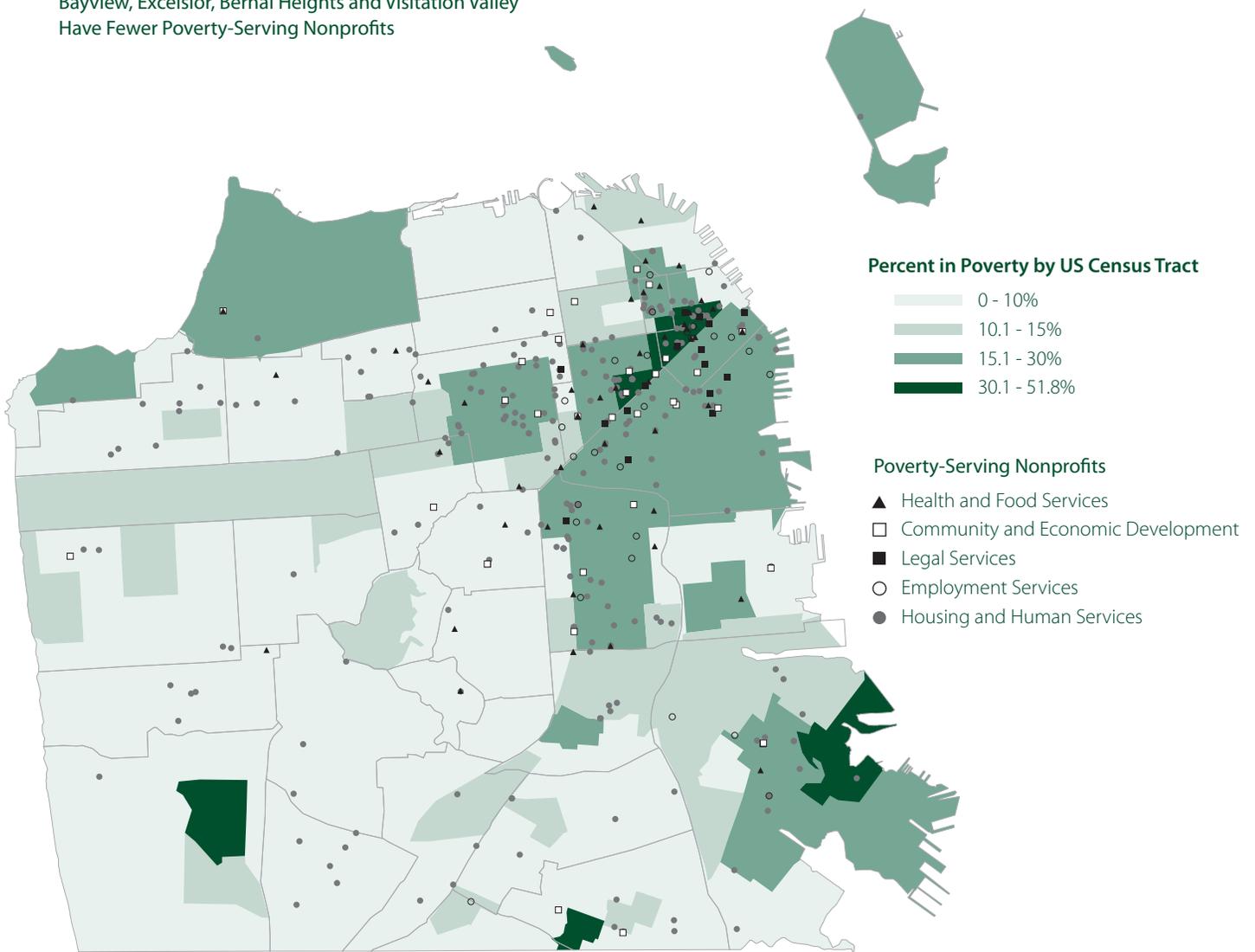
Not all nonprofits serve populations directly—they may do advocacy work, tackle environmental issues or conduct research. But those that provide direct forms of service— whether food and housing to the poor or transportation assistance to seniors—generally benefit from close proximity to their clients. While San Francisco is a small city with a good transportation network, for some populations there are practical and cultural barriers to accessing services in neighborhoods outside their own. Furthermore, nonprofits located in the neighborhood where they deliver services may have a more nuanced understanding of community needs.

Map 6 shows that nonprofits serving poverty populations tend to be headquartered in the downtown, South of Market, the Mission, and the Western Addition. Relatively few are located in Bayview the Excelsior, Bernal Heights, and Visitation Valley, even though there are concentrations of people in poverty in those

neighborhoods. We should note that the high poverty neighborhood in the Lakeshore district is because of San Francisco State University and its student population, which is generally low-income. Seacliff shows an unlikely concentration of poverty because of one street along its perimeter.

Map 6

Bayview, Excelsior, Bernal Heights and Visitation Valley Have Fewer Poverty-Serving Nonprofits



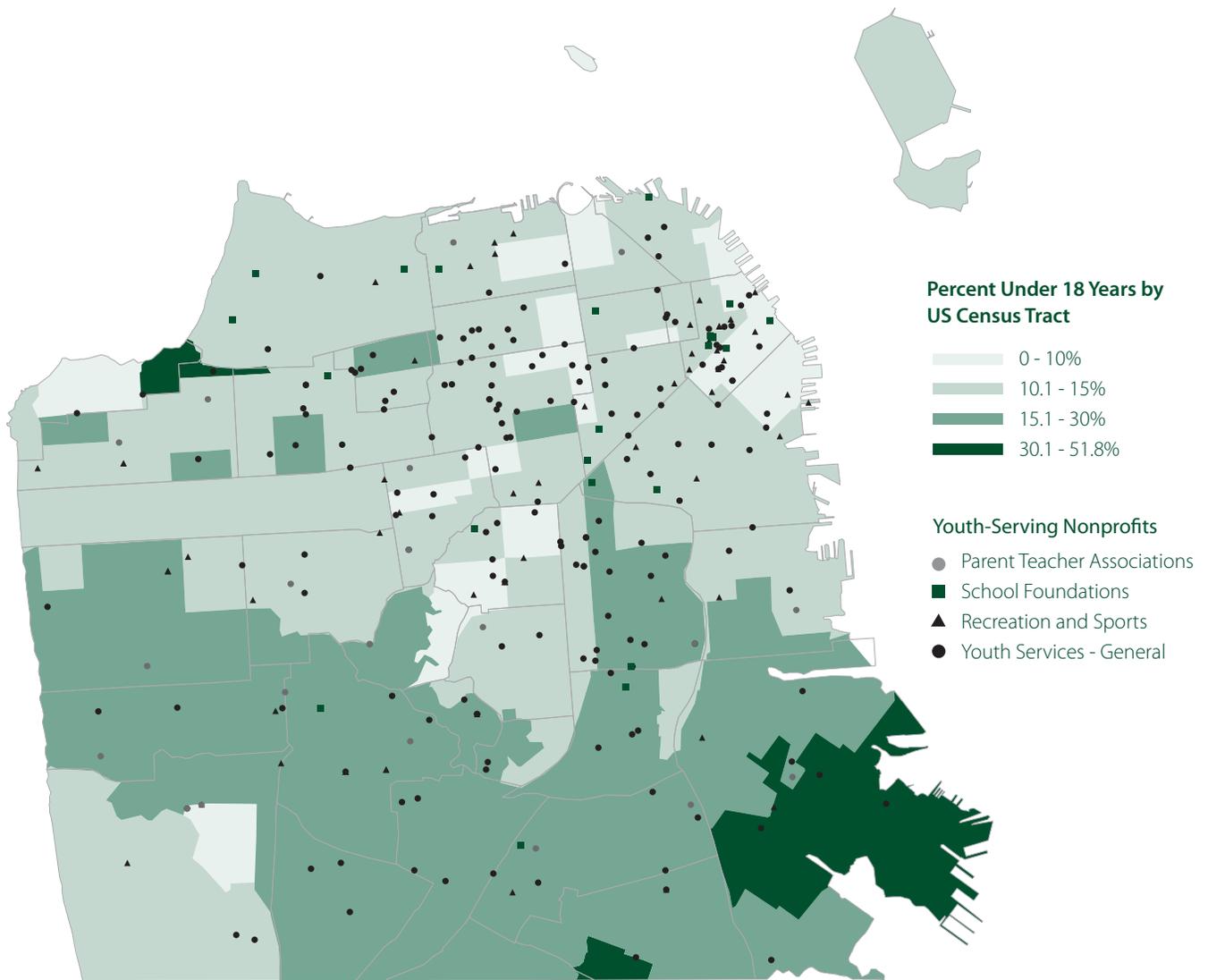
Boundary: City and County of San Francisco, U.S. Census
Data: National Center for Charitable Statistics Core Files, Public Charities 2006 U.S. Census
NTEE Codes: B21, E20-E22, E24, E30-E32, E40, E42, E70, G98, I80, I83, J20-J22, J30, J32, J33, K30, K31, K34, K35, L20-L22, L30, L40, L41, L80-L82, P20, P21, P24, P26-P33, P40, P42-P47, P50-P52, P60-P62, P70, P71, P73-P75, P80, P82, P8

Map 7 shows that nonprofits serving youth are not located in the neighborhoods with the highest concentration of youth. The southern

portion of the city in general has higher percentages of people under 18, yet a low density of youth-serving nonprofits.

Map 7

The Southern Part of the City has Many Youth and Few Youth-Serving Nonprofits



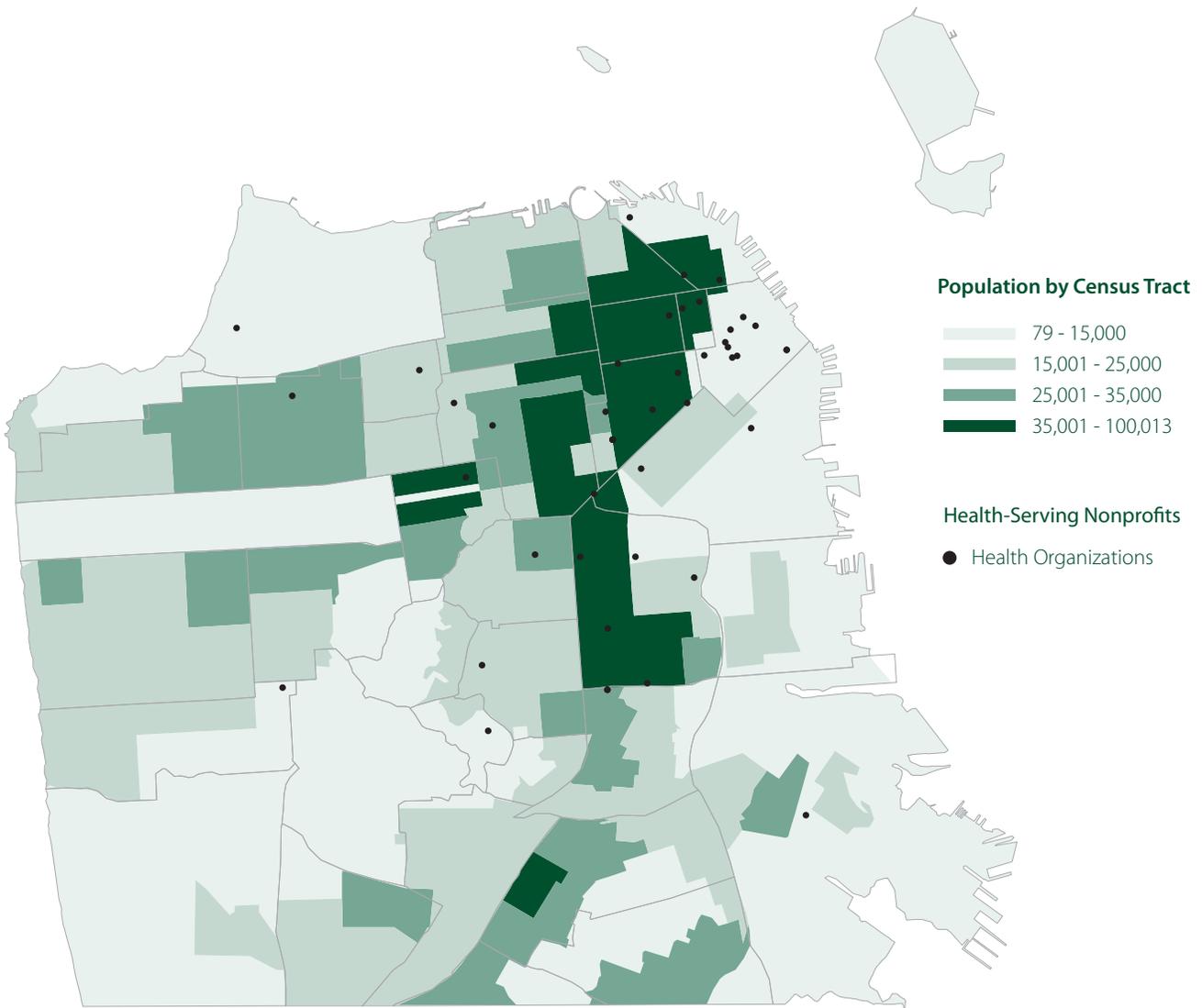
Boundary: City and County of San Francisco, U.S. Census
Data: National Center for Charitable Statistics Core Files, Public Charities 2006 U.S. Census
NTEE Codes: A52, B11, B12, B20, B21, B24, B25, B28, B29, B92, B94, G98, I21, I70, I72, I73, K30, K40,
NO-99, O20, O21, O22, O23, O40, O50, O51, O52, O53, O54, O55, P30, P31, P32, P33, P40, P43, P73

Map 8 shows that health-serving nonprofits are located largely in the downtown and the Mission. Large portions of the city do not have any health-serving nonprofits. While there are public clinics

and hospitals not shown on this map, nonprofit health services are not available to many people in the southern and western portions of the city.

Map 8

Large Portions of the City do Not Have any Health-Serving Nonprofits



Boundary: City and County of San Francisco, U.S. Census
Data: National Center for Charitable Statistics Core Files, Public Charities 2006 U.S. Census
NTEE Codes: E20-E22, E24, E30-E32, E40, E42, E50, E70

Financial Vulnerability

We have already discussed the fact that most San Francisco nonprofits are small—90 percent had less than \$1 million in annual expenditures in 2006. Eighty percent make expenditures under \$250,000 (see Appendix for organizational size by NTEE code). Small San Francisco nonprofits face the same challenges to their capacity and stability as the rest of the state. We do not judge the capacity of small nonprofits to deliver needed services and activities—they are often staffed by committed individuals who feel a calling to do the work that they do and may know the particular issues of their community firsthand. However, larger organizations may be better positioned and supported to take on new activities and to weather financial downturns. In the current economic climate, all nonprofits will face increased financial insecurity; this is particularly true for the small ones.

San Francisco nonprofits are also stressed by declining revenues. Fifty-one percent of nonprofits filing tax returns in 2000 and 2006 saw a decline in inflation-adjusted revenues. This contrasts to 46 percent for the remainder of the Bay Area, 48 percent for Los Angeles, and 46 percent for the state as a whole. When aggregate revenues and expenditures are examined,

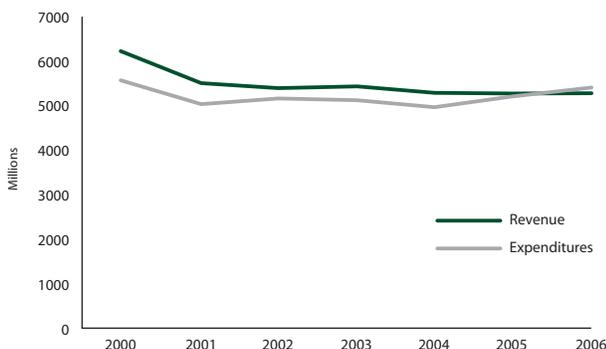
a similar picture emerges. As shown in Figure 20, aggregate inflation-adjusted expenditures declined by 3 percent in this period, while revenues stayed unchanged. While in 2000 aggregate revenues exceeded expenditures, by 2006 they were roughly equal. Thus, nonprofits have less money, individually and collectively, to do the work required of them.

Table 14 contrasts San Francisco’s changes in revenues and expenditures to the comparison regions. The rest of the Bay Area, Los Angeles, and the state saw aggregate revenue and expenditure growth. We have included Silicon Valley (Santa Clara and San Mateo counties) in this table to show that the finding is not simply an artifact of the downturn in the technology economy. Unlike San Francisco, Silicon Valley aggregate expenditures and revenues increased.

Figure 20

Aggregate Nonprofit Revenues and Expenditures Declined Between 2000 and 2006

Revenue and Expenditure Growth 2000 to 2006, Adjusted for Inflation



Data: National Center for Charitable Statistics Core Files, Public Charities and Private Foundations 2000 and 2006

Note: Figure excludes Hospitals and Higher Education because their revenues and expenditures are so large they obscure trends in the remainder of the sector.

Table 14

San Francisco’s Revenues and Expenditures Did Not Grow Between 2000 and 2006

Percent Change in Revenues and Expenditures, 2000 to 2006

	Change in Expenditures	Change in Revenues
San Francisco	-3%	0%
Silicon Valley	55%	39%
Rest of Bay Area	39%	36%
Los Angeles	47%	46%
California	34%	35%

Data: National Center for Charitable Statistics Core Files, Public Charities and Private Foundations 2000 and 2006

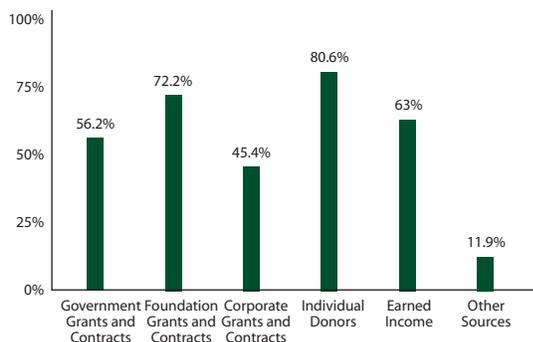
Note: Excludes Hospitals and Higher Education

Table 14 shows aggregate expenditures and represents the cumulative changes of all nonprofits, the number of which grew during this period. On average, individual nonprofits saw a 13 percent decline in their median inflation adjusted expenditures, and a 6 percent decline in median inflation adjusted revenues between 2000 and 2006. This may be one reason that nonprofits in the survey are most likely to rate fundraising the weakest part of their infrastructure. When asked to rate the adequacy of their human

resources, financial management, information technologies, and fundraising capacity, 17 percent of nonprofits said their fundraising infrastructure is very inadequate compared to 8 percent for human resources, 5 percent for information technologies, and four percent for financial management. These capacities are not independent, and inadequacies in fundraising may reflect inadequacies in other systems as well. It is unsurprising then that more than 67 percent stated that if they had resources they would devote them first to fundraising. Ten percent reported that none of these aspects of infrastructure needed attention.

San Francisco nonprofits raise revenues from a variety of sources. As shown in Figure 21, 56 percent receive at least some revenues from government grants and contracts, 72 percent have received a least one foundation grant or contract in the past year, 45 percent have gotten a corporate grant or contract, and 81 percent had gotten at least some income from individual donations. Sixty-three percent had at least some earned income.³ All of these sources will be affected by the current financial downturn.

Figure 21
San Francisco Nonprofits Rely on Many Revenue Sources
Sources of Revenues in San Francisco Nonprofits



Data: San Francisco Nonprofit Survey 2008

³ We do not know if there is greater foundation and public sector funding in the San Francisco nonprofit sector than elsewhere because we do not have comparable figures for other areas.

These statistics only state whether nonprofits got any funding from each of these sources, not the amount or proportion the different sources of funding make up of their total budgets. Unfortunately, we cannot fully tell the amount of funding from public, foundation and other sources. We have data on foundation grants from the largest 1,300 foundations, but not from smaller foundations or government and corporate sources.

The aggregate dollar amount of grants received from the largest foundations accounted for 9 percent of total revenues of all nonprofits in the city and 28 percent of the revenues of nonprofits that receive grants from the largest foundations. Grants from smaller foundations presumably would appreciably increase the number of grants to San Francisco nonprofits; the dollar amount would be less affected. Donations account for 57 percent of San Francisco nonprofit income on average, and earned income for 32 percent. The percentages from donations and earned income are not appreciably different than those of the rest of the Bay Area, Los Angeles or the state.

One challenge for San Francisco nonprofits is in their ability to raise general operating support. In all, 28 percent of the nonprofits in the survey found it very difficult to raise general operating support for their organization and an additional 45 percent found it somewhat difficult. Only 17 percent found it not too difficult and 6 percent not at all difficult (the remainder said that raising general operating support was not necessary for their nonprofit).

These financial challenges become most apparent when we asked nonprofits how certain they were that they would be able to meet budget in the current year (remember that the survey was administered in 2008 before the financial crisis

was fully recognized). Thirty-nine percent were very confident that they would raise sufficient revenues to meet budget and an additional 44 percent were somewhat confident. However, 14 percent were not too confident and 4 percent not at all confident. Sixty-one percent of nonprofits in the city lack full confidence in their ability to raise enough money to meet their current budget during a period in which the economy was stronger. Furthermore, even in early 2008, a number mentioned being affected by the recession in open-ended survey questions. We can only surmise that the percentage lacking confidence in their ability to meet budget would be higher if the survey were to be administered today.

“Sustaining a working program is hardest. Fundraising fluctuates drastically. Maintaining high standards in the face of social changes is always difficult. Flexibility, facilitating innovative suggestions, laying the groundwork for the future is always a challenge.”

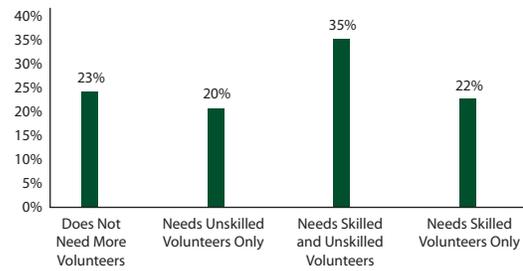
—Survey Respondent

The Need for Volunteers

Volunteerism in nonprofits is not only an important source of labor for cash-sensitive organizations, it galvanizes community involvement. Volunteerism also often serves as a way to involve clients or community members in the running

Figure 22

Almost Half of Nonprofits Use Volunteers with Professional Skills
Volunteer Use in San Francisco Nonprofits



Data: San Francisco Nonprofit Survey 2008

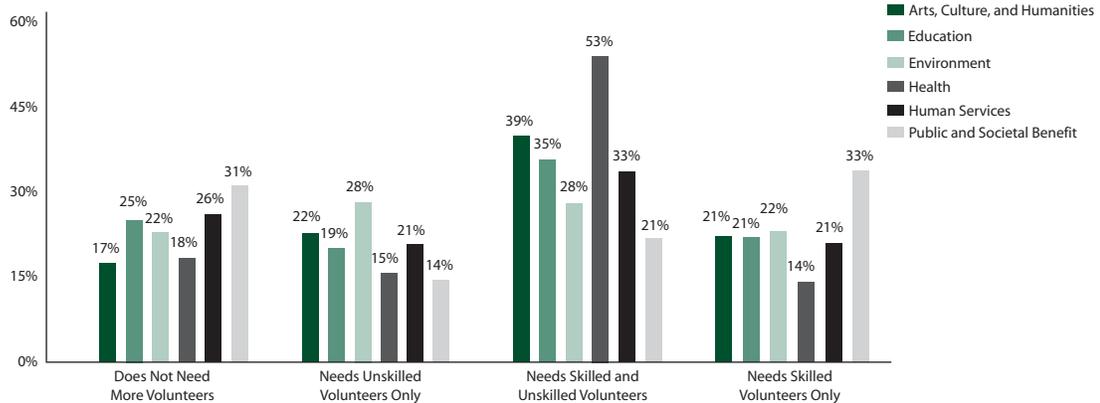
of the nonprofit, thus providing important work experience. The importance of volunteers was evident among the nonprofits in our survey. Eighty-two percent of nonprofits use volunteers and of those that do, 68 percent require professional skills of their volunteers.

San Francisco nonprofits could use more volunteers—only 23 percent of those in the survey said they could not use more volunteers. Nonprofits need volunteer assistance for both unskilled and skilled work. Thirty-five percent said they could use both types of assistance, while approximately 20 percent could use either.

As shown in Figure 23, all types of nonprofits can use volunteers. The need for skilled volunteers is particularly high in public and societal benefit organizations. Health nonprofits have the greatest need for both unskilled and skilled assistance.

Figure 23

All Types of Nonprofits Could Use More Volunteers Need for Volunteers



Data: San Francisco Nonprofit Survey 2008

Final Reflections

San Francisco is rightfully proud of the scale and collective impact of its nonprofit sector. It is vital to the social and economic life of the city and shows a relative maturity and sophistication compared with many other sectors around the state. In spite of this, San Francisco also serves as a cautionary tale for those committed to the long-term health and efficacy of nonprofits.

In many ways San Francisco's nonprofit sector is advantaged. It is located in a city where there is a good deal of support given to it by the city, the foundation sector, and local support organizations. It is engaged, involved in advocacy, and has created membership organizations such as the Human Services Network to advance its cause. Many nonprofits in the city have national and international importance, which is particularly impressive given the relatively small population of San Francisco. The city has a diverse population, and in turn supports diverse organizations. Indeed, some of the early and most important nonprofits in this city were founded by and for people of color. In many ways, San Francisco and its nonprofit sector can serve as a model for many other cities.

But this report also shows the limits of this strength. First, the nonprofit sector's leadership does not fully mirror the city's diversity. Furthermore, nonprofits where the leadership is ethnically or racially diverse tend to be the ones that target that community. This has importance, but leadership diversity and multi-culturalism are also critically at more mainstream organizations. They help to ensure cultural competence broadly defined—from who gets hired and promoted to which clients get considered and served. We would guess that, in general, the line staff of nonprofits is much more diverse, yet people are not transitioning to, or being hired into leadership positions at rates proportionate to their representation in the city. Why this is the

case is undoubtedly complex. The fact of this shows that being a liberal city, with stated interest in inclusiveness, is not sufficient to live up to diversity principles.

This report also shows that substantial numbers of organizations struggle financially, revealing basic structural flaws in the nonprofit model. We cannot stress enough that strains captured in our early 2008 nonprofit survey are significantly more severe today, at the same time that need is increasing. As we have shown in this report, by 2006 San Francisco nonprofit revenues, which once exceeded expenditures, matched expenditures. Moreover, median revenues per nonprofit are declining. A substantial number of nonprofits are unsure of their ability to meet their budgets this fiscal year. Of key significance is general operating support—the ability to secure unrestricted funds to support the ongoing programming of the organization. General operating allows nonprofits to subsidize inadequate restricted funds or government contracts as well as to innovate with new programs to meet changing needs. Although not surprising, the extent to which nonprofits said their fundraising infrastructure was inadequate reflects basic structural problems. The question, of course, is whether the difficulty was actually in the infrastructure or more generally in the funding environment. The answer is probably a combination of both.

Nonprofits often lack stable resources to

continue their work. For-profit corporations also face economic challenges and we usually are comfortable in letting the market determine their success or failure. However, the unprecedented national investment of billions of dollars of public monies in for-profit corporations because their failure would have disastrous national implications shows that we are willing to ignore the invisible hand in times of national crisis. How much more true should this be for the nonprofit sector, which exists to do social good?

The city and county of San Francisco relies on its nonprofit sector to provide a wide range of services. The nonprofit sector enriches the city, among other things, helping to support the arts, culture, and educational life of the city. Simply because the sector is relatively large both in numbers and in revenues does not guarantee that it is financially healthy or inherently sustainable. And larger organizations—often needing to support large staffs, buildings, and infrastructure through a range of government and philanthropic dollars—may actually be disadvantaged during times of economic downturn. We do not know, as of the time of the writing of this report, how many nonprofits will fail. We do know, that for more than a century, San Franciscans have created and relied on a rich variety of nonprofits and community organizations, some of which have grown into the largest and most well-respected organizations in the country and beyond.

Questions for the San Francisco Nonprofit Sector

This report is based on official statistics, tax returns and self-report questionnaires. Like any empirical study, it raises as many questions as it answers. While we can speculate on the reasons for some of our findings, it would be just that, speculation. Thus, we conclude with open questions that have importance for the sector and the city:

Why are small San Francisco nonprofits more likely to use deficit spending? Is it that they have greater financial sophistication and are able to secure multi-year grants and contracts? Is it because they are more likely to be able to borrow for capital and other expansions? Is it because they are not receiving sufficient funds relative to expenses and are borrowing or using reserves to finance operations? The former two speak to sophistication of small nonprofits, the latter to weakness in their funding models. In either case, this is not a sustainable model in the long term and even less so in an economic downturn.

This question becomes more nuanced when we consider that small nonprofits in San Francisco are not growing their revenues. They are staying small. Again we do not know why this is the case. Is it that the nonprofit sector in San Francisco has grown to the size needed by the city? If this were the case, then small nonprofits stay small because they have no need to grow. A neighborhood organization, for example, only needs limited revenues to put out a newsletter and support some local events for residents. Or, are they not growing because resources that support growth have been exhausted by the relatively large number of nonprofits that exist in the city?

The largest unresolved question hangs on the economy. This report is a snapshot of the San Francisco nonprofit sector before the economic changes of 2009. Harbingers of economic problems are evident in the answers of those who responded to our survey in early 2008. We do not know as yet what the nonprofit landscape will look like in, say, 2011. How many nonprofits will survive? Of those who do survive, how will they adapt to the certain decline in revenues? And, given the importance of the sector to the life of San Francisco, how will this affect the quality of life of those who live, work and visit here?

What does it mean that San Francisco nonprofits often do not have their headquarters in the areas of greatest need? The southeastern portion of the city, the Bayview in particular, has few nonprofit headquarters. What difference does nonprofit location make? Are nonprofits located in the neighborhoods they serve more culturally attuned to their communities? How do people in these neighborhoods access services? Do they travel to locations outside the neighborhood? San Francisco's size and public transportation makes this feasible, but other barriers exist. With the increasing interest in consolidation among nonprofits, location becomes a major issue. A smaller number of larger nonprofits, by necessity, would be located in fewer neighborhoods.

What are the implications of our diversity findings? We need to know a lot more about diversity and nonprofits. We assume that the non-managerial staff of nonprofits is more diverse than the management. Why then, particularly in organizations of color, are staff members not moving up into management positions? Are "diverse" nonprofits simply organizations that were founded by a member of the community to serve that community? Finally, why are the revenues of diverse nonprofits so much lower? Is this because of the nature of these nonprofits, or do other issues come into play?

Appendix

Data Sources

Data about the number of nonprofit organizations and their financials are derived from the Internal Revenue Service and the National Center for Charitable Statistics (NCCS) at the Urban Institute. These data is based on nonprofit organization tax filings with the Internal Revenue Service, which is public information.

Employment figures were provided by the California Employment Development Department, Labor Market Information Division. Nonprofit employment is determined by matching the master list of California nonprofits with data from the ES-202 program. For-profit and public sector employment data are available through the data library on EDD's website. For-profit employment is assumed to be the remainder of private firm employment, after nonprofit employment is subtracted.

Foundation data are from NCCS files and the website of the Foundation Center, <http://foundationcenter.org>. Data about individual grants was provided by Foundation Search, <http://foundationsearch.com>. Population data for 2000 and 2006 are from the U.S. Census and the American Community Survey, accessed through the American Factfinder website (<http://factfinder.census.gov/>). Additional population data came from the California Department of Finance.

Survey Methodology

The Institute for Nonprofit Organization Management conducted a mail survey of 1000 San Francisco nonprofits with revenues between \$50,000 and \$15 million dollars. Service-providing nonprofits were the focus of the survey, therefore a few NTEE categories (including International, Social Science, Mutual and Membership Benefit, and Religion Related) were eliminated from the sample.

The sample was further refined by the elimination of nonprofits for which no valid address could be found and those organizations which were ineligible for other reasons.

Following well established methods, we made a total of five contacts with each organization: 1) a letter was sent describing the aims of the research and alerting the organization that a survey would be sent, 2) the first survey was sent by regular mail, 3) a post card followed encouraging the return of the survey, 4) another survey was sent by regular mail, 5) finally, a last survey was sent by priority mail. The whole process required approximately eight weeks, beginning in March 2008 and concluded in early May. A total of 551 organizations responded to the survey, for a final response rate of 59 percent.

To determine if certain types of nonprofits were more likely to return their surveys, we conducted two types of response bias analysis. First, the survey sample of 1000 nonprofits was merged with their IRS Form 990 returns to see if larger nonprofits (as indicated by their revenues) were more likely to respond. This process was repeated for sample organizations that did return the survey. In the second response bias analysis, we coded how many mailings were sent to the nonprofit before they responded. The assumption is that those who did not return their survey were more like those who returned it only after numerous contacts. From the comparison of survey returns to those mailed, we found no response bias by size of the organization. From the analysis of when surveys were returned we found no response bias by whether the nonprofit fit our criteria of being a diverse nonprofit.

501(c) Classifications

501(c)(1) - Federal corporations organized under an Act of Congress and declared exempt from payment of federal income taxes, such as federal credit unions.

501(c)(2) - Corporations holding title to property for tax exempt organizations.

501(c)(3) - Organizations for furthering charitable, religious, scientific, and educational purposes and/or providing services in the public interest, such as Goodwill Industries or the American Red Cross Bay Area, and Catholic Charities of the Diocese of San Francisco.

501(c)(4) - Civic leagues operated to promote social welfare, or local employee associations whose earnings go exclusively towards educational, charitable or recreational purposes, such as volunteer fire companies, the Sierra Club, Rotary Club, and Kiwanis Club, and the American Association of Retired Persons (AARP).

501(c)(5) - Labor, agricultural, and horticultural organizations operated to protect interests of workers in connection with their employment or to promote more efficient production techniques in agriculture, such as the California Association of Marriage and Family Therapists or the Presidio of San Francisco Firefighters IAFF F-145.

501(c)(6) - Business leagues, real estate boards or chambers of commerce established to improve conditions in one or more lines of business, such as the San Francisco Chamber of Commerce and the National Football League (NFL).

About NTEE codes

In order to provide a concise summary of the diverse array of organizations belonging to the nonprofit sector, we have relied upon a classification system called the National Taxonomy of Exempt Entities Core Codes (NTEE-CC), created by the National Center for Charitable Statistics at the Urban Institute. The system is used by the Internal Revenue Service (IRS), Independent Sector, the Foundation Center, and many foundations, researchers, analysts, and others. The NTEE classification system has a hierarchical logic, analogous to the North American Industrial Classification System (NAICS), which is commonly used to classify all businesses, including some nonprofits.

Every nonprofit organization granted 501(c) tax exemption by the IRS is assigned a 3-digit NTEE core code based on its primary program activity. The first NTEE digit is a letter that signifies one of the 26 fields such as Education (B), or Health (E). The second and third positions of the NTEE code are a two-digit number which specify a function within each field. For example, within the Health field, code E20 designates Hospitals and E32 is for Community Clinics. In Education, B70 is assigned to Libraries, and Parent Teacher Associations are assigned B943.

The advantage of using NTEE classifications is that they can be aggregated up into broad groups, which are what we rely on to provide concise summary tables in this report. The display (to the right) shows how we grouped the NTEE fields to make our 13 categories.

NTEE Major Groups and Fields

Arts, Culture, and Humanities

Arts, culture, and humanities

Education

Education (excluding universities or colleges)

Higher Education

Higher Education

Health

Health (excluding hospitals)
Mental health and crisis intervention
Diseases, disorders, and medical disciplines
Medical research

Hospitals

Hospitals

Human Services

Crime and legal related
Employment
Food, agriculture, and nutrition
Housing and shelter
Public safety, disaster preparedness and relief
Recreation and sports
Youth development
Human services

Environment and Animals

Environment
Animal-related

International, Foreign Affairs

International, foreign affairs, and national security

Philanthropy and Grantmaking

Philanthropy, grantmaking, and supporting organizations

Public, Societal Benefit

Civil rights, social action, and advocacy
Community improvement
Voluntarism
Science and technology
Social science
Public and societal benefit

Mutual Benefit

Mutual and membership benefit

Religion Related

Religion-related

Unknown, Unclassified

Unknown

501(c)(3) Organization Size Based on Expenditures by Nonprofit Subsector

Nonprofit Subsector	Non-filer	Under \$250,000	\$250,000 - \$1M	\$1M - \$5M	Over \$5M	Total	Total N
Arts, Culture, and Humanities	53%	27%	13%	5%	2%	100%	858
Education	62%	20%	8%	7%	3%	100%	587
Higher Education	49%	9%	9%	6%	29%	100%	35
Environment	51%	20%	11%	13%	4%	100%	161
Health	47%	23%	13%	10%	6%	100%	395
Hospitals	47%	7%	13%	7%	27%	100%	15
Human Services	43%	21%	17%	15%	5%	100%	1004
International	34%	27%	24%	10%	5%	100%	124
Mutual Benefit	63%	21%	0%	5%	11%	100%	19
Public and Societal Benefit	61%	18%	12%	8%	2%	100%	485
Foundations, Supporting Organizations, Giving Programs	4%	66%	16%	9%	5%	100%	1290
Religion	89%	7%	2%	2%	0%	100%	555
Unknown	100%	0%	0%	0%	0%	100%	28
% of total	60%	20%	10%	7%	3%	100%	
TOTAL	3327	1087	553	413	176		5556

Data: Internal Revenue Service Business Master File 2006, National Center for Charitable Statistics Public Charities and Private Foundations, 2006

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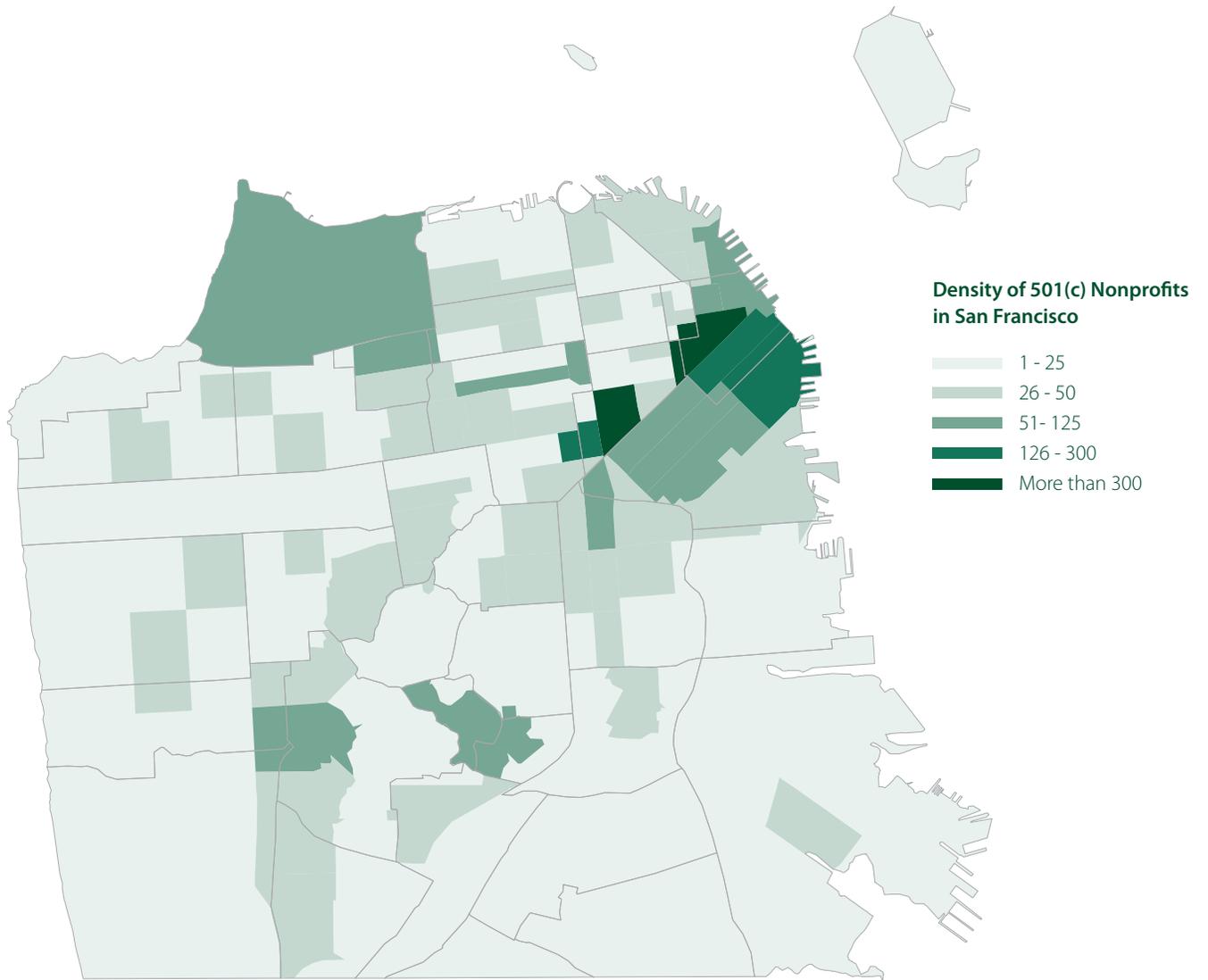
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