

KEY FINDINGS FROM THE CUYAHOGA COUNTY NONPROFIT LANDSCAPE ASSESSMENT

AUGUST 2022

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ABOUT THIS LANDSCAPE ASSESSMENT

This landscape assessment was developed to provide a bird's-eye view of the nonprofit sector and to better understand the current trends and opportunities for post-pandemic support to nonprofit organizations through the Funders Collaborative on COVID Recovery.

Prior to this report, there was a limited understanding of the scope of the nonprofit sector, those served by these organizations, and how these organizations fit in with the regional economy. The analysis includes detailed information about the size and scope of nonprofit organizations in Cuyahoga County as well as details about those supported by and working for these organizations.

Nonprofit Organizations are tax-exempt organizations whose mission is dedicated towards collective, public, or social benefit. These organizations do not give their surplus income to owners or shareholders. For the purpose of this report, nonprofit organizations refer specifically to organizations with the tax-exempt status or 501(c) 3, 501(c) 4, and 501(c) 6 categorization by the IRS.

ABOUT THE FUNDERS COLLABORATIVE ON COVID RECOVERY

The Greater Cleveland COVID-19 Rapid Response Fund (the Fund) was established in March 2020 to respond to the pressing needs laid bare by the COVID-19 pandemic. In its first two phases, the Fund contributed nearly \$19 million through grants to over 675 nonprofits in Cuyahoga, Geauga, and Lake counties.

In September 2021, the Fund launched the third phase of its partnership, the Funders Collaborative on Covid Recovery (FCCR), to formalize efforts for long-term recovery across the nonprofit sector. The partnership includes nearly 50 philanthropic foundations, nonprofits, and government entities working together to help stabilize the region and spur long-term recovery with a particular focus racial equity.



INTERACTING WITH THE LANDSCAPE ASSESSMENT

This landscape assessment was originally built as an interactive web-based report to allow users to interact with nearly 3,000,000 pieces of data on the local nonprofit landscape. Users can sort and filter the data by industry, size of nonprofit, and race and gender demographics of nonprofit leadership.

Interact with full assessment online at www.sangfroidstrategy.com/cuyahoga

METHODS AND LIMITATIONS

This assessment draws data from IRS 990s, combined with self-reported data from nonprofit organizations in Cuyahoga County. The IRS Form 990 data, provided in partnership with [Candid](#), details nonprofits' financial information, workforce, leadership, and population served. Data used in this assessment includes the most recent IRS 990 data from nonprofits who filed their taxes in fiscal years ending in 2017-2021, based on [their tax filing requirements](#). Self-reported data from nonprofits was collected through the Nonprofit COVID-19 Recovery and Resiliency Survey, which was open for Cuyahoga County nonprofits between January and February 2022. Combined, these two datasets provide data in aggregate and disaggregate form as the foundation of the assessment.

Limitations include:

- This assessment did not include 990 data for nonprofits funded outside of Cuyahoga County. Information for organizations with headquarters based outside of Cuyahoga County was not available.
- Due to IRS tax filing requirements, not all organizations included the same level of detail on their 990 Forms.
- Organizations are required to report data based on their unique fiscal year, therefore not all organizations are reporting in the same 12-month period.
- Nonprofit information was available for tax years ending in 2017-2021, therefore information is not available for newly incorporated nonprofits and some nonprofit data may have shifted since their most recent filing year. For example, a nonprofit under the \$200,000 revenue mark may have filed a 990 EZ in 2019, but could have grown their revenue to be \$200,000 or more in 2021 and therefore on their next filing they will submit more comprehensive data on the 990 Form.
- 990 Form reporting requirements are based on an organization's annual revenue level at the time of filing. ~70% of the nonprofits in Cuyahoga County are smaller (<\$200,000 annual revenue) and have reported varying amounts of financial data. Due to these reporting limitations, organizations with smaller revenues may be left out of the median and expenses analysis throughout the financial section of this report unless they voluntarily provided additional information. To address this limitation, organizations with comprehensive financial data have been used throughout this report, and the percent of all organizations reporting is provided where applicable.
- Some tax-exempt organizations are not required to submit any 990 forms. These organizations typically identify as churches or religious institutions. To read more about organizations who are not required to file, [click here](#).
- Nearly 400 organizations completed the Nonprofit COVID-19 Recovery and Resiliency Survey, representing 7% of the sector as a whole. Depending on the issue area of respondents, demographic data throughout the assessment may not be fully representative of the experiences of each and every organization in the sector. The Funders Collaborative on Covid Recovery has a plan to continuously collect and update demographic data in the future, providing a pathway to more representative data in the future.
- Researchers were unable to survey charitable efforts without an official nonprofit status. Several grassroots efforts in Cuyahoga County are doing charitable work that is not captured in this report.

INTRODUCTION AND EXECUTIVE SUMMARY

Over 1.8 million nonprofits across the country work to further social causes and provide benefits to the public. Understanding the size and scope of the nonprofit sector regionally is critical to setting community-wide strategies to affect change. This assessment is intended to do just that—provide insights into Cuyahoga County’s nonprofit sector. Cuyahoga County is the second largest county in Ohio, with a population of roughly 1.3 million people. In Cuyahoga County, nearly 6,000 nonprofits provide human services, education, community and economic development, philanthropic, and health support to residents, including children, youth, older adults, and those who are socially and economically disadvantaged. These organizations, often known as the third-sector, provide important support to businesses, schools, families, and the broader community.

This report is also intended to understand nonprofits’ perception of the COVID-19 pandemic and recovery needs. Based on local research, most nonprofits anticipate that it will take one to three years to recover both from the economic and public health crisis caused by the COVID-19 pandemic.

This report includes five sections: a high-level overview of the sector; the state of nonprofit finances; an overview of the nonprofit workforce; the impact of the COVID-19 pandemic; and key findings.

STORIES OF NONPROFIT RESILIENCY

“We leveraged three part time staff with almost 50 volunteer teams to deliver nutritious groceries directly to the homes of its low- income senior and mobility challenged clients. COVID presented many challenges including an influx of people looking for food assistance. With the dedication of our almost 100 volunteers and our community supporters/partners, we were able to source, package and distribute food to all those who requested services and qualified.”

–Human Services Nonprofit Organization Leader, 2022



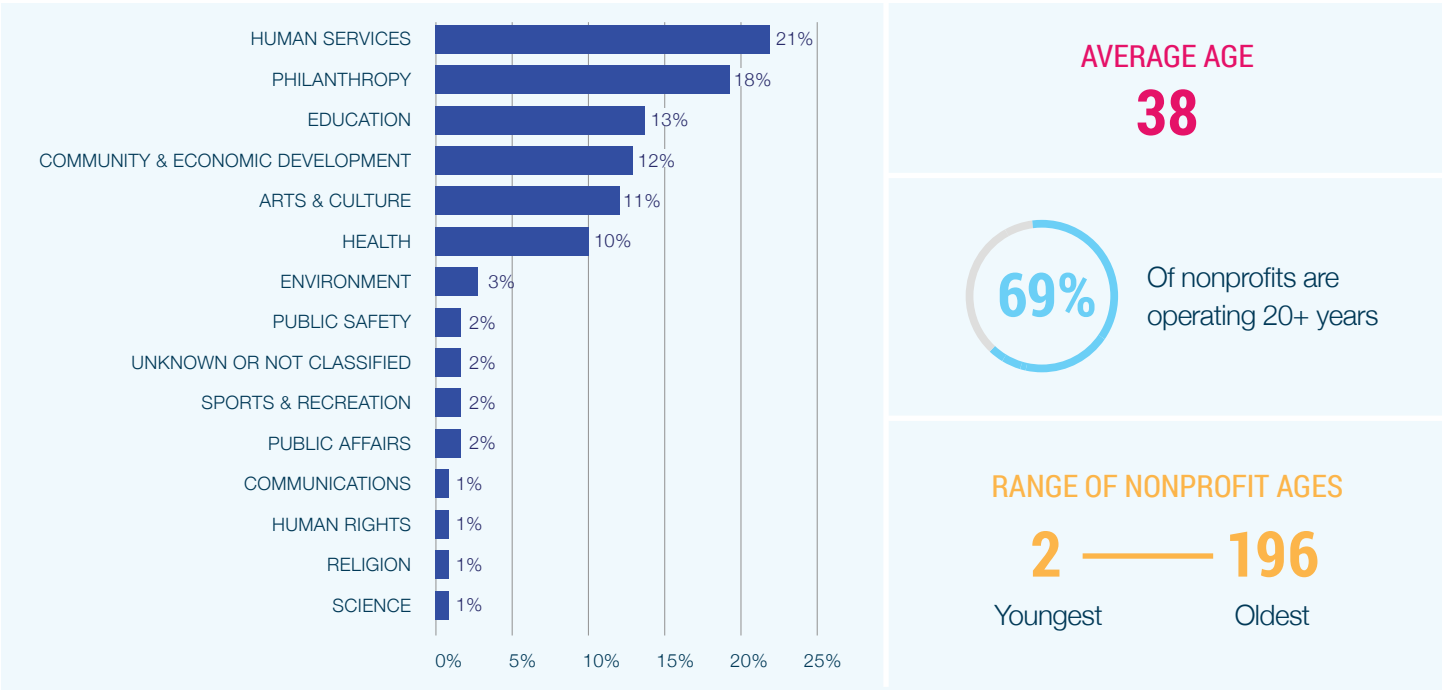
“While programs looked a little different over the past twelve months, our organization was still able to offer valuable experiences for young people with physical disabilities and teen volunteers through adapted sports, recreation and social growth activities. With COVID-19 as a factor, this model had to be modified. To address the needs of those we serve, we added individual sessions to the schedule. Instead of group programs, individual participants were able to come to our building for a session with just one volunteer and one staff member present and safety measures in place. Each participant selected the activity they would like to pursue, such as working on basketball drills, engaging in a personal training session, or working on an art project.”

– Youth Development Nonprofit Organization Leader, 2022

A SNAPSHOT OF THE SECTOR

5,871 THERE ARE AT LEAST 5,871 NONPROFITS FURTHERING SOCIAL CAUSES AND PROVIDING A PUBLIC BENEFIT IN CUYAHOGA COUNTY.

The nonprofit sector as a whole consists of several different industries, with the largest in Cuyahoga County being the human service, philanthropic, and education nonprofit industries.¹ Many of these organizations have been around for generations.



WHO IS WORKING IN CUYAHOGA COUNTY NONPROFITS?



WHAT SIZE ARE MOST NONPROFITS IN CUYAHOGA COUNTY?

When considering the social impact of nonprofits, many people think of the larger, well-resourced organizations, however, more than 62% of the sector is comprised of small nonprofits with annual revenues of less than \$50,000, with 70% of all nonprofits having annual revenues less than \$200,000. More than half are led by two or fewer staff, with 43% having no paid employees at all.

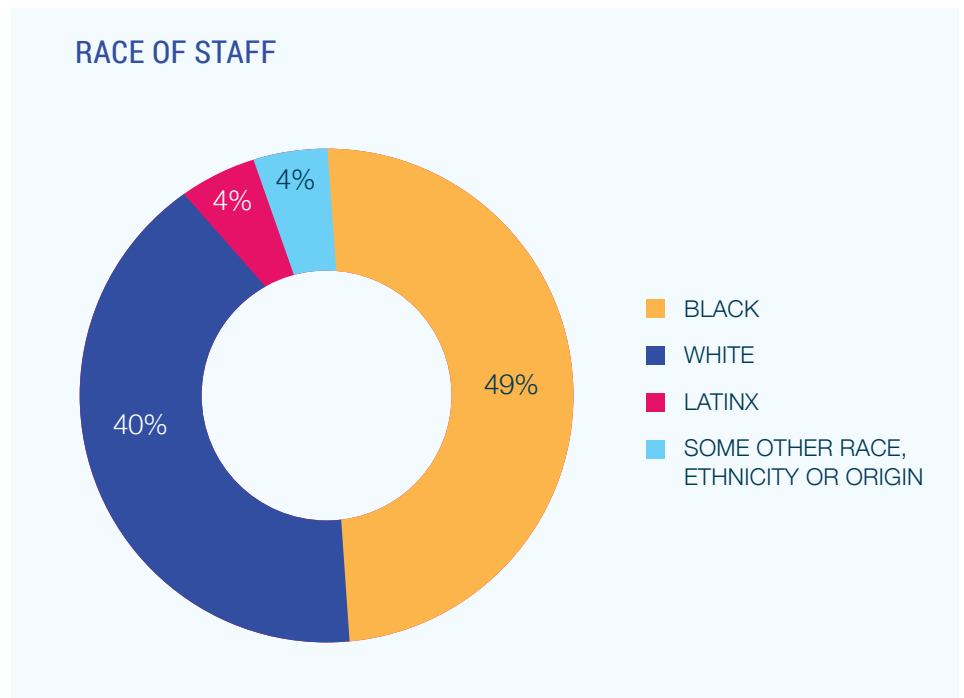
STAFF SIZE	# OF ORGANIZATIONS	% OF ORGANIZATIONS	MEDIAN REVENUE
0	521	42% <div></div>	\$229,000
1-2	91	7% <div></div>	\$225,000
3-5	127	10% <div></div>	\$385,000
6-10	90	7% <div></div>	\$560,000
11-20	105	9% <div></div>	\$1M
21-40	95	8% <div></div>	\$2M
41-80	59	5% <div></div>	\$3M
81-160	45	4% <div></div>	\$6M
> 160	98	8% <div></div>	\$19M

1. Organizational classifications are based on [Candid's taxonomy](#).

WHAT ARE THE RACIAL DEMOGRAPHICS OF CUYAHOGA COUNTY'S NONPROFIT LEADERSHIP AND STAFF?



The Nonprofit COVID-19 Recovery and Resiliency Survey asked questions about demographics of leadership, boards, and staff to help understand the makeup of the sector and who is working at various organizations. The result of this was the largest study done to date on the demographic makeup of those leading the sector, with nearly 400 responses.



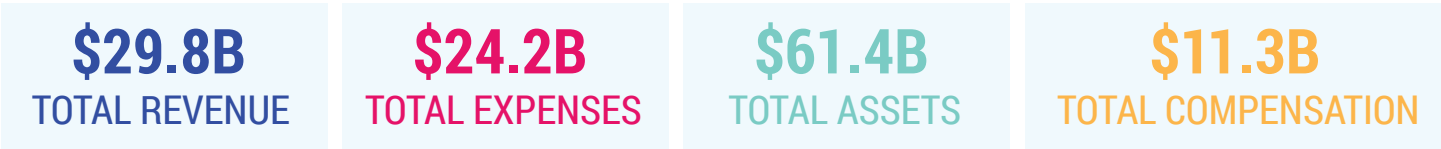
THE FINANCIAL STATE OF THE NONPROFIT SECTOR²

Nonprofit organizations are rarely judged solely by their financial bottom line—instead, their worth is gauged by the effectiveness of their services and how successfully they achieve their mission. A financially stable nonprofit is able to balance their revenue and expenses, while building assets that create financial sustainability in the long-term.

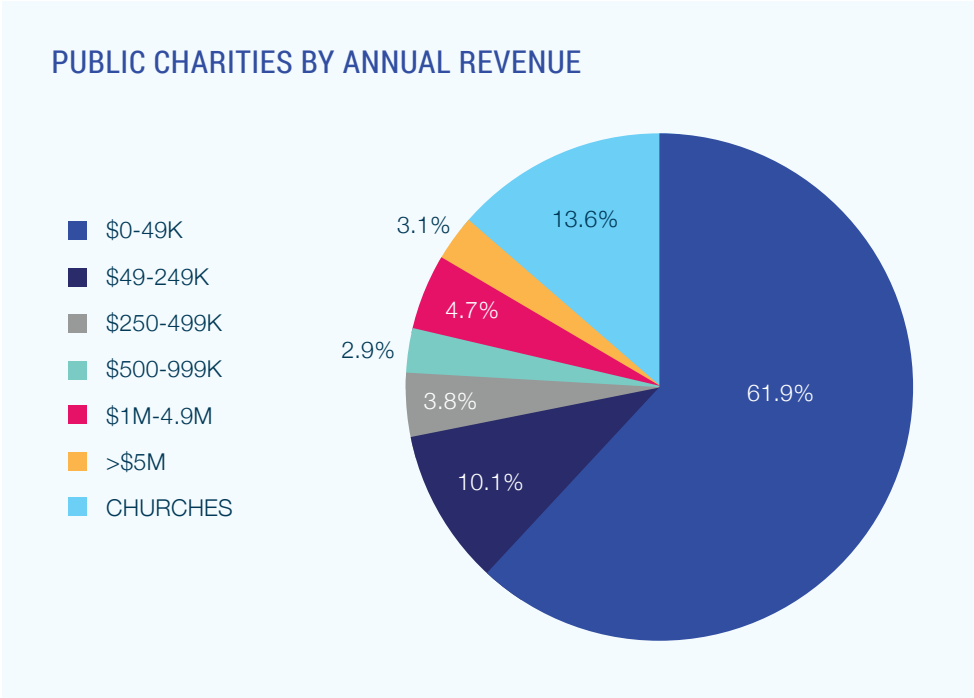
Oftentimes, the more effective a nonprofit becomes at achieving their mission, the more financial resources they need to sustain their impact. This section provides a high-level analysis of the financial health of Cuyahoga County nonprofits, and includes data regarding their expenses, revenue, and assets and liabilities. IRS reporting requirements are based on an organization's revenue and assets level, with the most comprehensive financial details available for organizations over \$200,000 in annual revenue. A snapshot of organizations who provided financial data have been used throughout this report, but may not include all financial details of smaller organizations. These data paint a picture of not only the overall financial health of reporting nonprofits, but the vast economic impact nonprofits have in the region.

OVERALL ECONOMIC IMPACT

Nonprofit organizations account for nearly 1/3 of the total gross domestic product (GDP) of Cuyahoga County. Encompassing large institutions like the Cleveland Clinic, University Hospitals, the Cleveland Museum of Art, and more—the sector as a whole is a large economic driver for the region.

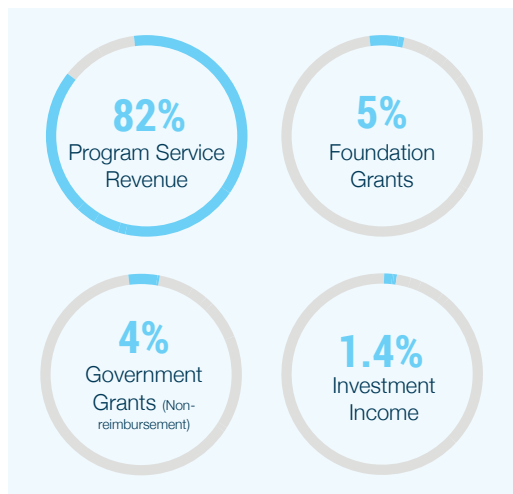


Nationally, about 90% of public charities have annual revenues of less than \$500,000. In Cuyahoga County, the nonprofit revenue sizes are on par with the national average, with at least 75% of nonprofits having revenues of \$500,000 or less—likely more; however churches aren't required to report revenues to the IRS.



2. Data from this analysis is from IRS Form 990 submissions between 2017-2021 and may not fully reflect changes to financial health related to the COVID-19 pandemic.

REVENUE SOURCES



Nonprofits, like all businesses, rely on revenue to provide services. Typically, this revenue falls into four categories (program service revenue; contributions, gifts, and grants; investment income; and other revenues), however the revenue mix varies by organizational type and program model.

A majority (82%) of the money coming into the nonprofit sector comes from direct program service revenue, such as fee-for-service program models or government reimbursement programs like Medicaid. Government grants outside of reimbursements account for only 4% of Cuyahoga County's nonprofit income, with the Education Services, Human Services, In-patient Medical Care, and Community and Economic Development industries receiving the most (a combined \$100M annually).

In Cuyahoga County, donated foundation grants make up 5% of annual revenue reported by nonprofits. This is significantly higher than the national average (2.9%), a nod to the rich and long history of strong philanthropy in Cleveland. Some nonprofit industries rely more heavily on foundation grants as a primary source of income, for example reporting small youth development nonprofits receive on average 55% of their revenue from foundations. Others rely more heavily on government grants, for example human service organizations who focus on providing population-specific programming receive 43-85% of their overall reported revenue from government grants depending on size.

A Deeper Look at Revenue Sources

INVESTMENT INCOME

Nonprofits have income from the investments they hold.

TOTAL	% OF TOTAL
\$415.2M	1.4%

PROGRAM SERVICES REVENUE

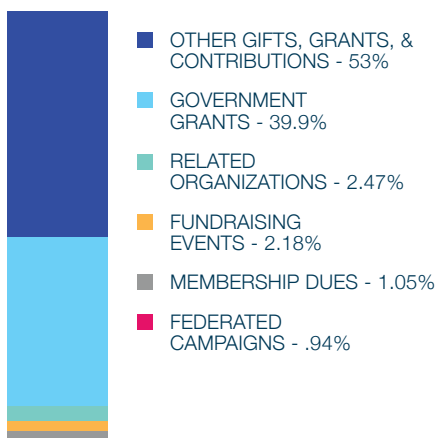
Organizations can receive revenue from the fees for the goods or services they provide. For example, a nonprofit thrift shop could receive revenue from sales, or a nonprofit organization providing programming to the community could charge for their activities. Organizations may receive reimbursements for their services from agencies like Medicaid or Medicare, which is often true in health-related agencies.

TOTAL	% OF TOTAL
\$24.4B	81.8%

CONTRIBUTIONS, GIFTS, & GRANTS

Nonprofits rely on fundraising for individual or corporate support, applying for grants or contracts from foundation or government entities, or raising funds from membership dues and other personal contributions.

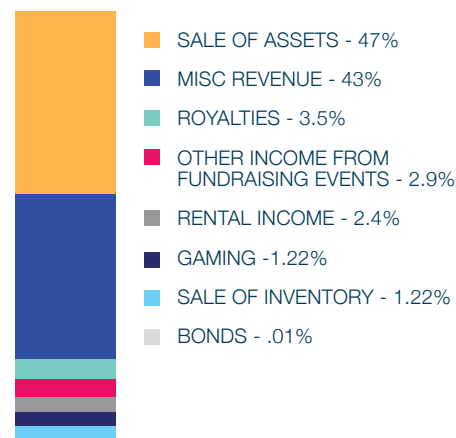
TOTAL	% OF TOTAL
\$2.9B	9.9%



OTHER REVENUE

Nonprofits also gain income from the sale of assets, fundraising events, and other miscellaneous revenues that don't directly fit within contributions, investment income, or program service revenue.

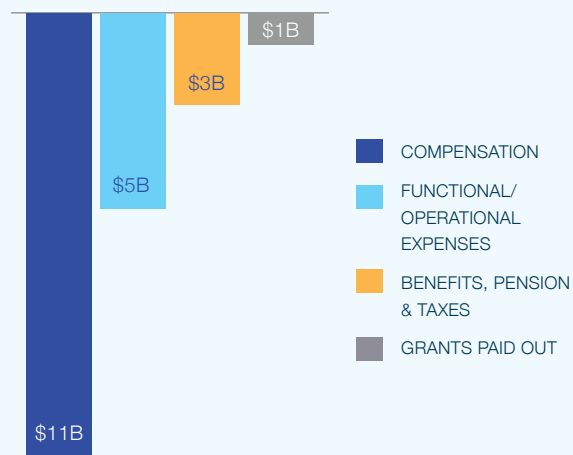
TOTAL	% OF TOTAL
\$2.0B	6.7%



EXPENSES

Cuyahoga County nonprofits spend \$24.2B annually to provide charitable services. With the median expenses of reporting nonprofits hovering around \$154,000, even the small organizations that make up the vast majority of the landscape are putting money back into the local economy. In addition to the material costs required to provide services, these expenses include the cost for staffing (compensation and benefits) and other operational expenses like fees for contractors, travel, insurance and rent. Many organizations serve as a conduit for funds to flow to other entities—paying out a combined total of \$1B across the sector, less than \$60M of which is foundation grants.

LARGEST NONPROFIT SECTOR EXPENSES

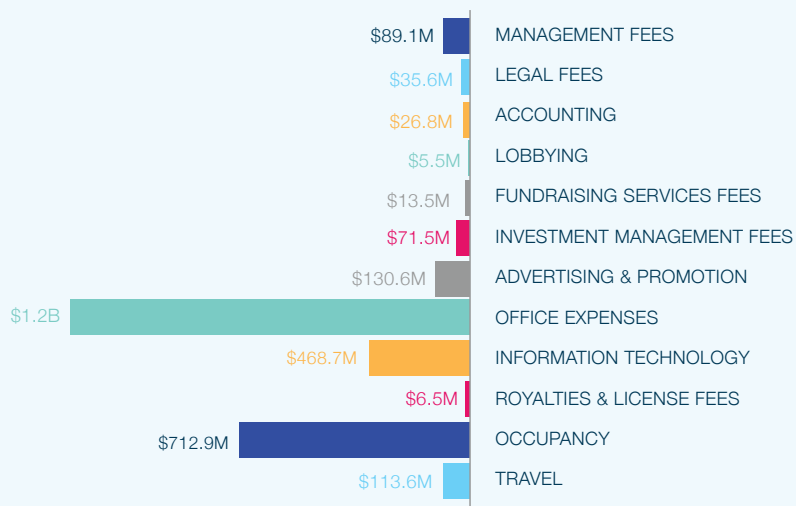


A Deeper Look at Operational Expenses

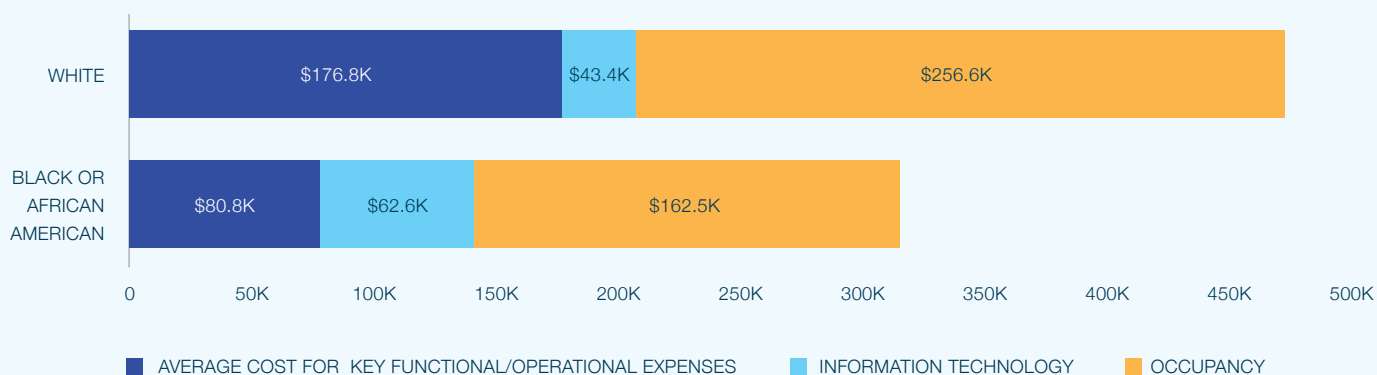
Nonprofits spend the most money on occupancy fees (mortgage/rents), information technology, and the general office expenses required to run the organization (includes meeting costs, insurance, equipment, supplies, bookkeeping, etc.).

Black-led nonprofits have a lower budget for and spend significantly less on operating expenses than White-led nonprofits, likely due to historic underinvestment in Black-led nonprofits nationwide.

TOTAL OPERATIONAL EXPENSES ACROSS ALL NONPROFITS IN CUYAHOGA COUNTY



AVERAGE COST FOR KEY FUNCTIONAL/OPERATIONAL EXPENSES ACROSS BLACK-LED AND WHITE-LED ORGANIZATIONS

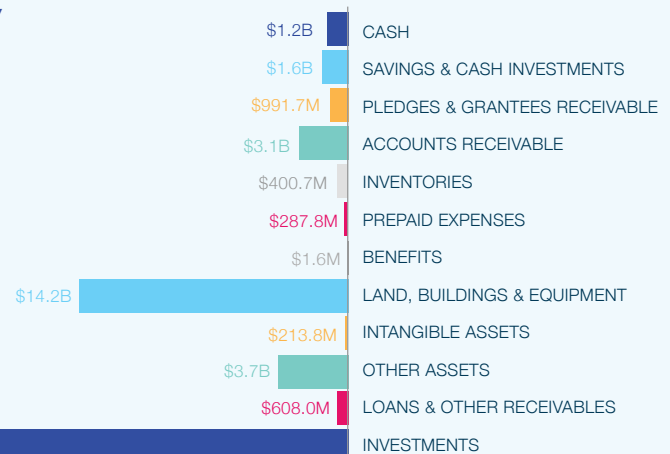


ASSETS

Organizations who are able to bring in additional money beyond the annual cost to offer their services or own land, buildings, and equipment are better positioned in the long-term. Asset accumulation leads to stability in an organization's financial position, which contributes to overall financial sustainability. Organizations with significant assets fare better through crises like economic

downturns, shifts in policy that affect government reimbursement rates, and the COVID-19 pandemic, which resulted in dramatic unexpected increases in expenses for many nonprofits.

TYPE OF ASSETS HELD BY NONPROFITS (EXCLUDING PHILANTHROPY)



TOTAL AND AVERAGE ASSETS HELD BY CUYAHOGA COUNTY NONPROFITS

TOTAL TEMPORARILY RESTRICTED ASSETS

\$56.7M

AVERAGE TEMPORARILY RESTRICTED ASSETS

\$52.9K

Temporarily restricted assets occur when a donor imposes specific instructions for what purpose, how, or when the money can be used.

TOTAL PERMANENTLY RESTRICTED ASSETS

\$38.7M

AVERAGE PERMANENTLY RESTRICTED ASSETS

\$36.1K

Permanently restricted assets are usually held in endowments, meant for specific projects or purposes. Typically permanently restricted funds act as a donated principal amount, with only the interest from that donation being able to be used for charitable activities.

TOTAL UNRESTRICTED ASSETS

\$22.9B

AVERAGE UNRESTRICTED ASSETS

\$27.0M

Unrestricted assets refer to donations without restrictions, meaning an organization is able to use the donation for whatever purpose they need.

TOTAL ASSETS HELD BY PHILANTHROPY

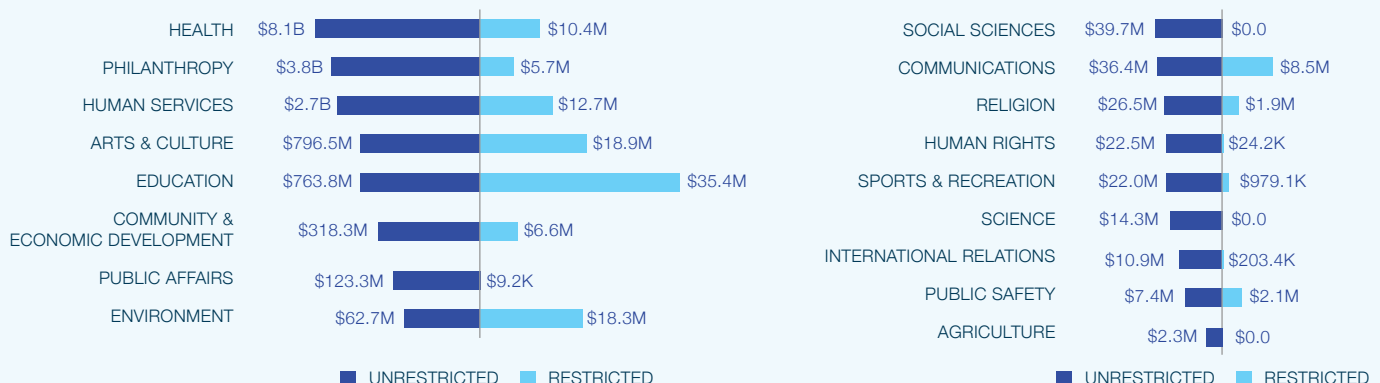
\$5.8B

AVERAGE ASSETS HELD BY PHILANTHROPY

\$5.5M

Cuyahoga County has over 1,000 philanthropic charitable entities that together hold nearly \$6B in assets.

TOTAL ASSETS HELD BY CUYAHOGA COUNTY NONPROFIT INDUSTRIES



For nonprofits, the phrase “sustainability” is used to describe a nonprofit that is able to sustain itself over the long-term. Sustainability in the nonprofit context includes the concepts of financial sustainability, as well as leadership succession planning, adaptability, and strategic planning. For the purposes of this assessment, we are focusing on financial sustainability to gain a better understanding of the financial health of nonprofits in Cuyahoga County.

It is important to note that depending on the industry, size, and type of organization, what it means to be financially sustainable shifts. Typically, a good mix of reliable and stable funding sources indicates financial sustainability. There are several indicators used across the sector to determine nonprofit financial sustainability. This section takes a deeper dive into three key indicators: Self-Sufficiency, Earned Income, and Assets to Liabilities ratio.

A word cloud of 100 words related to social impact and sustainability, arranged in a circular pattern. The words are in various shades of blue and green, with some in bold and some in a lighter font. The words are: SUSTAINABILITY, FUNDING, COLLABORATIVE, SERVICE, MISSION, RESILIENCE, COMMUNITY, ENGAGEMENT, WELLNESS, VIBRANT, JUSTICE, FORWARD, SUPPORT, FLEXIBLE, GROWTH, ADAPTABILITY, DIVERSITY, LEADERSHIP, EQUITY, ACCESS, FAITH, REACH, OPEN, WHOLE, PERSEVERE, RESOURCE, INNOVATE, DIVERSITY, PIVOT, CAPITAL, SECURITY, CONSISTENCY, PROVIDE, DEDICATION, CHANGE, DETERMINATION, QUALITY, INSPIRATION, KINDNESS, FULFILLMENT, OUTCOMES, TRUST, RESONATE, RESTORATIVE, SCALE, STABILITY, GIVING, ABUNDANCE, RESPONSIVE, SURVIVAL, CONNECTION, PARTNERSHIP, CREATIVE, HEALTHY, AGILE, TENACITY, SYNERGY, LIBERATED, MONEY, EMPOWER, HOPE, SUCCEED, ENGAGEMENT, RESILIENCE, COMMUNITY, SUSTAINABILITY, FUNDING, COLLABORATIVE, SERVICE, MISSION, RESILIENCE, COMMUNITY, ENGAGEMENT, WELLNESS, VIBRANT, JUSTICE, FORWARD, SUPPORT, FLEXIBLE, GROWTH, ADAPTABILITY, DIVERSITY, LEADERSHIP, EQUITY, ACCESS, FAITH, REACH, OPEN, WHOLE, PERSEVERE, RESOURCE, INNOVATE, DIVERSITY, PIVOT, CAPITAL, SECURITY, CONSISTENCY, PROVIDE, DEDICATION, CHANGE, DETERMINATION, QUALITY, INSPIRATION, KINDNESS, FULFILLMENT, OUTCOMES, TRUST, RESONATE, RESTORATIVE, SCALE, STABILITY, GIVING, ABUNDANCE, RESPONSIVE, SURVIVAL.

SELF SUFFICIENCY SCORE

A self-sufficiency score measures the extent to which a nonprofit can cover its operating expenses through earned income. Nonprofits who receive a majority of their income through program service fees and government reimbursements revenues tend to be more self-sufficient. An average self-sufficiency score is .40.



In Cuyahoga County, Public safety, Community and Economic Development, and Health nonprofits are the most self-sufficient. Science, Environment, and Arts and Culture nonprofits have lower self-sufficiency scores—indicating an opportunity to rethink revenue streams for those industries.

EARNED INCOME SCORE

Earned income speaks to nonprofits' ability to earn income outside of government and foundation grants. Earned-income ratings above 50% for Cuyahoga County nonprofits are almost exclusive to organizations with revenues greater than \$5M.



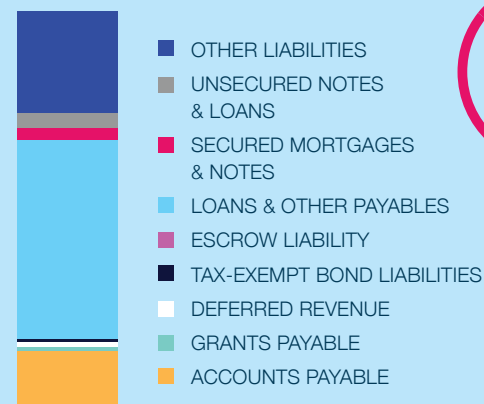
Nearly 80% of Cuyahoga County's nonprofits have a budget of less than \$2M, and those organizations are on average only earning 36% of their revenue through earned income, indicating a significant sustainability issue for the region's smaller nonprofit base.

LIQUIDITY SCORE: BALANCING ASSETS & LIABILITIES

Comparing what an organization owes (liabilities) to what they have (assets) measures the overall liquidity of a nonprofit organization. The higher the ratio, the more liquid the organization. As a rule of thumb, organizations should strive for a liquidity score of 1.0 or higher—meaning they don't owe more money than they have.

Cuyahoga County nonprofits as a whole have a high-liquidity score. Nonprofits with annual revenues less than \$1M are significantly more liquid than the sector as a whole, indicating fewer assets and fewer debts.

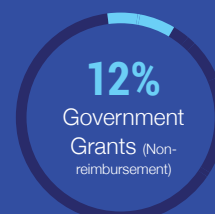
TYPES OF LIABILITY



SECURING GOVERNMENT FUNDING IS CRITICAL TO THE SUSTAINABILITY OF CUYAHOGA NONPROFITS

Nearly 80% of Cuyahoga County nonprofits have annual revenues of less than \$2M, and nonprofits reporting financial data together receive an average of 30% of their total income from foundation grants alone. This is 10X the national average revenue from foundation grants across the sector.

With only 12% coming from government grants, and only 31% coming from program service revenue, as a whole, a majority of small- and medium-sized nonprofits are at significant financial risk. Increasing the ability for smaller nonprofits to access government grants and government reimbursement for services is critical for the local sector to thrive.



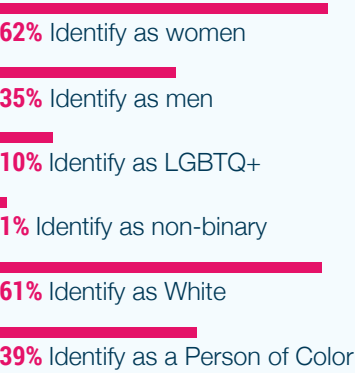
CUYAHOGA COUNTY'S NONPROFIT WORKFORCE

The nonprofit sector itself is not quite considered an “industry,” but rather a distinctive set of organizations and institutions that operate within and across many different industries—such as health, education, and social services. In looking at the scale of the nonprofit workforce nationally, U.S. nonprofits employ the third largest workforce of any U.S. industry, behind only retail and food service. There are 12.5 million paid workers in U.S. nonprofits, representing more than twice as many as the nation’s finance and insurance industry, 81% more than the nation’s construction industry, and nearly 100,000 more workers than the nation’s manufacturing industry. Given the size and scope of the nonprofit sector, the data presented in this section is incredibly important in comprehending the vital role that the nonprofit sector plays in the region’s workforce.

There are about **224,640** individuals being compensated at a total of **\$11.3B** annually across the sector.



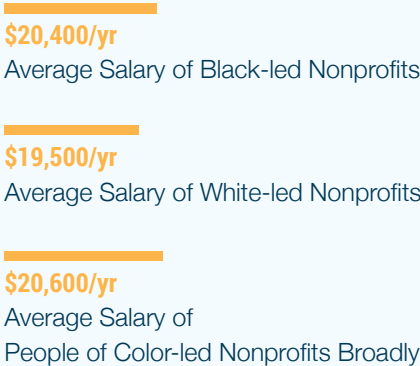
IDENTITY OF NONPROFIT LEADERSHIP



Median Compensation Per Person
\$21.6K

AVERAGE STAFF SALARIES BY RACE

(nonprofits w/revenues <\$2M; ~80% of the sector)



Total Leadership Compensation
\$293.1M

AVERAGE LEADERSHIP SALARIES BY RACE

(nonprofits w/revenues <\$2M; ~80% of the sector)



DISCREPANCY IN CORRELATION BETWEEN REVENUE AND COMPENSATION BY RACE:

The median revenue reported among Cuyahoga County’s nonprofits hovers just above \$172,000, and median compensation hovers just above \$21,000/year, or \$10.38/hour. While this is one dollar more per hour than Ohio’s current minimum wage of \$9.30, it is significantly less than the estimated \$15-\$20/hour needed to afford to live. When disaggregated by race there is an even larger discrepancy between nonprofit revenue and nonprofit staff compensation. White-led organizations have a median revenue of \$1,017,830 yet the median employee salary is \$21,400/year, or \$10.28/hour. While Black and Brown-led nonprofits have a median revenue of \$591,520 the median employee salary is \$24,700/year, or \$11.88/hour.

Black and Brown-led organizations have median revenues 53% less than White-led organizations, and they are paying their employees 14% more. This finding supports the notion that investment in Black and Brown-led organizations increases wages in the sector. Simply put—White-led nonprofits get more and pay less, and Black and Brown-led organizations either get less and pay more, and in some cases, have less staff and pay them better than White-led organizations.

THE IMPACT OF COVID-19

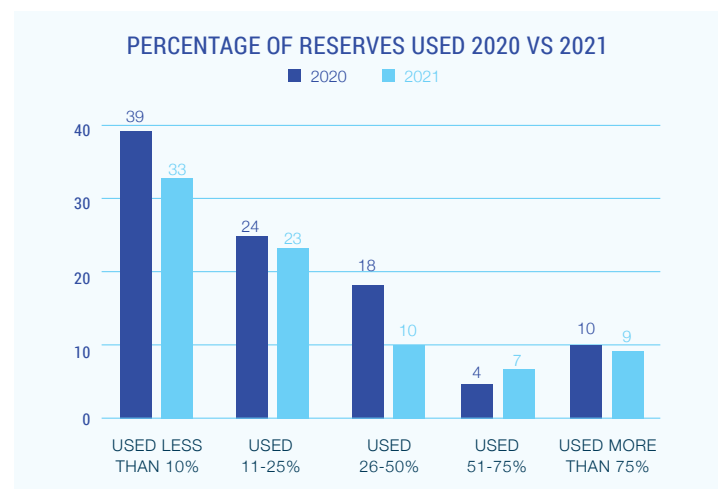
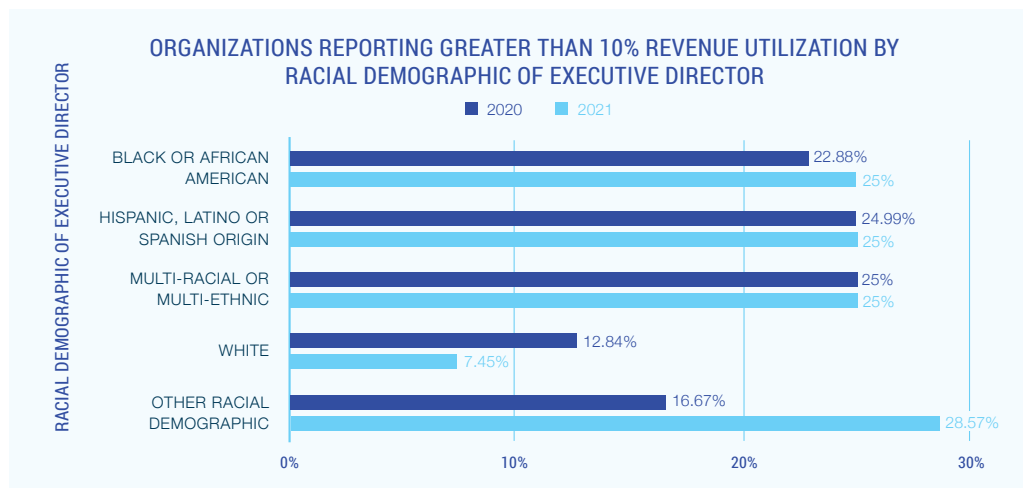
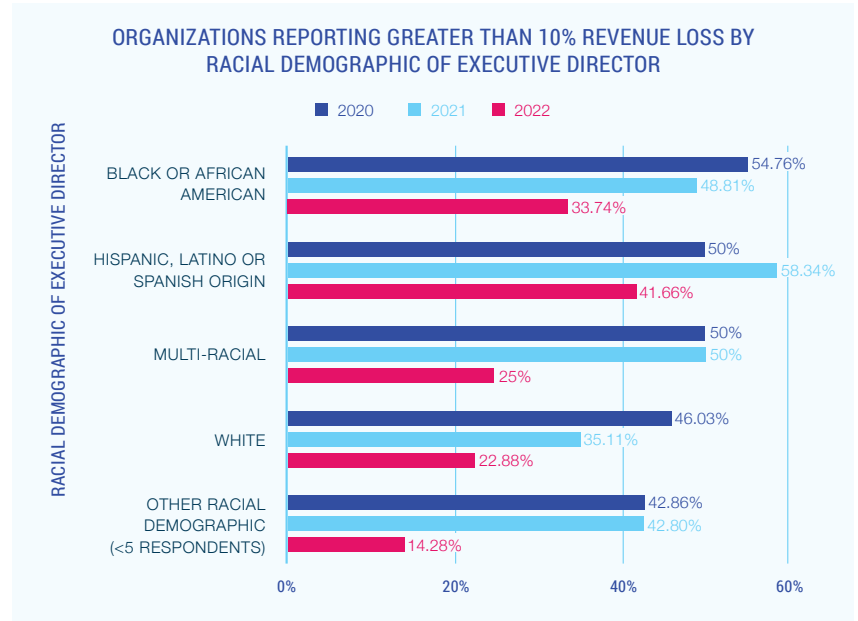
As of Summer 2022, more than two years after COVID-19 made its way across the United States, Cuyahoga County nonprofits are still fighting the effects of the pandemic—with an immense amount of hope, determination, and commitment. COVID-19 affected different industries within the nonprofit sector quite differently. While many Education, Health, and Human Service organizations shifted to providing critical food, shelter, personal protective equipment, safety, and other necessities to residents, other industries in the sector—like Arts and Culture, saw significant declines in both demand for services and the ability to provide services.

EFFECT ON REVENUES

Nearly $\frac{2}{3}$ of nonprofits lost revenue in 2020, and nearly a quarter lost 25% or more in revenue that year. The trend in decreased revenue loss is a promising sign of financial stability, however, 49% of nonprofits report they still anticipate losing some revenue in 2022, down 14 percentage points from the onset of the pandemic. The COVID-19 pandemic has disproportionately affected nonprofits led by people of color. Black-led, LatinX-led, and Multi-Racial-led nonprofits saw greater revenue loss and used significantly more reserves throughout the COVID-19 pandemic than White-led peers.

EFFECT ON OPERATING RESERVES

While over 25% of nonprofits in Cuyahoga County don't have financial reserves, nonprofits who do were able to tap into their reserves during the pandemic. Health-related organizations (12%) report using nearly 50% of their total reserves in 2020 and 2021; while Economic Development and Philanthropic organizations were least likely to tap into financial reserves.

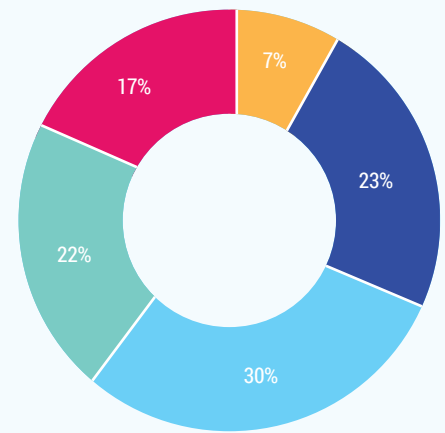


EFFECT ON OPERATING DOLLARS ON HAND

A key indicator of nonprofit fiscal health is the number of months of operating dollars an organization has in the bank. The Nonprofit COVID-19 Recovery and Resiliency Survey results indicate that about 1/3 of the sector is operating in a financial crisis, with three months or less of operating reserves in the bank. This financial crisis disproportionately affects Black-led and LatinX-led nonprofits, who are more likely than others to have less than 1-month of operating dollars on hand.

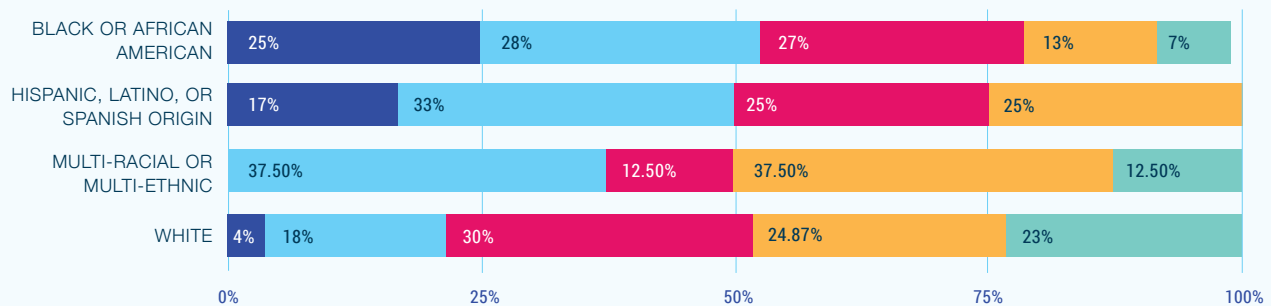
MONTHS OF OPERATING BUDGET IN THE BANK

■ LESS THAN 1 MONTH
 ■ BETWEEN 1-3 MONTHS
 ■ BETWEEN 3-6 MONTHS
 ■ BETWEEN 6-9 MONTHS
 ■ MORE THAN 9 MONTHS



MONTHS OF OPERATING BUDGET IN BANK (BY RACE OF EXECUTIVE DIRECTOR)

■ LESS THAN 1 MONTH ■ BETWEEN 1-3 MONTHS ■ BETWEEN 3-6 MONTHS ■ BETWEEN 6-9 MONTHS ■ MORE THAN 9 MONTHS



PERSPECTIVE ON COVID-19 RESPONSE

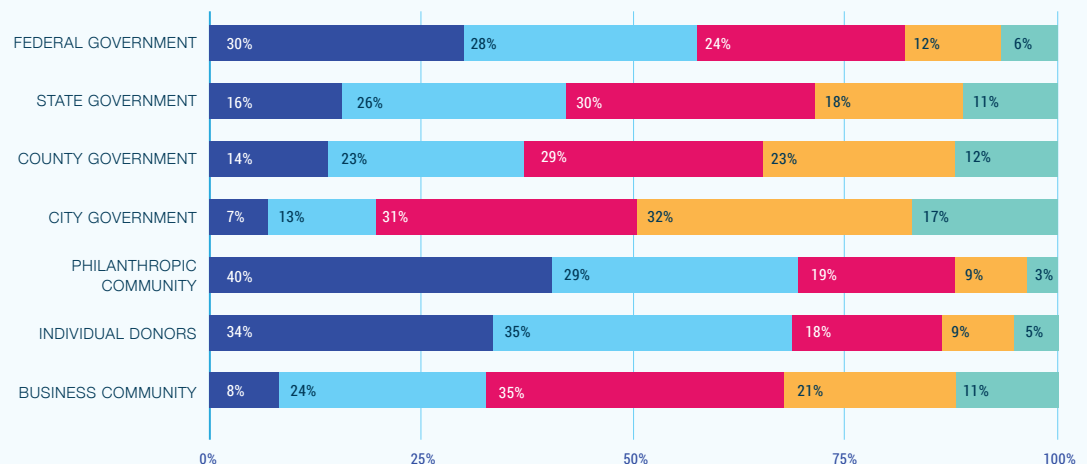
As the pandemic evolved, new policies and practices were put in place to provide emergency aid. In addition, the local philanthropic community moved quickly to form the Rapid Response Fund in March 2020.

Based on the survey of 400 nonprofits, they perceived the philanthropic sector and individual donors to be the most supportive during the COVID-19

pandemic, followed by the federal government and state government. City and county governments, as well as the business community, were perceived to be the least supportive to nonprofits throughout the COVID-19 pandemic.

PERCEPTION OF COVID-RESPONSE SUPPORT RECEIVED BY NONPROFITS

■ VERY GOOD ■ GOOD ■ ACCEPTABLE ■ POOR ■ VERY POOR

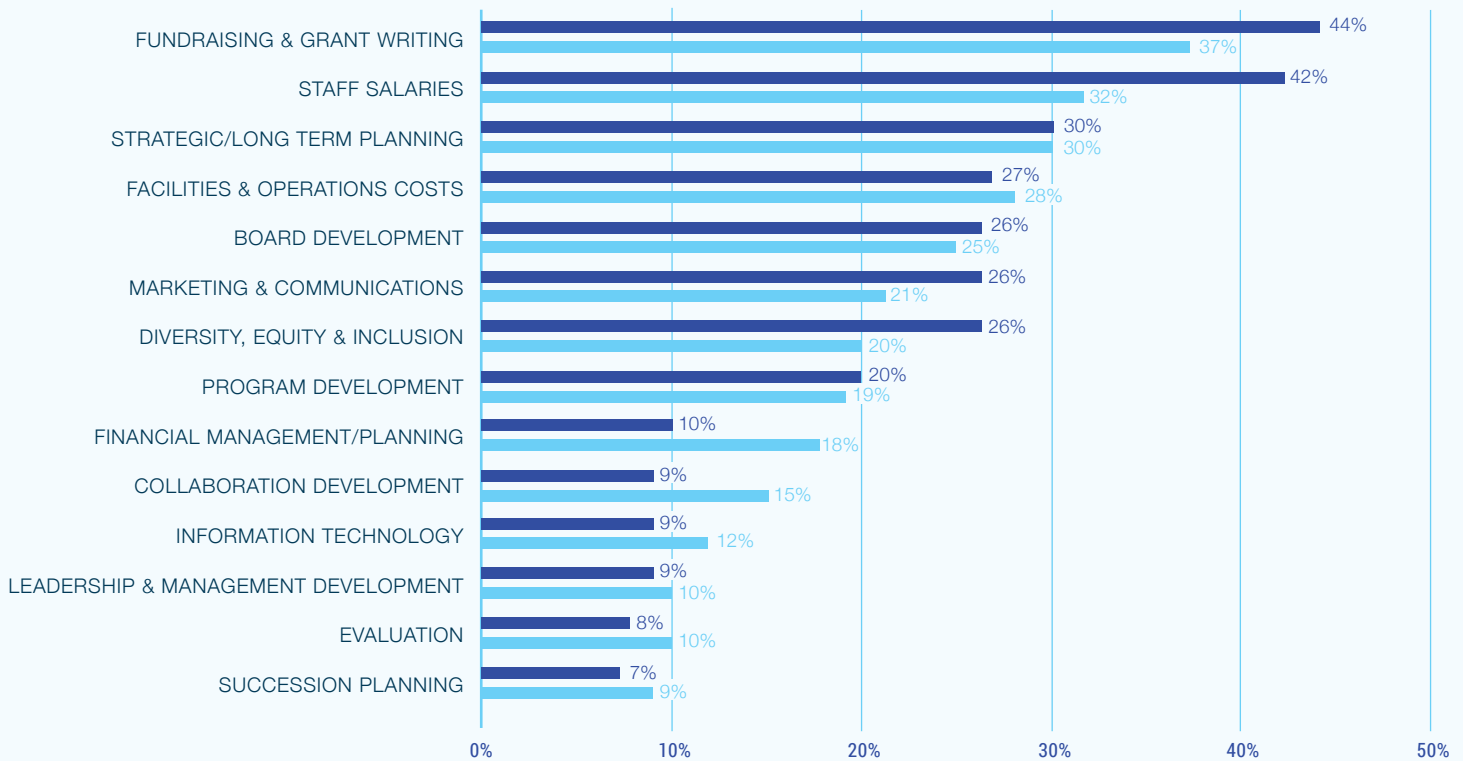


ANTICIPATED RESILIENCE BUILDING NEEDS MOVING FORWARD

As nonprofits look to recovery, they agree they must focus on fundraising and grant writing, staff salaries, strategic planning or long-term planning, facilities and operations, and board development throughout 2022, with many of the same needs rising to the top through 2024.

ANTICIPATED RESILIENCE BUILDING NEEDS 2022 VS. 2023-2024

■ 2022 ■ 2023-2024



TOP RESILIENCE BUILDING NEEDS BY NONPROFIT INDUSTRY

Arts and Culture	Staff Salaries (44%)	Board Development (36%)	Fundraising/Grant Writing (33%)
Community Development	Diversity, Equity, & Inclusion (46%)	Marketing/Communication (31%)	Fundraising/Grant Writing (27%)
Economic Development & Workforce	Fundraising/Grant Writing (41%)	Diversity, Equity, & Inclusion (35%)	Marketing/Communication (29%)
Education & Youth Services	Staff Salaries (43%)	Fundraising/Grant Writing (39%)	Facilities/Operations (29%)
Environment	Strategic Planning (71%)	Fundraising/Grant Writing (43%)	Diversity, Equity, & Inclusion (43%)
Food or Agriculture	Staff Salaries (67%)	Facilities/Operations (67%)	Fundraising/Grant Writing (44%)
Health	Staff Salaries (36%)	Fundraising/Grant Writing (36%)	Strategic Planning (28%)
Human Rights/Civic Engagement	Staff Salaries (42%)	Board Development (37%)	Fundraising/Grant Writing (32%)
Human Services	Fundraising/Grant Writing (38%)	Staff Salaries (35%)	Strategic Planning (25%)
Information & Communication	Strategic Planning (100%)	Fundraising/Grant Writing (67%)	Diversity, Equity, & Inclusion (67%)
Behavioral Health	Fundraising/Grant Writing (47%)	Strategic Planning (29%)	Staff Salaries (24%)
Philanthropy	Evaluation (33%)	Board Development (33%)	Collaboration (22%)
Public Affairs	Strategic Planning (100%)	Fundraising/Grant Writing (100%)	Evaluation (50%)
Religion/Faith-based	Fundraising/Grant Writing (55%)	Facilities/Operations (36%)	Board Development (27%)
Social Sciences	Leadership Development (100%)	Fundraising/Grant Writing (100%)	Facilities/Operations (100%)
Sports & Recreation	Program Development (50%)	Fundraising/Grant Writing (50%)	Collaboration (25%)

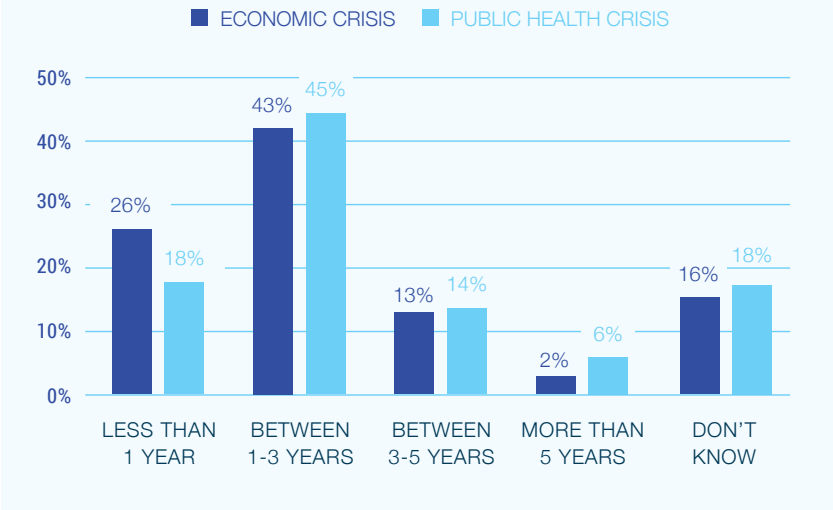
VISIONING

Most nonprofit organizations believe it will take more than a year to recover from the public health and economic crisis resulting from the pandemic, and many believe it could take more than 3 or 5 years to recover.

APPETITE FOR ENGAGING IN POLICY AND ADVOCACY CHANGE

Throughout the last two years, policy and advocacy work has been critical to support the nonprofit sector’s response to COVID-19 and ensure the health and safety of those most affected by the pandemic. Many nonprofits have engaged in or are looking for ways to engage in policy and advocacy efforts that will expand voter rights and registration; make systemic changes in recovery & addiction, behavioral health, housing, education, and health care; increase employment rates and wages; and draw more government funds into the sector.

ECONOMIC CRISIS RECOVERY LENGTH VS. PUBLIC HEALTH CRISIS RECOVERY LENGTH



47% 37% OF CUYAHOGA COUNTY NONPROFITS REPORT THEY ARE CURRENTLY ENGAGING IN POLICY AND ADVOCACY WORK, AND AN ADDITIONAL 10% PLAN TO IN THE FUTURE.

TOP FOCUSES OF NONPROFITS' POLICY AND ADVOCACY WORK	TOP FIVE NONPROFITS INDUSTRIES REPORTING PARTICIPATION IN POLICY AND ADVOCACY	TOP INDUSTRIES WANTING TO PARTICIPATE IN POLICY AND ADVOCACY IN THE FUTURE
<ul style="list-style-type: none">• Voter rights and registration• Recovery & Addiction• Behavioral Health• Fair, Affordable Housing & Neighborhood revitalization• Education• Health care (i.e COVID-19, Vaccination, HIV, & Sexual Health)• Funding for the Arts• Employment	<ol style="list-style-type: none">1. Human Services (17%)2. Education and Youth Services (16%)3. Human Rights & Civic Engagement (12%)4. Health (11%)5. Community Development & Neighborhood Revitalization (10%)	<ol style="list-style-type: none">1. Education and Youth Services (24%)2. Human services (24%)3. Health (9%)4. Behavioral Health (9%)5. Arts and Culture (9%)6. Community Development and Neighborhood Revitalization (9%)

KEY FINDINGS

This analysis included nearly 3,000,000 data points across over 5,800 nonprofits in Cuyahoga County, resulting in a bird's-eye view of the nonprofit landscape. This report includes data about who makes up the sector, how they are compensated, how organizations fare financially, the impact of COVID-19, and the capacity building needs to support recovery. Much more data is available in the [interactive web-based version](#) of the report, and we encourage you to regularly visit and use this data to inform your thinking and strategy development.

During this analysis, several key findings emerged about nonprofits in Cuyahoga County. This section summarizes the largest ones organized by overall findings, policy and advocacy, financial health, compensation trends, recovery needs, and race representation.

THE SECTOR OVERALL

1. Cuyahoga County has a large nonprofit sector.

There is one active nonprofit for every 200 people in Cuyahoga County. Together, these nonprofits make up 24% of the county's workforce, and put over \$24.2B annually back into the economy. Human Services, Philanthropy, Education, Community and Economic Development, Arts and Culture, and Health collectively make up 85% of all nonprofits in Cuyahoga County. These organizations vary significantly in staff and revenue size. The Arts and Culture nonprofit industry—representing 11% (651) of all Cuyahoga County nonprofits—is made up of very small organizations, with 84% of these organizations having revenues under \$500,000. On the other hand, there is a vibrant local Health nonprofit landscape, representing 10% of all local nonprofits (564). Together, Health organizations bring over \$12B in annual revenue into the region and employ over 85,000 workers—9% of the total Cuyahoga County workforce. Combined, the 5,871 Cuyahoga County nonprofits provide a spectrum of services for its 1.3M residents. Most of these organizations focus on meeting hyper local community-based needs, and have very small budgets and staff sizes.

POLICY AND ADVOCACY

2. Nonprofits have a significant appetite for engaging with policy and advocacy.

Nearly half of Cuyahoga County nonprofits (47%) report they are currently engaging in policy and advocacy work or plan to in the future. Policy and advocacy is critical to the social and economic well-being of people, and these nonprofits together can represent a significant voice in those efforts. Health and Human Services related nonprofits are more inclined to engage with policy and advocacy than other industries (56% and 55%, respectively), while Arts and Culture related nonprofits are much less likely to engage (16%).

Only 28% of Education nonprofits reported currently engaging or wanting to engage with policy and advocacy in the future. This is significant because education is largely driven by State and Federal policy and across the industry there are large disparities for populations such as immigrants and refugees, English language learners, people with low incomes, Black- and Brown-youth, and more. Moving beyond COVID-19, there is a greater need for advocacy efforts to address issues such as absenteeism, disengaged populations, digital equity, social-emotional learning, remediation, and access to higher educational opportunities. There is significant opportunity for Education nonprofits to engage in policy and advocacy activities alongside their public and private institutional peers.

FINANCIAL HEALTH

3. Some industries are thriving, while others are barely staying afloat.

Financial stability varies greatly from industry to industry within the sector. For example, Community and Economic Development nonprofits make up the third largest segment of the sector nationally (15% of all nonprofits), with a similar footprint in Cuyahoga County (12% of the sector). These organizations are some of the most financially stable, drawing

down over 4X the sector average in government grants, with a much lower reliance on foundation grants than other industries. The presence of well-resourced intermediaries with the goal of attracting federal funding to the region is likely a primary contributor. Alternatively, smaller Youth Development organizations are among least sustainable in the sector—receiving an average of 55% of their revenues from foundation grants alone. This is a 25% greater reliance on foundation grants than other types of nonprofits their size.

4. Securing government funding is critical to nonprofit sustainability.

Nearly 80% of Cuyahoga County nonprofits have annual revenues of less than \$2M, and these organizations together receive an average of 30% of their total income from foundation grants alone. This is 10X the national average revenue from foundation grants across the sector. With only 12% coming from government grants and 31% from program service revenue, as a whole, a majority of small and medium-sized nonprofits are at significant financial risk. Increasing the ability for smaller nonprofits to access government grants and government reimbursement for services is critical for the sector to thrive.

Those receiving a greater amount of revenue from government grants include: Workforce Development (44% of all their revenue), Education (19%), nonprofits serving older adults (19%), and Human Services (13%). Education nonprofits receive the largest total amount of financial support from government grants, averaging 19% of their overall revenues, reflecting nearly \$393.8M.

5. Black and Brown-led organizations are receiving less resources from foundations and government grants.

Demographic data on nearly 400 nonprofits in Cuyahoga County revealed significant disparities in resources to nonprofits based on the race of the executive director. White-led nonprofits are receiving on average 29% of their revenue from foundations and 19% from government grants (outside reimbursements). Black and Brown-led nonprofits overall are receiving on average 23% of their revenue from foundations and 14% from government grants. Black-led nonprofits are receiving even less, with only 16% of their revenue from foundations and 14% from government grants. When looking at all foundation grants across the organizations reporting racial demographic data of their executive directors, White-led organizations receive over 90% of all foundation monies, Black-led organizations receive just 5% of all foundation monies, and organizations led by other people of color receive a combined total of 4% of all foundation monies. Even though nearly 40% of nonprofits are led by people of color, less than 10% of all foundation monies go to support nonprofits led by people of color.

6. Financial assets are held by a small subset of nonprofits.

Just 2% of nonprofits hold 93% of all \$51B in nonprofit assets locally. Health nonprofits make up 39% of those assets (\$20B), Human Services nonprofits make up 13% (\$6.6B), Arts and Culture nonprofits make up 5% (\$2.7B), and Education nonprofits make up 1% (\$540M) of those total net assets. Within Arts and Culture nonprofits, museums which only account for 6% of all Arts and Culture nonprofits, hold nearly half of those assets, \$1.6B in total primarily in land assets and investments. Demographic data analyses showed that a majority of these larger institutions identified as White-led.

7. At least 1 in 5 nonprofits are operating in a financial crisis.

Nonprofits are known for keeping lean budgets and minimizing expenses—which is demonstrated by the low wages and benefits across the sector. However, nonprofits must be able to bring in at least the money they need to operate each year to stay in business. The findings from the Nonprofit COVID-19 Recovery and Resiliency Survey results indicate that about 1/3 of the sector is operating in a financial crisis, with three months or less operating reserves in the bank. The recommended standard is at least 6-months savings in the bank. This is quite concerning, especially considering that 20% of all Cuyahoga County nonprofits who reported financial data reported operating at a deficit during their most recent fiscal year available from the IRS and Candid data sources at the time of this assessment.

COMPENSATION TRENDS

8. Many people working in nonprofits are not making a living wage.

Nationally, there has been a long-documented wage gap between nonprofits and the public and private sectors. This is the case for Cuyahoga County's nonprofits as well, where the median compensation hovers just above \$21,000/year, or \$10.38/hour. While this is one dollar more per hour than Ohio's current minimum wage of \$9.30, it is significantly less than the estimated \$15-\$20/hour needed to afford to live. Several industries report wages at least 30% lower, namely Workforce Development (\$14,000/year), Youth Development (\$15,000/year), and Early Childhood Education (\$15,700/year) nonprofits. Considering that 62% of all nonprofit executives, and 52% of nonprofit staff in Cuyahoga County are female, these low wages disproportionately affect women. This presents a paradox worth considering: many nonprofits exist to serve individuals with low incomes, however, a majority of the staff within nonprofits are those with low incomes. We must raise the wages of nonprofit employees to prevent the nonprofit sector itself from keeping people in poverty.

9. Invest in Black and Brown-led organizations to raise wages across the sector.

When disaggregated by race across the entire nonprofit sector in Cuyahoga County—there is a large discrepancy between nonprofit revenue and nonprofit compensation. White-led organizations have a median revenue of \$1,017,830 yet the median employee salary is \$21,400/year, or \$10.28/hour. Black and Brown-led nonprofits have a median revenue of \$591,520 and the median employee salary is \$24,700/year, or \$11.88/hour.

Black and Brown-led organizations have median revenues 53% less than White-led organizations, and they are paying their employees 14% more. Simply put—White-led nonprofits get more and pay less, and Black and Brown-led organizations either get less and pay more, and in some cases, have less staff and pay them better than White-led organizations. While this phenomenon varies sometimes by size of organization and industry, this finding supports the notion that investment in Black and Brown-led organizations increases wages in the sector overall.

10. Wages vary by industry, racial demographics of leadership, and organization size.

This analysis found that White-led organizations have higher annual revenues reported, yet the median employee salary is lower, compared to Black and Brown-led organizations overall who have a lower median revenue, but pay their employees more. However, 90 organizations in the Human Services industry (representing 7% of the industry) showed both lower salaries overall and significant pay differences across racial demographics. In this industry, the median employee salary is \$18,200—15% lower than the median across the Cuyahoga County nonprofit sector as a whole. White-led organizations have a median employee salary of \$22,300 (3% greater than the sector median), while Black-led organizations have a median salary of \$19,100, nearly 11% lower than the median. The same disparity exists at the executive director level for Human Services organizations, with White-led organizations reporting executive salaries of \$199,600 while Black-led organizations report only \$86,700 (57% less).

Among Behavioral Health nonprofits there is a similar wage disparity between leadership compared to their employees. Executive directors of small- and medium-sized Behavioral Health nonprofits pay a median salary of \$85,000 annually while leaders of large Behavioral Health nonprofits pay a median salary of \$373,800 annually. Employees in smaller Behavioral Health nonprofits (with revenues under \$2M) are making nearly 15% less than employees in larger Behavioral Health nonprofits (revenues greater than \$2M). They are also making less in comparison to their leadership—the median salary of executive directors at larger organizations is 14X greater than the median salary for employees within those organizations, while the median salary of executive directors at smaller organizations is only 4X greater than the median salary for their employees.

RECOVERY NEEDS

11. COVID-19 had a significant impact on financial stability, disproportionately affecting Black and Brown-led nonprofits and the Arts and Culture industry.

Nearly $\frac{2}{3}$ of nonprofits lost revenue in 2020, and 49% of nonprofits report they still anticipate losing some revenue in 2022. The COVID-19 pandemic has disproportionately affected nonprofits led by people of color. Black-led, LatinX-led, and Multi-racial-led organizations saw greater revenue loss and used significantly more reserves throughout the COVID-19 pandemic than their White-led peers.

Of all industries, Arts and Culture nonprofits reported a much higher rate of lost revenue. 81% of all Arts and Culture nonprofits in 2020 and 77% in 2021 reported revenue loss. The basic needs and emergency aid funding available to many nonprofits did not reach this industry during the height of the pandemic. This, paired with the lack of revenue from program services due to shutdowns, put many Arts and Culture nonprofits in a tough financial position.

Most nonprofit organizations believe it will take more than a year to recover from the public health and economic crisis resulting from the pandemic, while many, depending on experiences such as these, believe it could take more than 3 or 5 years to recover.

12. There are common resilience building needs across the sector.

Overall, nonprofits have similar resilience building needs coming out of the height of the COVID-19 pandemic. Most agree they must focus on fundraising and grant writing, staff salaries, strategic planning or long-term planning, facilities and operations, and board development during the next few years.

13. There is a gap in the sector's services for working-age adults and older adults.

This analysis, paired with data trends in Cuyahoga County, indicates some gaps in social services for working-age adults and older adults. For example, Cleveland had the second highest working-age adult poverty rate before the onset of the COVID-19 pandemic, however, only fifty-one (51) nonprofit organizations focus primarily on Workforce Development in Cuyahoga County, and of these only a handful focus on Job Counseling or Job Training. Data from another Northeast Ohio study collected in the last two years indicates a rapidly changing workforce: 408,313 people have quit a job, 481,559 report needing training to get ahead, and over 76,000 retired earlier than expected in Northeast Ohio. Together this indicates there is a significant need to boost the availability of programs preparing working-age adults for higher paying careers.

Similarly, Cleveland has one of the highest older adult poverty rates in the country, but while some populations, like youth, have entire portions of the nonprofit landscape dedicated to providing them services, Older Adults are primarily served through nonprofits who are providing services to many populations. Of the 84 nonprofits serving primarily Older Adults locally, only 6% are focused on Health and only a handful focused on Housing. This is concerning as the number of Clevelanders over age 65 who live below the poverty level has grown at least 41% since 2010. As a population projected to grow in the coming years, we can expect the need for dedicated services to Older Adults, especially those in poverty, to grow as well.

RACE REPRESENTATION

14. Youth Development, Community and Economic Development, and Human Services employees represent the racial demographics of the population served.

Across Cuyahoga County's nonprofit sector 52% of the population served are Black, 26% of those served are White, 6% are LatinX, and the remaining representation is from other races. 61% of all executive directors are White, 29% are Black, 3% are LatinX, and the remaining representation is from other races. Overall, representation is more aligned to

the population served at the senior leadership level where 46% of all leaders are Black, 46% are White, and 3% are LatinX. In Cuyahoga County Youth Development nonprofits report 66% of their leadership teams and 76% of their staff identify as people of color, Community and Economic Development report 60% of their leadership teams and 52% of their staff identifying as people of color and Human Services is also well supported by Black staff and leadership 43% of all their executive directors are Black, 48% as White, with 9% other people of color. Each of these industries also serve a high percentage of Black individuals, making the racial demographics of leadership and staff most representative of the populations they serve.

15. Many nonprofits can improve the racial representation of their staff and leadership.

- **Arts & Culture:** The population supported by Arts and Culture organizations is racially diverse with 63% of the population served by Arts and Culture nonprofits being Black, LatinX, Asian, or other people of color, but over 77% of organizations are White-led and just 1/3 of all senior leader positions are held by individuals identifying as Black, and only 23% of all staff are Black on average. Arts and Culture organizations have room to improve their racial representation and diversity across the board.
- **Health:** The population served by Health nonprofits is 40% Black and 40% White, but almost 70% of Health nonprofits are White-led. Health leadership are not representative of those populations primarily served.
- **Education:** Likewise, the population supported by Education nonprofits is nearly 50% Black individuals, however, the leadership and staff do not represent the population served by Education nonprofits. With 47% of the population served by Education nonprofits being Black, and another 20% being people of color, over 63% of organizations are White-led.
- **Behavioral Health:** In Behavioral Health nonprofits, 50% of all individuals served are White, and only 41% are Black, a much higher rate of White individuals served than other industries. This is reflective of barriers to behavioral health care that Black and Brown communities face nationally.
- **Housing:** Housing and Homeless Services report only 38% of their leadership teams and 54% of their staff identifying as people of color. While they report that a majority (58%) of their population served are people of color, 62% of all reporting organizations were led by White executives. Additional data estimates over 76% of individuals experiencing homelessness in Cuyahoga County are people of color.



INTERACTING WITH THE LANDSCAPE ASSESSMENT

This landscape assessment was originally built as an interactive web-based report to allow users to interact with nearly 3,000,000 pieces of data on the local nonprofit landscape. Users can sort and filter the data by industry, size of nonprofit, and race and gender demographics of nonprofit leadership.

Interact with full assessment online at www.sangfroidstrategy.com/cuyahoga.

To submit feedback or questions on this report or the live interactive web-based report, [click here](#).

KEY SPONSORS



The Funders Collaborative on Covid Recovery, in collaboration with nonprofit partners representing varying industries, supported the creation and launch of this Landscape Assessment. Key partners include:

- Assembly for the Arts
- Bank of America
- Candid
- Cleveland Neighborhood Progress
- The Center for Community Solutions
- The Cleveland Foundation
- Environmental Health Watch
- Fowler Family Foundation
- George Gund Foundation
- LGBT Community Center of Greater Cleveland
- Mt. Sinai Health Foundation
- PNC Bank
- Starting Point
- United Way of Greater Cleveland
- Verizon
- YWCA of Greater Cleveland



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