



Better than a decade ago. Diverse as ever.

STATE OF THE NONPROFIT SECTOR IN NORTHEAST FLORIDA

BY MARY WANSER

A decade ago, the economic recession plunged 40% of Northeast Florida nonprofits into the financial red zone. But things are better today. According to the State of the Sector report recently released by the Jessie Ball duPont Fund and the Nonprofit Center of Northeast Florida, nearly two-thirds of the nonprofits have climbed back into the black. However, some organizations, including those providing housing and services to seniors and youth, have not recovered as well. Unfortunately, this is not all that unusual, as roughly one in three nonprofits in any given year operates with a lack of revenue.

The 2019 report describes nearly 2,000 of Jacksonville's five-county area nonprofit organizations (those in Baker, Clay, Duval, Nassau, and St. Johns) based on 2016 IRS data. Despite a common misunderstanding, nonprofit organizations can, and must, earn a profit. Without it, they could not survive. The profit cannot, however, be used for private gain, which is one feature that distinguishes a nonprofit from a for-profit business. One reason for examining the report's details is so that stakeholders can verify that the structure of our region's nonprofit sector aligns with community needs and interests and consider what changes might be in order.

The State of the Sector report separates nonprofit organizations into 21 fields according to their missions, which are compatible with IRS classifications. It is typical in any nonprofit sector for healthcare and higher education to constitute the most volume. The Northeast Florida nonprofit sector, however, is unique in that healthcare alone dominates while higher education has only 17 nonprofit entities in the whole sector, making up only 1% of the entire mission's base. Also surprising is that, although they prevail in terms of total revenue, health institutions do not lead when it comes to receiving contributions, drawing only 14.7% of the total gifts taken in by all First Coast nonprofits; most of their income is earned.

1320
NONPROFITS
GENERATE
\$8.6
BILLION
IN REVENUE

According to the report, "Donors provide an economic boost," and a much needed one at that. A staggering 72% of all nonprofits in our area are operating on a budget of less than \$500,000 and more than half of those less than \$100,000. Only 5% of nonprofits on the First Coast are funded by government grants; the balance must come from earned income and contributions. Historically, the largest source of charitable giving across the country comes from individuals—of late, 70%.

Unfortunately, there's been a significant decline in the number of individual donors in our region, particularly those in the low-income

bracket. This, perhaps, is due to the overall decline in income. Hence, the burden of charitable giving rests on upper-income donors who are now responsible for 44% of all giving on the First Coast. The good news is that of those who continue to give from all income brackets, all are contributing more than they did a decade ago even though changes in tax law have reduced the incentive for charitable giving.

Nonprofits are a reflection of the community's needs, priorities, and circumstances. They are essential not only for the services they provide but also for the jobs they offer. Even though 66% of nonprofit organizations in our area report having no employees, the sector creates nearly as many jobs for people in the region as the retail sector does. Of those employed by Northeast Florida nonprofits, 61% do so in large health institutions.

It's the Health Institutions field, rather than the Health General field, that's the behemoth of the segment. It's made up of 74 institutions in Northeast Florida that "garner 68% of all nonprofit income, hold 63% of all nonprofit net assets ... Collectively, they report 91% of their income is earned."

The largest segment of the nonprofit sector in Northeast Florida focuses on providing human services broken into four fields that each serve a different faction of the population—general (working age adults), elders, youth, and veterans. Nevertheless, in the past five years, the First Coast has barely reduced the number of residents living in poverty.

Despite reigning poverty, Northeast Florida has a strong faith-based culture. This is reflected in the report's finding that Religion is the single largest field—and that only includes faith-based establishments whose primary objective is to minister, evangelize, and proselytize, not those providing other services that are categorized under different fields. Most of the religion-focused nonprofits are Christian.

Community supports is a segment that factors in four fields, one of which is Housing, but only that of

JOBS CREATED BY SECTOR

RETAIL

77,222

NONPROFIT

72,188

FINANCE & INSURANCE

48,055

ACCOMMODATION & FOOD SERVICE

30,527

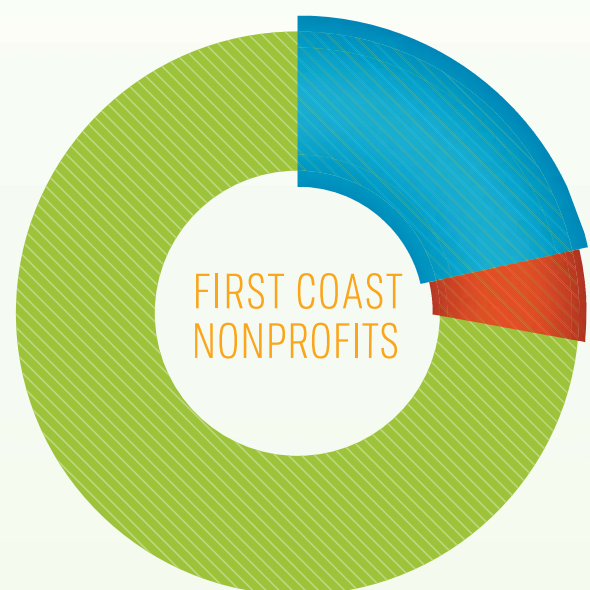
TRANSPORTATION & WAREHOUSING

29,748

A nonprofit organization is one that is formed for the purpose of benefitting society rather than for making and distributing profits. Nonprofits may earn a profit, but they may not distribute that profit, or equity, to any individual. There are no shareholders, no equity investors, no owners.

For more data and the full report, visit NonprofitCtr.org.

HOW NONPROFITS ARE FUNDED



69%
Earned Income

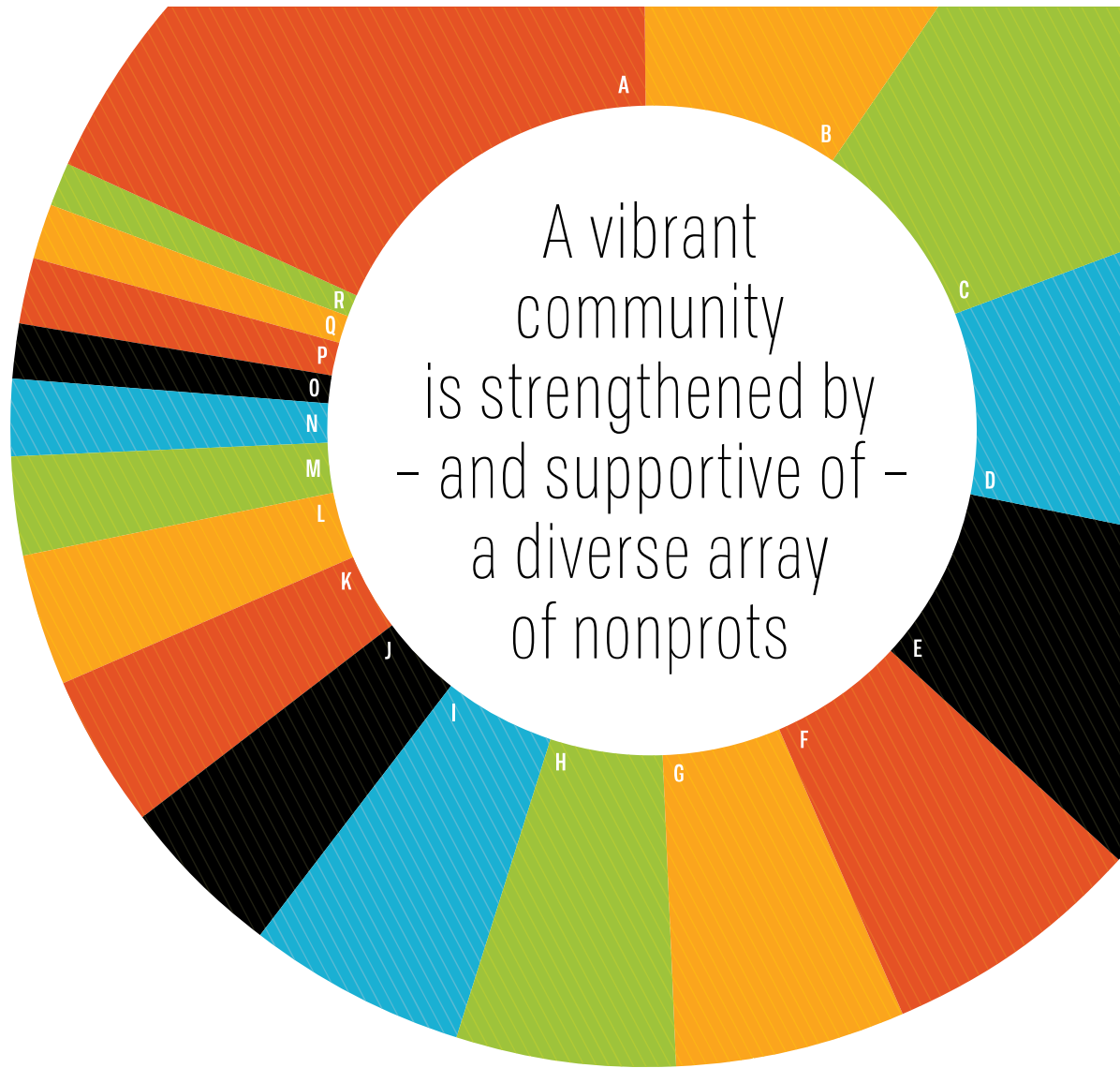
22%
Contributions

05%
Government Grants

Source: State of the Sector 2019 report, funded by the Jesse Ball duPont Fund

STATE OF THE SECTOR

A. HUMAN SERVICES	18.1%
B. RELIGION	9.8%
C. HEALTH GENERAL	9.7%
D. ARTS & CULTURE	8.9%
E. EDUCATION B-12	8.6%
F. SPORTS & RECREATION	6.9%
G. PUBLIC SUPPORT & BENEFIT	5.7%
H. INTERNATIONAL	5.6%
I. ENVIRONMENT & ANIMAL WELFARE	5.4%
J. HEALTH INSTITUTIONS	4.4%
K. PROFESSIONAL AFFILIATIONS	3.9%
L. HOUSING	3.2%
M. PTOs	2.4%
N. SCHOLARSHIPS	2.1%
O. BOOSTER CLUBS	1.5%
P. COMMUNITY DEVELOPMENT	1.5%
Q. PUBLIC SAFETY	1.4%
R. HIGHER EDUCATION	1.0%



A vibrant community is strengthened by – and supportive of – a diverse array of nonprofits

the non-crisis variety; emergency housing and homeless shelters are categorized as part of the human services segment. Nearly half of the 54 organizations in the Housing field have been operating at a deficit for numerous consecutive years. On the other hand, in the Arts and Culture field, 62% of the entities have enough reserve to cover more than three months of operations.

What's worth noting in the education segment is the Scholarships field. Of its 35 organizations, a single one accounts for more than 98% of the total income, expenses, and net assets in addition to all of the employees of this group. That one is Step Up for Students, which is based in Duval County and funded by corporate contributions that yield dollar-for-dollar tax credits.

There are many more illustrations of how diverse the nonprofit sector is in Northeast Florida. Almost 100 entities make up the Environment and Animal Welfare field in nearly equal portions, but the average environmental organization has roughly half the revenue of the average animal protection entity, and the sources of those revenues differ greatly. Environmental organizations

get 75% of their revenue through contributions while animal protection organizations earn 51%, usually through adoption fees, pet services, and the like.

The Sports and Recreation field includes institutions that serve children, youths, and adults. Most are small organizations whose income is generated by fees and by equipment and uniform sales. Contrarily, contributions provide the bulk of income for the Booster Clubs field, which is made up of nonprofits supporting bands and athletics at schools across the First Coast, but concession stands, and special hosted events add to the revenue. With very few exceptions, the International field is sustained entirely on contributions and has no employees. It's made up of those providing services outside the US and the missions vary.

All nonprofits are encouraged to provide as much information about themselves as possible so that the public can make informed decisions about donations and funding the work they do.

To read the full 43-page report visit circlescharityregister.com and search for "State of the Sector."

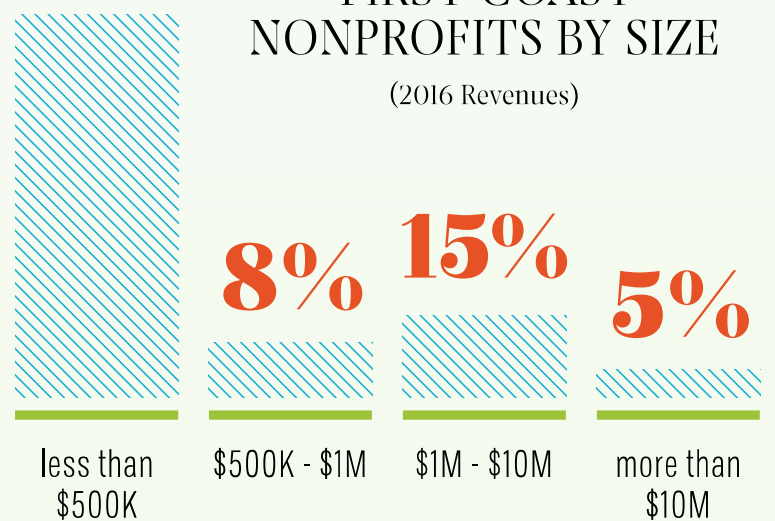
Donors Provide an economic boost

IN 2016, 143,820 DONORS GAVE \$1,014,279,000

72%

FIRST COAST NONPROFITS BY SIZE

(2016 Revenues)



Source: State of the Sector 2019 report, funded by the Jessie Ball duPont Fund