

FEBRUARY 2015

Black-Led Organizations In The Bay Area: From Crisis To Change



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“Running a non-profit is a joyous, daily challenge for which constant support is needed. The landscape [for Black-led organizations] is in constant flux and help is needed to remain abreast and relevant.” - A BLO CEO

The Bay Area Black United Fund (BABUF) is a nonprofit regional intermediary located in Oakland, California led by dynamic President and CEO Duane Poe. After 35 years, BABUF remains a conduit of transformational change and community impact and has a renewed purpose and strategies for uplifting and elevating Black communities. BABUF is positioned to be a bridge between community based organizations and donors. We hold this space to allow funders to support organizations and areas of need with the knowledge that we support the capacity of our partners to deliver effective, impactful and measureable services. BABUF's support to both organizations and our nine county service area is defined by four guiding principles:

1. **BABUF** invests in a set of community assets that create pathways of opportunity
2. **BABUF** is an advocate for solutions that foster the development of programs and services that lead to community empowerment
3. **BABUF** is the hub that utilizes research and data to change community deficits to assets
4. **BABUF** is a focused funder that directs our donors' investment in a collaborative and responsible manner to ensure an impact towards measurable outcomes



The state of social sector institutions has been the subject of much examination in the aftermath of the recession. National IRS data reveals that over the last five years 428,743 registered nonprofits met their demise; closing their doors and/or losing tax exempt status.¹ The Bay Area, home to one of the highest concentrations of nonprofits in the country, has not been immune and is still recovering from a period of tightening, restructuring and closures. Concern regarding consequences to a vital community services industry resulted in the promotion of survival strategies including emergency loan funds and mergers and acquisitions. Yet Black-Led Organizations (BLOs: registered nonprofit organizations with Black staff and/or Board leadership) on the front line serving low and moderate income communities have not received the tailored support required to recuperate and thrive.

Bill Merritt, President and CEO of the National Black United Fund, contends that “nonprofit organizations have served as vehicles for community empowerment and civic participation in the Black community by addressing issues of access and inequality. The lack of financial resources available to minority-led nonprofit organizations that promote the interests of their communities is a crisis.”² This phenomenon is only magnified in the Bay Area, one of the most diverse regions in the country. BLOs and the communities they serve have unique concerns requiring unique solutions yet demographic changes and population shifts have sent focus and funding in new directions conveying a message that there is little value in being a BLO. BLOs continue to be under-researched, under-regarded and under-resourced leaving many unsustainable and at risk of closure given another downturn.

On the heels of one such BLO closure, a working group of advocates representing the Bay Area Black United Fund, The California Endowment, The East Bay Community Foundation, The San Francisco Foundation, The Y & H Soda Foundation, The Brotherhood of Elders and Urban Strategies Council came together to find out why this organization, and many like it, have not survived. The working group set out to inventory BLOs in four Bay Area Counties (Alameda, Contra Costa, San Francisco and Santa Clara) and create a snapshot of the issues impacting their effectiveness and sustainability. What follows are highlights from unprecedented research to uncover and understand the strengths and challenges of Bay Area BLOs to move the field beyond crisis to change.

¹ Chuck Mclean, “Vital Records: Births and Deaths in the Nonprofit Sector,” *Nonprofit Quarterly* Winter 2014 Edition (December 2014).

² Aziz Gueye Adetimirin, “Crisis in Black Nonprofits: Worries about leadership and funding,” *The Network Journal: Black Professionals and Small Business News* (August 2008).

³ The survey sample was designed to be representative of Bay Area BLOs but a limited sample in certain counties makes cross-county comparisons difficult so a majority of the information will be presented in the aggregate or will only highlight those counties representing >10% of the sample (Alameda, Contra Costa and San Francisco Counties). As such, the data is informative and directional, not exhaustive.

Walker and Associates Consulting, under the direction of BABUF, compiled a database of 125 BLOs across Alameda, Contra Costa, San Francisco and Santa Clara Counties (select BLOs in Marin and San Mateo Counties were also included) leveraging the network of the working group and additional investigation. Both quantitative and qualitative research was conducted with leaders in the database to assess the current state and future needs of Bay Area BLOs:

- **SURVEY:** A 40-question online survey - which probed the respondent’s leadership profile, organizational profile and organizational assessment via multiple choice, rating, ranking and open-ended questions - was fielded in September of 2014. The response rate was 57% (71/125 invited BLOs participated in the survey) and the completion rate was 80% (57/71 participating BLOs completed the entire survey): a strong response given the survey’s length and detail. Non-participating BLOs cited time constraints and/or uneasiness in sharing personal/organizational information.³
- **FOCUS GROUPS:** Two, 2-hour focus groups were facilitated by Dr. Frank J. Omowale Satterwhite at The California Endowment and The San Francisco Foundation in October of 2014. A representative sample of 20 leaders was led through a 19-question guide exploring challenges and strategies to invest in the sustainability and growth of BLOs.

“Over the past 5 years, Black organizations have decreased at an alarming rate. No one is concerned about this issue as we shrink in representation in all levels of services in Black communities.” – A BLO CEO

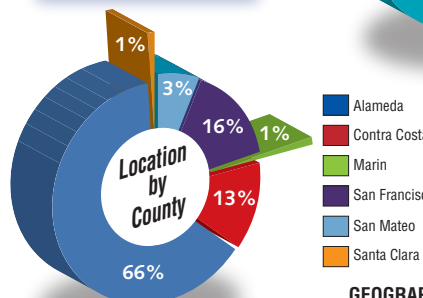
A majority of Bay Area BLOs are mature Community-Based Organizations located in Alameda, San Francisco and Contra Costa Counties with a regional or citywide focus⁴

- 90% of Bay Area BLOs identify themselves as Community-Based Organizations
- 75% are mature organizations that have operated for 11+ years
- 66% are based in Alameda County where Oakland is an important nonprofit service hub
- 1/3 are regional, serving multiple counties, and 22% are citywide

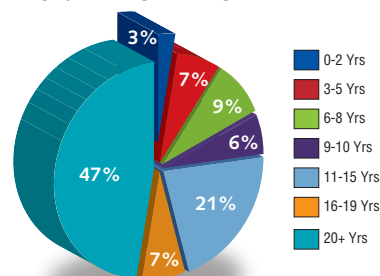
Most Bay Area BLOs have small budgets, no reserves or endowments and limited resource development capacity but have fairly diverse income streams

- 47% of Bay Area BLOs have very small budgets of \$500,000 or less while only 10% have budgets greater than \$5,000,000
- In a signal of recovery from the recession, 42% of budgets increased in 2014 vs. 2013 however more budgets decreased than remained the same (32% and 26%, respectively)⁵
- 42% have no reserves or endowment and, for those that do, it is most often insufficient
- For 92%, the CEO/ED primarily conducts fundraising and resource development
- Foundation grants and government contracts make up the largest share of the average funding mix at a combined 53%
- Dedicated staff and marketing support to develop earned income opportunities is rare yet 53% stated that they have at least some earned income such as contracts (e.g. provision of services within a school district), fee-for-service (e.g. for research or facilitation), rental income and fiscal agent fees

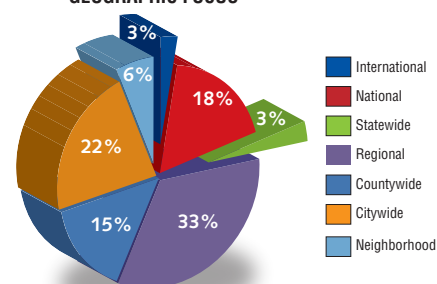
66% of Bay Area BLOs are Based in Alameda County



ORGANIZATIONAL TENURE

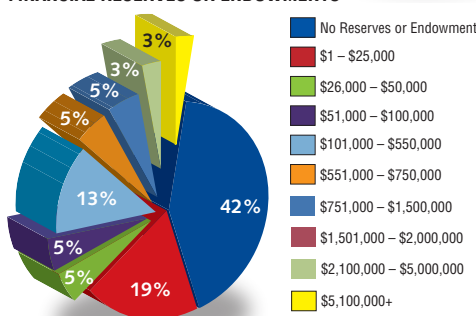


GEOGRAPHIC FOCUS

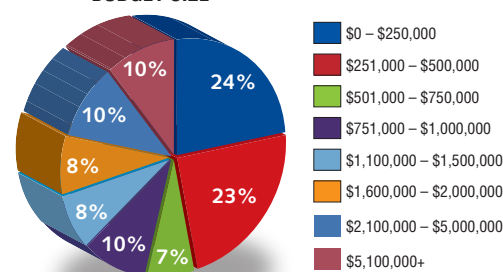


42% of Bay Area BLOs have No Reserves or Endowment

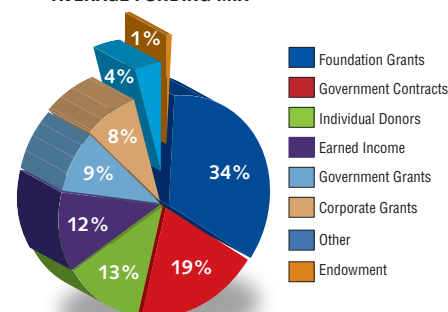
FINANCIAL RESERVES OR ENDOWMENTS



BUDGET SIZE



AVERAGE FUNDING MIX



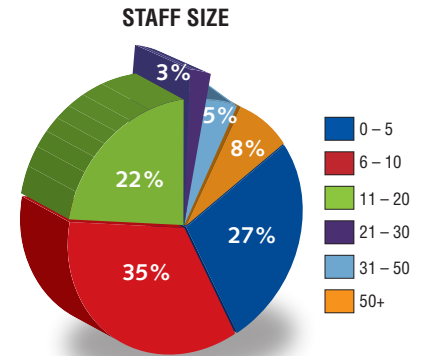
⁴Mature CBOs are defined as those in operation for ten years or more and a regional focus is defined as serving multiple counties.

⁵Most increases are modest and represent a rebound from recent layoffs.

It is common for Bay Area BLOs to have very small staffs that did not grow similarly to nonprofits nationally

- Bay Area BLOs have limited staff support: 62% have staffs of 10 people or less and 84% have staffs of 20 people or less
 - For context, the average staff size of organizations in a national sample of nonprofits surveyed by Nonprofit HR was 164 which was considered medium-sized⁶
- Staff size remained the same for 39% of Bay Area BLOs yet they experienced more declines and fewer gains than nonprofits nationally⁷
- Most Boards have 6-10 members, consistent with the small size of Bay Area BLOs and best practice

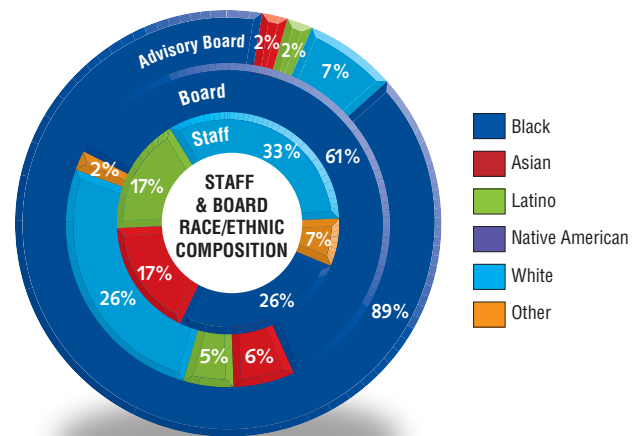
62% of Bay Area BLOs have Staffs of 10 or Less



STAFF SIZE CHANGE	BAY AREA BLOs	NATIONAL NON-PROFITS
Increased	36%	46%
Remained the Same	39%	37%
Decreased	25%	17%

Bay Area BLOs tend to have very diverse staffs yet there is a need for greater diversity on their Boards

- Bay Area BLOs are far more diverse than nonprofits nationally, which are predominantly White (62% of staff)⁸, yet Whites are still the most represented on staffs (33%) followed by Blacks (26%)
- 61% of Board Directors and 89% of Advisory Board members are Black: Bay Area BLOs could benefit from advocates of other races with additional support networks
- Gender is fairly balanced with an edge to females (64% of Staff and 53% of Boards)
- Only 19% of Bay Area BLOs have an Advisory Board

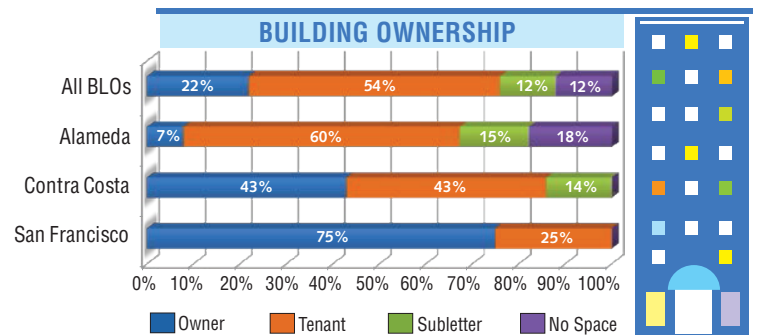


Bay Area BLOs view property ownership as important for an organization's legacy yet most rent their space and the level of ownership varies by county

- Ownership is seen as important and ideal but is not always practical for Bay Area BLOs
- 66% rent their space and 12% - all in Alameda County - have no dedicated space at all
- Only 7% of Alameda County BLOs own versus 75% of San Francisco County BLOs and 43% of Contra Costa County BLOs⁹

Only **22%** of Bay Area BLOs Own their Space

"Building capital and having a physical footprint is a legacy for your organization and community."
 – A BLO Board Chair



⁶2013 Nonprofit Employment Trends Survey, (Nonprofit HR Solutions and the Improve Group, 2013), 32.

⁷2014 Nonprofit Employment Practices Survey, (Nonprofit HR and the Improve Group, 2014), 2.

⁸2013 Nonprofit Employment Trends Survey, (Nonprofit HR Solutions and the Improve Group, 2013), 33.

⁹Respondents in Santa Clara, Marin and San Mateo Counties are included in "All BLOs" but not shown individually given small sample sizes/insufficient data.

Most Bay Area BLOs primarily serve Black, Latino, Low and Moderate Income and/or Underserved Populations

- For 59% of Bay Area BLOs at least 50% of their clients are Black and 30% serve a client-base that is at least 80% Black
- Alameda County BLOs serve the largest percent of Blacks (65%) and Contra Costa County BLOs serve the highest percent of Latinos (44%)
- On average, the ethnic composition of the population served by Bay Area BLOs is 59% Black and 23% Latino

Top Ten Populations Served:

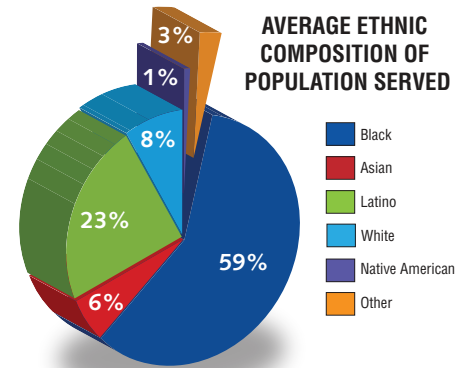
1. Black
2. Low and Moderate Income
3. Underserved
4. Youth and Teens
5. Young Adults
6. Girls
7. Latino and Other Minorities
8. Children
9. Boys

Youth Development, Education and Health are key focus areas

- 56% of Bay Area BLOs focus on Youth Development followed by Education, Black Men and Boys and Health

Bay Area BLOs use most common organizational tools but more resources for planning and marketing are needed

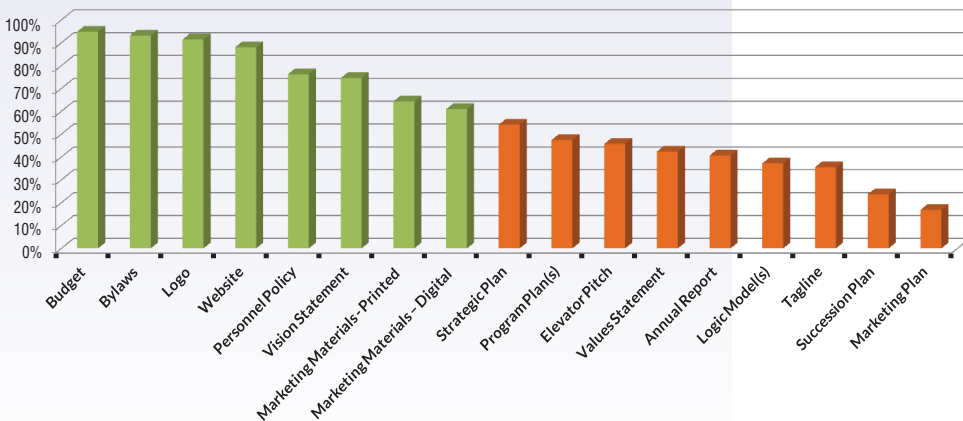
- Although tools such as Budgets, Bylaws and Logos are common, Strategic, Program, Succession and Marketing Planning - all future-oriented, direction-setting, risk-mitigating and/or growth-driving tools - are less commonly used due to time and resource constraints or lack of awareness or understanding of the value or process for creating such tools



Top Ten Focus Areas:

1. Youth Development
2. Education
3. Black Men and Boys
4. Health
5. Advocacy and Policy
6. Economic Development
7. Community Development
8. Social Justice
9. Arts and Culture
10. Capacity Building

ORGANIZATIONAL TOOLS CURRENTLY AVAILABLE/USED



“We are grappling with how we expand smartly. We didn’t understand the difference between business planning and strategic planning. I’m learning on the job and finding resources to understand what’s needed.” – A BLO CEO

Most leaders feel their organization is “performing OK” with great room for improvement and stabilization before they can truly thrive

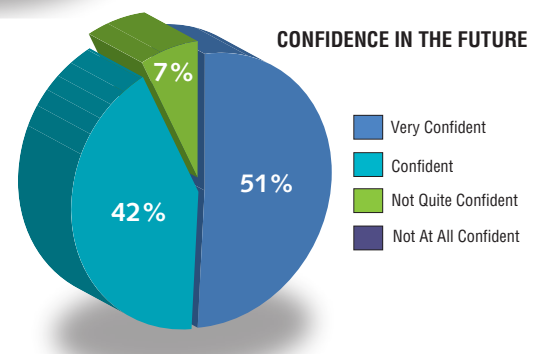
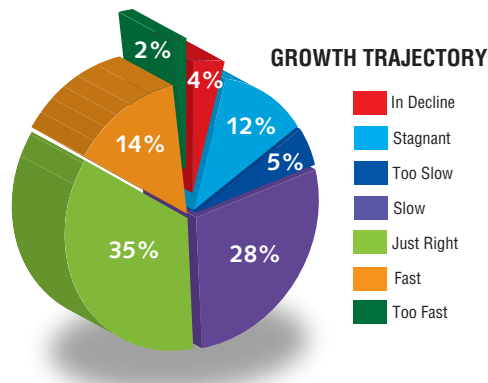
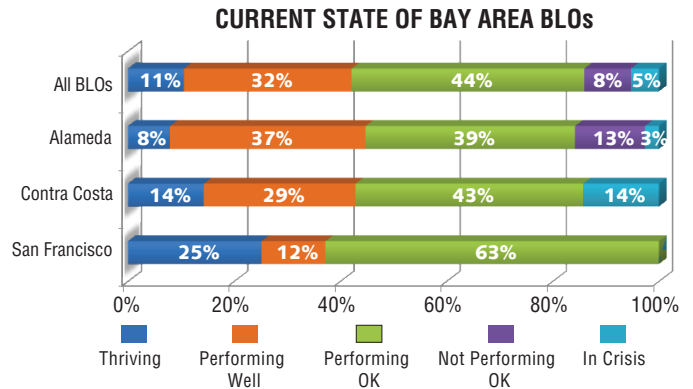
- 44% of Bay Area BLOs state that they are “performing OK:” doing the best they can given their resources
- Many Bay Area BLOs are recovering from periods of crisis and acknowledge that performance is cyclical tied to changes in the economy and funding environment
- Leaders want to do more and feel that capacity building and funding would significantly improve performance

44% of Bay Area BLOs are just Performing OK

“We can always do better and are struggling to improve performance. Data, talent management and fundraising remain tough.” – A BLO CEO

Leaders consider growth to be “just right” to “slow” and confidence in the future remains very high

- 35% of Bay Area BLOs feel their growth trajectory is what it should be while 28% feel their trajectory is slow
- 93% of Bay Area BLOs expressed confidence in the future, many indicating that they have just turned a corner, are moving in the right direction and are cautiously optimistic recognizing that more support is needed to stabilize and accelerate growth and to protect against future downturns
- Those with slow growth or low confidence point to a lack of diversified or long-term funding as the culprit



Leaders identified these areas as top sources of satisfaction and dissatisfaction within their organizations

TOP 5 AREAS OF SATISFACTION:

1. Board Relationship
2. Staff Knowledge, Skills and Abilities
3. Accounting/Financial Systems
4. Staff Retention
5. Office Space and Equipment

TOP 5 AREAS OF DISSATISFACTION:

1. Income/Financial Resources
2. Size of Administrative Staff
3. Marketing Strategies and Tools
4. Evaluation Systems
5. Technology Platforms and Support

Leaders are “satisfied” with key roles and characteristics of their Boards with the exception of fundraising

- 84% of leaders are “satisfied” or “very satisfied” with their Board’s Knowledge, Skills and Abilities, however, 67% are “dissatisfied” or “very dissatisfied” with the financial contributions and fundraising efforts of their Board
 - Bay Area BLOs could benefit from expectation-setting, training and tools to support Board contributions and fundraising as well as links to potential Directors who can advocate and “get, gather or give”
- There is acknowledgement that Bay Area BLO’s Boards are critical to organizational success but the right skill sets and passion must be there and it can be difficult to attract the best

Collaboration with specific stakeholders, including corporations and intermediaries, could be improved

- Bay Area BLOs have relatively consistent collaboration with Community Members, Nonprofit Partners and Foundations but opportunity exists for more collaboration with Corporations, Individual Donors, Intermediaries and Program Alumni (where applicable)

Room for improvement exists in Program Evaluation

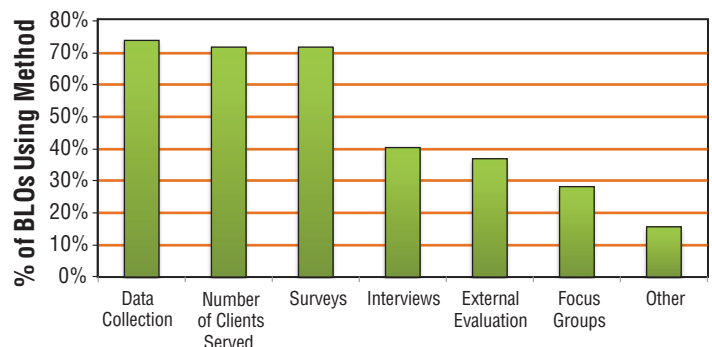
- Although 60% “agree” or “strongly agree” that their programs are thoroughly evaluated, 40% “disagree” or “strongly disagree” with most acknowledging that they need assistance
 - The data collected is, in many cases, surface-level data and external evaluators are typically only used when required by a funder or part of a contract for services

67% of Bay Area BLOs are Dissatisfied with Board Fundraising



“This is an area that I believe we can always improve in and learn more about best practices others are using. Our data is based on end points like ‘placed in permanent housing’ when what we do is improve quality of life, skills and stability... [which] we need to better assess.”
– A BLO CEO

METHODS USED TO MEASURE IMPACT



Leaders have a great sense of pride in their organization and passion for the work but wear so many hats they can be overwhelmed, overworked and isolated

- Leaders see vision, adaptability, communication, resourcefulness, innovation, resilience and financial acumen as critical knowledge, skills and abilities required to successfully run a nonprofit
- There is isolation and a lack of community among leaders with many not knowing what expertise lies with whom or competing for resources limiting the ability to support, learn from, develop and/or collaborate with one another

Leaders greatly value professional development activities

- More leaders desire mentoring than currently have access to it
- Several leaders articulated a desire for peer-to-peer networking and learning

Not all leaders envision a long-term tenure in their current organizations and new leaders will be needed to grab the baton from those serving long tenures who will be moving on in the next 3-5 years

- 68% of respondents have held leadership positions within their organization for less than 10 years, however, 22% see themselves remaining in their current role for a maximum of 2 additional years
- There is no formal pipeline for training, development and advancement of future Black leaders

Leaders have a desire to continue leveraging their expertise in the field

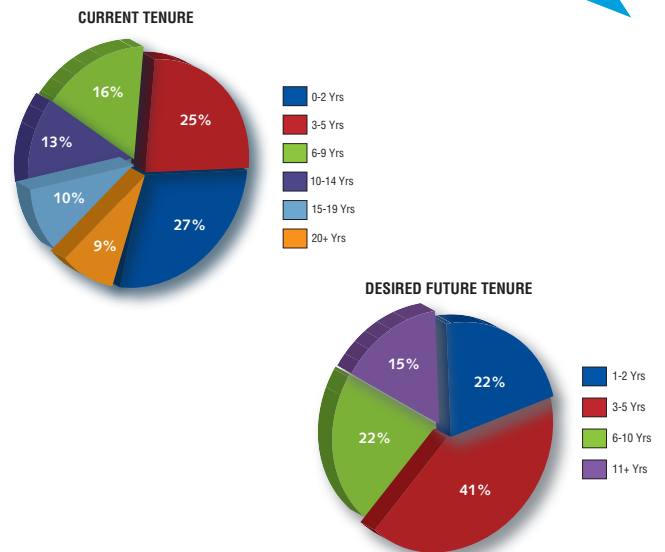
- When asked what their ideal next career move would be once they move on from their current leadership role, consulting, philanthropy and teaching were the top areas of interest for leaders with some wanting to serve on nonprofit Boards or take on Interim CEO/ED positions

“We need ancillary resources. It’s tough being HR and fundraising and cleaning up after events. We are wearing SO many hats because we have to do it all.”
- A BLO CEO

Most Valued Professional Development Activities:

- 1. Conferences**
- 2. Mentoring**
- 3. Technical Assistance/Training**

“Participating in professional development opportunities helps leaders stay in touch with current industry trends, hone possessed skills, network with others and it keeps minds open to fresh ideas.”
- A BLO Board Chair



Ideal Next Career Move:

- 1. Consulting**
- 2. Philanthropy**
- 3. Teaching**

Revenue, Systems and Training and Leadership Development were identified as critical resources needed to ensure the success of Bay Area BLOs and the communities they serve over the next 3-5 years

- Key areas where system, training and/or back-office support are most needed include Marketing/Communications, Evaluation, Human Resources and Technology
- Strategies identified specifically for incubating emerging Bay Area BLOs include leadership development and Board/Staff training leveraging peer mentoring

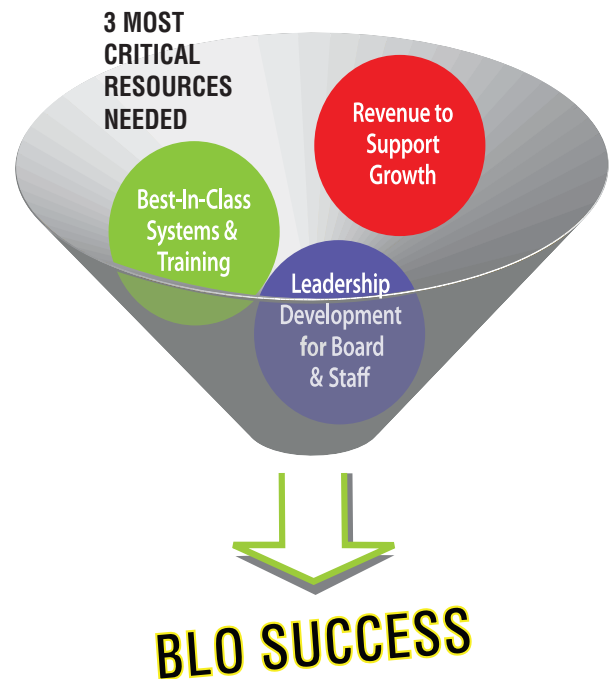
Funder transparency and acknowledgement are valued

- As the on-the-ground experts, Bay Area BLOs want to be part of the agenda-setting process
- Bay Area BLOs would also value greater access to funders and a better understanding of their culture and priorities

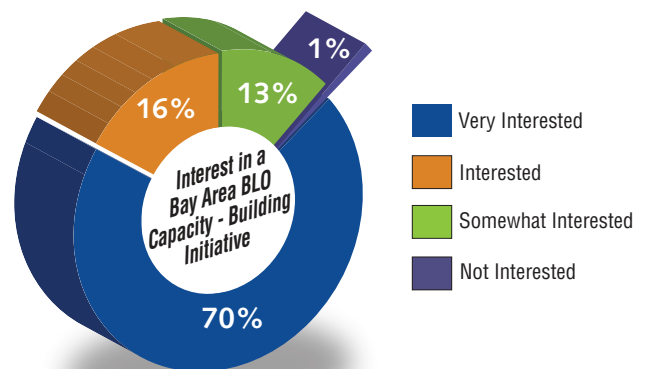
Future challenges cited by leaders include remaining relevant given changing demographics while fighting to keep attention on the growing disparities and capturing the outcomes of their work

The level of interest in a collaborative capacity-building initiative targeting Bay Area BLOs is very high

- 99% of respondents have at least some level of interest with 86% being “interested” or “very interested” in dedicated support to bolster the effectiveness and sustainability of Bay Area BLOs
- There is desire and hope for “a multi-year effort that provides measureable and sustainable impact to Black-Led Organizations and the Black community”
- Leaders are willing to get involved and serve
 - 62% want to be on an Advisory Committee, 44% want to be Peer Mentors and 30% are interested in becoming Trainers/TA Providers – with the caveats that roles are clearly defined and time commitments are manageable
- Leaders recommend that any initiative be clear, comprehensive (“focused on capital, capacity and connections”) and long-term for maximum efficiency and effectiveness



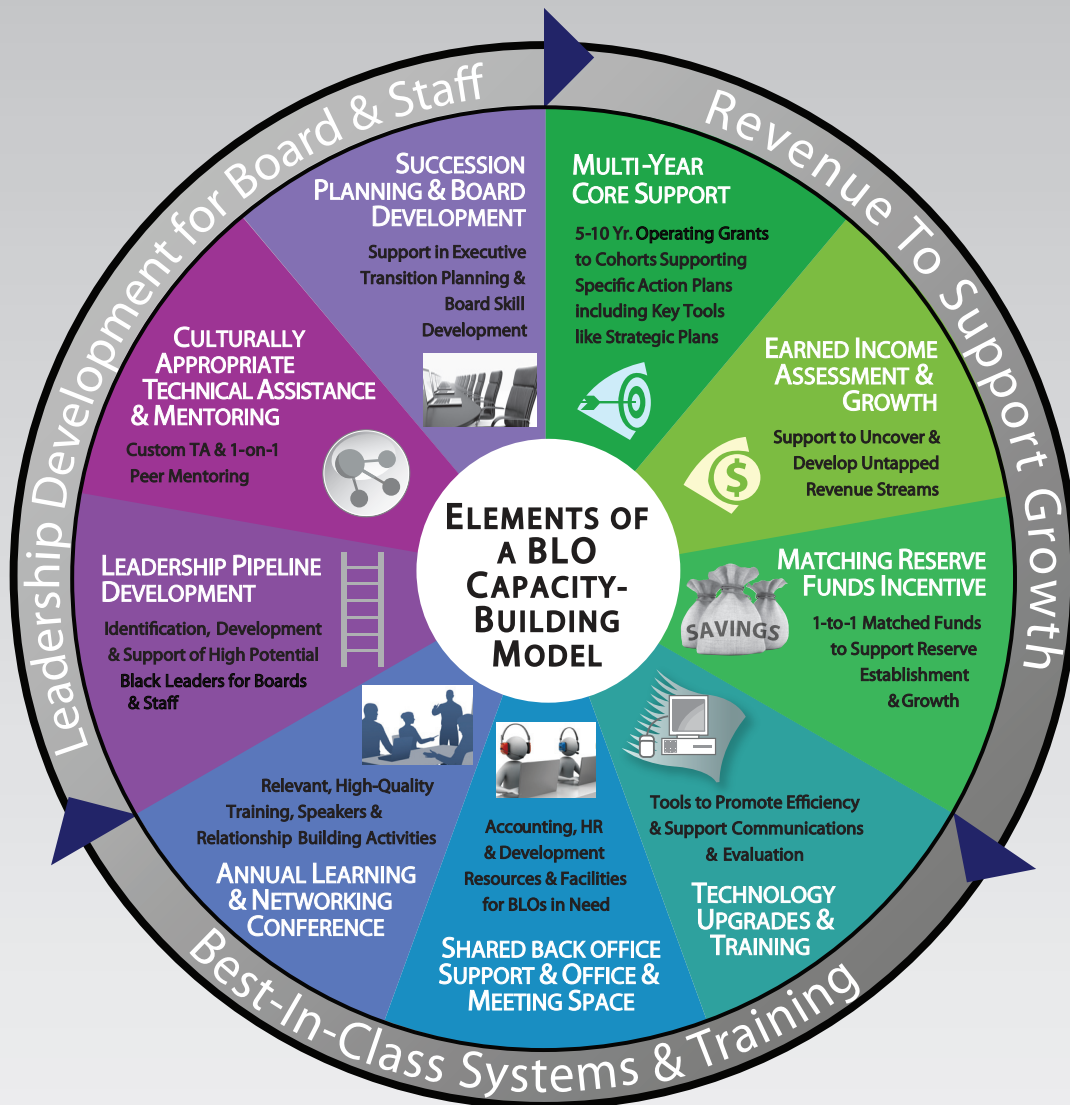
“The current model is: ‘Here’s how we’re going to help your community now where do you fit in?’ There’s a lack of respect and partnership. Can we shift that dynamic by having more dialogue?” - A BLO CEO



Concern about the impact of recent and pending closures on vital services to the Black community set in motion this unprecedented research. Results show that a majority of Bay Area BLOs are small, mature organizations that are poised for growth with targeted resources and support. Most importantly, Bay Area BLOs are significant community assets with proud, passionate and positive leaders; strong relationships with their Boards; and longstanding connections to the communities they serve. However, establishing reserves and/or creating an endowment, attracting larger and longer-term funding, gaining improved access to major donors and corporations, competing for government contracts and developing social enterprises are strategies that have been elusive even though they are essential to sustainability.

It is important to note that leaders are not just concerned about money: there is an expressed need for stronger networks, shared systems and affordable office space to increase connection, contain costs and improve efficiency. There were candid revelations that many Bay Area BLOs are operating without strategic plans, succession plans and/or marketing plans. There is no system to attract emerging Black leaders to replace long-term leaders who have few options for continued field impact. More support for Boards is also needed, mostly around fundraising. Greater access to funders and innovative support is encouraged. Lastly, there is a unanimous desire that this research spark the development of a longer-term collaborative capacity-building initiative designed to sustain Bay Area BLOs and stabilize critical services to low and moderate income communities of color. This desire represents a hunger for change because “performing OK” is not enough to prevent another important community asset from joining the 428,743 registered nonprofits that have vanished over the last five years. This is not a time for “band-aid” solutions: BLOs are lifelines for communities across the Bay Area.

BABUF recommends the development of a collective enduring effort to help BLOs grow and thrive and commits to providing leadership and support for Bay Area BLOs as part of its 2015-2017 Strategic Plan. The working group has been encouraged by BABUF and its consultants to support the implementation of a unique model for sustaining Bay Area BLOs based on the following key strategies, among others developed with input from Bay Area BLOs:

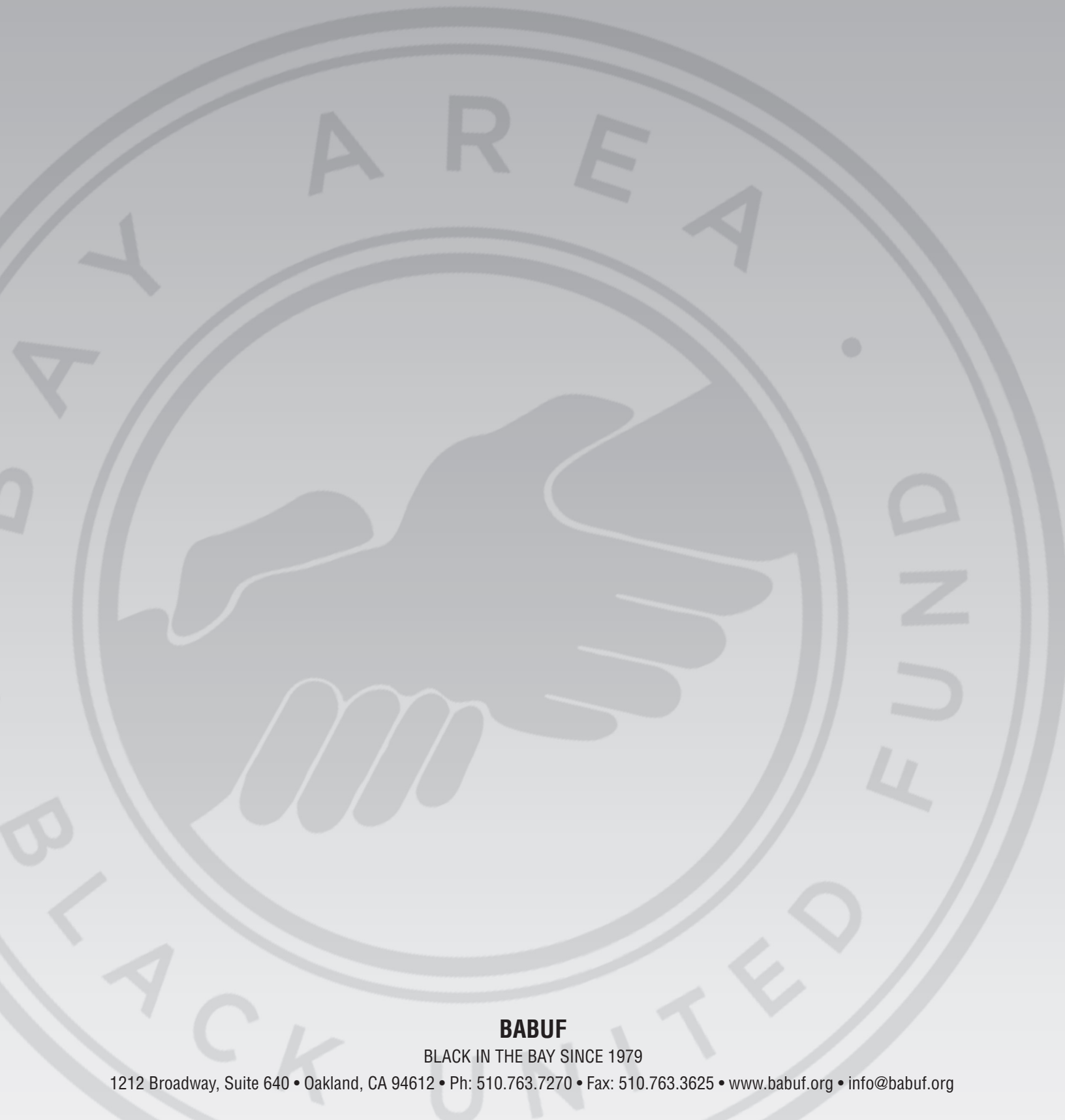


Responding Organizations	
Alameda County	Allen Temple Health & Social Services Ministries
	Allen Temple Housing & Economic Development Corporation (ATHEDCO)
	Ariel Outreach Mission
	Bay Area Black United Fund
	Brown Boi Project
	Building Opportunities for Self-Sufficiency (BOSS)
	Carl B. Metoyer Center for Family Counseling
	Dignity Housing West, Inc.
	Dimensions Dance Theater, Inc.
	East Oakland Youth Development Center (EOYDC)
	Ella Baker Center for Human Rights
	Ethiopian Community and Cultural Center
	First Place for Youth
	Green for All
	Health and Human Resource Education Center
	Hidden Genius Project, Inc.
	Leadership Excellence
	Leadership Institute at Allen Temple
	Level Playing Field Institute (LPFI)
	Malcolm X Grassroots Movement
	Marcus Foster Education Fund
	National Equity Project
	Oakland Leaf Foundation
	Oakland Rising
	Outdoor Afro
	Peacemakers, Inc.
	People's Grocery
	PolicyLink
	Prescott-Joseph Center for Community Enhancement, Inc.
	Priority Africa Network
	Rockwood Leadership Institute
	Roots Community Health Center
	Step to STEM, Inc.
Student Program for Academic & Athletic Transitioning (SPAAT)	
Super Stars Literacy	
The Mentoring Center	
The Oakland Public Education Fund	
Training Institute for Leadership Enrichment	
Urban Strategies Council	
Village-Connect, Inc.	
Wee Poets	
Women's Cancer Resource Center	
YMCA of the East Bay	
Young Scholars Program (YSP)	
Youth UpRising	
Contra Costa County	Community Housing Development Corporation of North Richmond
	Contra Costa Child Care Council
	Girls Incorporated of West Contra Costa County
	Parents Connected
	Richmond Main Street Initiative, Inc.
	Solar Richmond
	The West Contra Costa Public Education Fund
	Urban Tilth
West Contra Costa Youth Service Bureau	
Marin County	The Hannah Project
San Francisco County	Bayview Hunters Point Foundation for Community Improvement
	Bayview Hunters Point Multipurpose Senior Services
	Black Founders
	Coleman Advocates for Children and Youth
	Collective Impact
	Inner City Youth Organization
	Plan of Action for Challenging Times, Inc. (PACT, Inc.)
	San Francisco Housing and Development Corporation (SFHDC)
Westside Community Mental Health Center, Inc.	
YMCA of San Francisco	
San Mateo County	EPA CAN DO
	Leadership Incorporated
Santa Clara County	Girls for A Change

Group	Leader	Organization	Title	County
Group 1 10/2/14 at The California Endowment	Noha Aboelata, MD	Roots Community Health Center	CEO	Alameda
	Gloria Crowell	Allen Temple Health & Social Services Ministries	Deputy Director	Alameda
	Donald Gilmore	Community Housing Development Corporation of North Richmond	Executive Director	Contra Costa
	Darice Ingram	Parents Connected	VP of Marketing	Contra Costa
	Regina Jackson	East Oakland Youth Development Center (EOYDC)	President & CEO	Alameda
	Nunu Kidane	Priority Africa Network	Director	Alameda
	Harold Pearson	Student Program for Academic & Athletic Transitioning (SPAAT)	Executive Director	Alameda
	Jarvis Sulcer, PhD	Level Playing Field Institute (LPFI)	President & CEO	Alameda
Group 2 10/6/14 at The San Francisco Foundation	Mialisa Bonta	Bring Me A Book	Executive Director	Santa Clara
	Liz Darby	Marin City Community Development Corporation	Executive Director	Marin
	Sheryl Davis	Collective Impact	Director	San Francisco
	Diane Gray	Bayview Association for Youth (100% College Prep Inc.)	Executive Director	San Francisco
	Shirley Hamilton	San Francisco Housing and Development Corporation (SFHDC)	Board Chair	San Francisco
	Mary Ann Jones	Westside Community Mental Health Center, Inc.	CEO	San Francisco
	Perry Lang	Black Coalition on AIDS	Executive Director	San Francisco
	Joseph Marshall, Jr.	Omega Boys Club "Alive & Free"	Executive Director/Co-Founder	San Francisco
	Kevin McClure	YMCA of San Francisco	Vice President	San Francisco
	Jacob Moody	Bayview Hunters Point Foundation for Community Improvement	Executive Director	San Francisco
	Patricia Scott	Booker T. Washington Community Service Center	Executive Director	San Francisco
	Derek L. Toliver	Plan of Action for Challenging Times, Inc. (PACT, Inc.)	CEO & Executive Director	San Francisco

ACKNOWLEDGEMENTS

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BABUF

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1212 Broadway, Suite 640 • Oakland, CA 94612 • Ph: 510.763.7270 • Fax: 510.763.3625 • www.babuf.org • info@babuf.org