THE WELL-BEING OF NONPROFITS IN DENVER
COVID-19

Dramatic changes to daily life and to the health and economic future of our nation

NONPROFIT PARTNERS

Most nonprofit organizations are being negatively impacted
REPORT PROCESS

STAGE 1
Interview Study (2018)

STAGE 2
Nonprofit Survey (2020)

STAGE 3
Analysis of Data
Interview Study

**INEFFICIENCIES**
Nonprofits expressed frustration with the way the City encouraged competition among nonprofits rather than collaboration.

**BIG DOG MENTALITY**
Survey participants shared a perception that the City views itself as a powerful and entrenched organization that dictates how other entities should behave.

**LACK OF TRANSPARENCY & COMMUNICATION**
Survey participants reported difficulty navigating City resources.

**LACK OF TRUST**
Nonprofits expressed the true or full cost of running a program (executive time, supplies, overhead, interest, and personnel costs) is often not covered by the contract.
Nonprofit Survey

OPERATIONAL/FINANCIAL
- Funding for full costs
- Achieving financial sustainability
- Managing/pursuing growth

STAFFING
- Offering competitive pay
- Employing enough staff
- Engaging diverse leadership/staff/board

CONTRACTING
- Time-consuming report requirements
- Completing complex application requirements
- Receiving less than the full cost of providing agreed upon services
NONPROFIT CHALLENGES
CHANGE IN DEMAND FOR SERVICES (2017-2018)

- **Significant Increase**: 40%
- **Slight Increase**: 30%
- **Stayed the Same**: 20%
- **Slight Decrease**: 10%
- **Significant Decrease**: 0%

**71%** of all respondents saw an increase in demand for services.

**54%** of all respondents witnessing an increase in demand were not able to meet the demand.
BUDGETING FOR 2018

- An Operating Surplus: 25%
- Break-Even Financials: 56%
- Unsure: 8%
- An Operating Deficit: 11%

ACHIEVING FINANCIALS IN 2018

- An Operating Surplus: 42%
- Break-Even Financials: 34%
- An Operating Deficit: 24%
**Revenue Sources**

<table>
<thead>
<tr>
<th>Source</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Government</td>
<td>25%</td>
</tr>
<tr>
<td>Individual Donors</td>
<td>20%</td>
</tr>
<tr>
<td>Foundations</td>
<td>15%</td>
</tr>
<tr>
<td>Fees and/or Service Charges</td>
<td>10%</td>
</tr>
<tr>
<td>Corporate Donations</td>
<td>5%</td>
</tr>
<tr>
<td>Sales</td>
<td>0%</td>
</tr>
<tr>
<td>Investment Income</td>
<td>0%</td>
</tr>
</tbody>
</table>

**Percentage of Organizations Contacting with the City by Budget Expenses in 2018**

<table>
<thead>
<tr>
<th>Budget Range</th>
<th>Contracting - Yes</th>
<th>Contracting - No</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than $50,000</td>
<td>22.86%</td>
<td>77.14%</td>
</tr>
<tr>
<td>$50,000 - $100,000</td>
<td>16.67%</td>
<td>83.33%</td>
</tr>
<tr>
<td>$100,000 - $250,000</td>
<td>26.47%</td>
<td>73.53%</td>
</tr>
<tr>
<td>$250,000 - $500,000</td>
<td>29.03%</td>
<td>70.97%</td>
</tr>
<tr>
<td>$500,000 - $1 million</td>
<td>35.85%</td>
<td>64.15%</td>
</tr>
<tr>
<td>$1 million - $2 million</td>
<td>52.50%</td>
<td>47.50%</td>
</tr>
<tr>
<td>$2 million - $5 million</td>
<td>46.81%</td>
<td>53.19%</td>
</tr>
<tr>
<td>$5 million - $10 million</td>
<td>60.00%</td>
<td>40.00%</td>
</tr>
<tr>
<td>$10 million - $20 million</td>
<td>71.43%</td>
<td>28.57%</td>
</tr>
<tr>
<td>More than $20 million</td>
<td>76.92%</td>
<td>23.08%</td>
</tr>
<tr>
<td><strong>Grand Total</strong></td>
<td><strong>39.20%</strong></td>
<td><strong>60.80%</strong></td>
</tr>
</tbody>
</table>
MOST COMMON CONTRACTING COMPLICATIONS

"OTHER" CATEGORIES MENTIONED WERE...

- Contracts were not being executed on time
HESITANCY IN CONTRACTING WITH THE CITY AND COUNTY OF DENVER

REASONING FOR NO LONGER CONTRACTING WITH THE CITY AND COUNTY OF DENVER

- Have Not Contracted With the City and County of Denver
- Changes to Already Approved Contracts
- Other
- Late Payments
- Payments Did Not Cover Full Costs
- Complex Application Requirements
- Time Consuming Report Requirements

HESITANCY IN CONTRACTING WITH THE CITY AND COUNTY OF DENVER

- Does Not Know How to Begin the Process
- Complex Application Requirements
- Other
- Not Interested
- Time Consuming Report Requirements
- Does Not Align With Strategic Plan
- Worried Payments Will Not Cover Full Costs of Services
- Poor Customer Services From Government
- Applies bu Was Not Chosen
- Worried About Late Payments
- Lack of User-Friendly Tools
Recommendations

**TIER 1**
(1-6 months)
Immediate actions to take to improve conditions and solve problems

**TIER 2**
(6-12 months)
Secondary action based on further research

**TIER 3**
(1-2 year)
Long-term planning for future action
TIER 1

RECOMMENDATIONS FOR IMMEDIATE ACTIONS

1. Convene a task-force within the city to develop an action plan in conjunction with the Mayor and DOSP office and commission.
2. Develop an inventory of nonprofit organizations that contract with the City or serve the city in other capacities.
3. Convene a team of city employees in the PEAK Academy to create a “Social Sector Action Lab”.
4. Focus on improving outcomes and performance contracting measures.
5. Assure city agencies make timely payments for contracted services with a goal of two weeks.
6. Allow for time and funding modifications for any changes in scope and costs to contracts to ensure adequate compensation.
7. Expand and adequately staff the Funding and Contracting Effectiveness (F.A.C.E) initiative.
8. Organize a single information resource for the city’s nonprofits which maps available assistance and resources.
TIER 2

RECOMMENDATIONS FOR FURTHER RESEARCH

1. Determine what constituted the 33% of service demands that were not met and set strategies to meet those needs.
2. Determine the gap in full cost funding, and create alternatives to modify scope and funding levels to address such gaps.
3. Develop a streamline, centralized, and standardized application process.
4. Develop topical focus groups to improve contract services.
5. Improve access to capital for nonprofits.
TIER 3

RECOMMENDATIONS FOR LONGER TERM PLANNING AND ACTIONS

1. Increase transparency, internal accountability, and eliminate unnecessary paperwork.
2. Consolidate entry points for all social sector contractors and centralize all city funding opportunities for services offered by nonprofits.
3. Reinvent the relationship between nonprofits, contractors, and city agencies needs to be reinvented as a partnership.
4. Expand the role and staffing of DOSP to create an equity-informed approach that supports the social sector.
5. Explore the issues of space costs and organizational displacement throughout the city.
6. Provide information, technical assistance, and planning support to find space, move operations, or merge with other nonprofits in new ventures.
NOW IS THE TIME TO ACT

RAPID PROBLEM SOLVING AND INNOVATION

INCREASE RESILIENCY FOR THE NEXT EVENT

NEW LEVELS OF COOPERATION - EVEN AMONG RIVALS

DRAMATIC POLICY SHIFTS

FROM CRISIS TO OPPORTUNITY
ASKS PRESENTED TO THE MAYOR

ALLOCATE
money to help seed the Collaborative Impact Fund of Denver.

PROMPT ACTION
on Recommendation 1.1: Creation of a Nonprofit Well-Being Task-force within the City focused on improving the relationship between the City and County of Denver and Nonprofits.

APPOINT
the Denver Office of Strategic Partnerships the lead for all activities relating to nonprofits within the city with full support from the Mayor’s Office.
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