



2010 ANNUAL PUBLIC CHARITIES SURVEY

CFR

CROSS, FERNANDEZ & RILEY, LLP

Accountants & Consultants

 **UCF** CENTER FOR PUBLIC AND NONPROFIT MANAGEMENT

COMMUNITY FOUNDATION
of Central Florida



CROSS, FERNANDEZ & RILEY, LLP

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Enclosed are the results of our 2nd Annual Central Florida Public Charities Survey received from 106 local charities during the Fall of 2010. The survey respondents included a diverse group of charities from seven Central Florida counties, including Orange, Osceola, Lake, Volusia, Seminole, Brevard and Polk. We trust this information will be useful to you in making strategic decisions for your charity.

In an effort to present the information in a manner that can be easily interpreted and utilized, we have provided the following:

- A description of the survey respondents including organization size.
- A summary of data for areas including operations, human resources, development/volunteerism, governance and strategic planning.
- Graphic representations of each question posed within the original survey.

The industry reports referenced throughout the survey results were provided by First Research, a division of Hoover's Inc. and were analyzed by the Community Foundation of Central Florida, Inc. and the Center for Public and Nonprofit Management at the University of Central Florida.

We hope you find this information valuable and we appreciate your participation in our survey. If you have any questions regarding the information presented, please feel free to contact us at 407-841-6930.

Sincerely,



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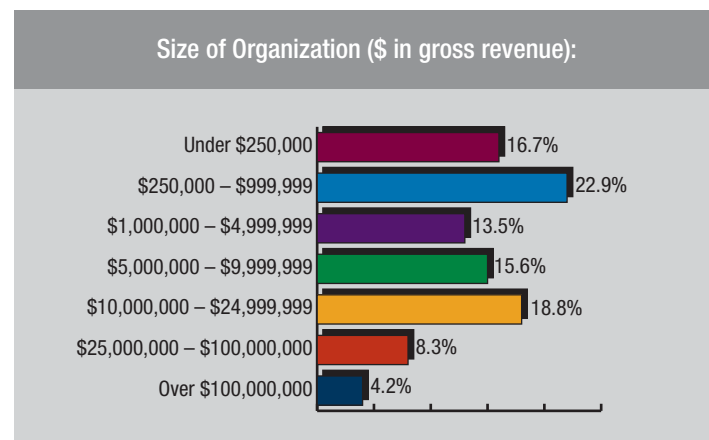
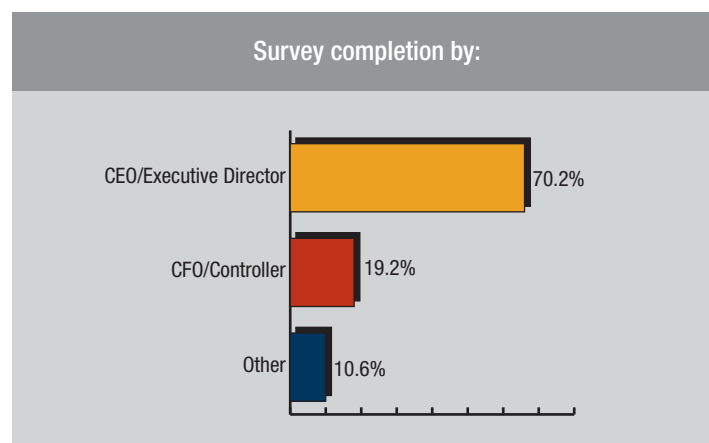
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Description of Survey Respondents

According to First Research, a division of Hoover's Inc., there are approximately 1.4 million public charities with combined annual revenues of more than \$1 trillion in the United States.¹ The sector is highly concentrated; public charities with revenues over \$100 million per year account for less than 1% of all organizations but make up more than 60% of the total industry revenue. The largest segment in terms of revenue is healthcare, which generates nearly half of all revenue reported by organizations. The largest segment in terms of number of charities is education, which accounts for 13% of all registered charities.

This year 39.6% of the respondents reported annual revenues of less than \$1 million while 31.3% reported annual revenues over \$10 million. Almost 80% of the nonprofits in the Central Florida region have an annual expense budget of less than \$1 million according to a statewide study conducted by Johns Hopkins University for the Florida Philanthropic Network in 2008.²



1. First Research, a division of Hoover's Inc. Nonprofit Institutions Industry Profile (December 2010). www.firstresearch.com.

2. Salamon, L. M., Lessans Geller, S., & Wojciech Sokolowski, S. (2008). Florida's nonprofit sector: An economic force. Study. Johns Hopkins Center for Civil Society Studies and Florida Philanthropic Network. Retrieved from <http://www.fpnetwork.org/eis.php>

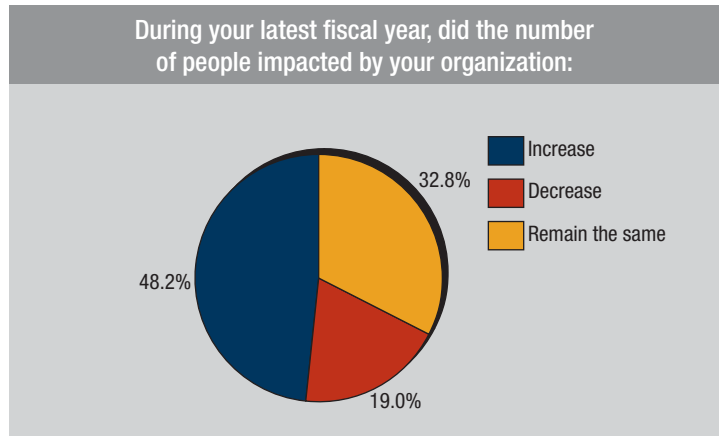
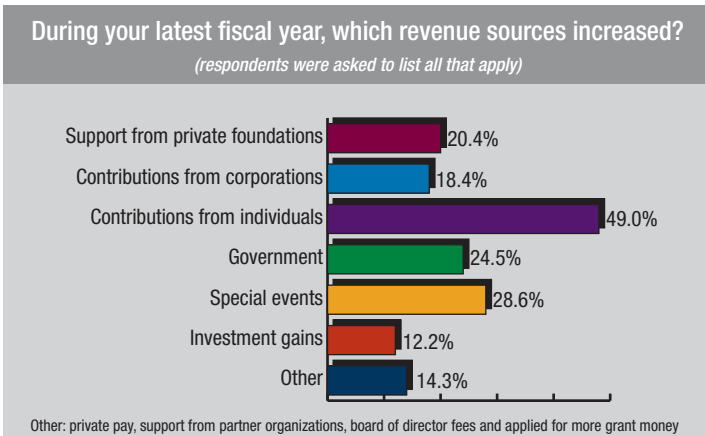
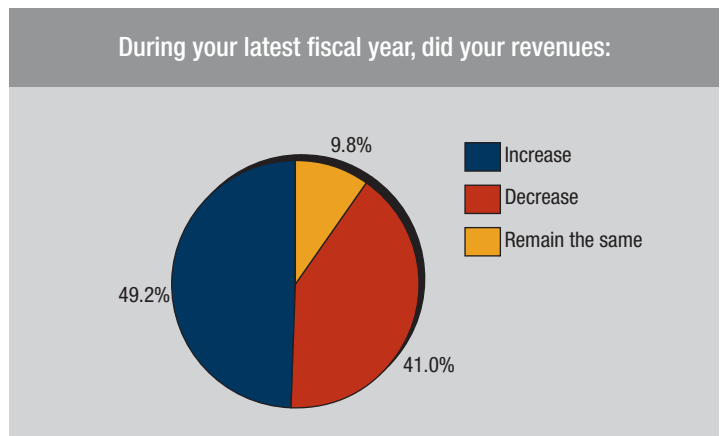
Operations

The success of public charities often depends on efficient operations – being able to match expenses with a changeable level of revenue or funding. Sector reports reveal the typical sources of funding for public charities are through government grants, contributions, services and investments.¹ Consistent with last year’s survey respondents, nearly half reported their main source of funding is from government grants. 49.0% of the respondents noted revenue from individual contributions increased during their latest fiscal year. The Community Foundation of Central Florida knowledge base indicates the majority of nonprofits in the Central Florida region depend on individual giving and corporate and foundation grants.³ According to nonprofit reports, individuals account for 80% of charitable contributions. Respondents reported the average percentage of funding coming from individual contributions rose to 26.4% from 24.8% compared to the 2009 survey results. This trend will likely continue as about 8% of gifts over the last two years came from corporations, institutions, and foundations, and that donor group has been cutting back on giving according to national surveys.²

Almost half of this year’s survey respondents reported an increase in revenue during their latest fiscal year. This is a considerable improvement compared to last year’s survey, when 46.7% believed revenue would be lower in 2009. Moreover, 48.2% of the respondents noted that there is an increase in the number of people impacted by their organizations, which indicates their services are increasing parallel to revenue increases.

What percentage of your organization's funding come from the following sources:

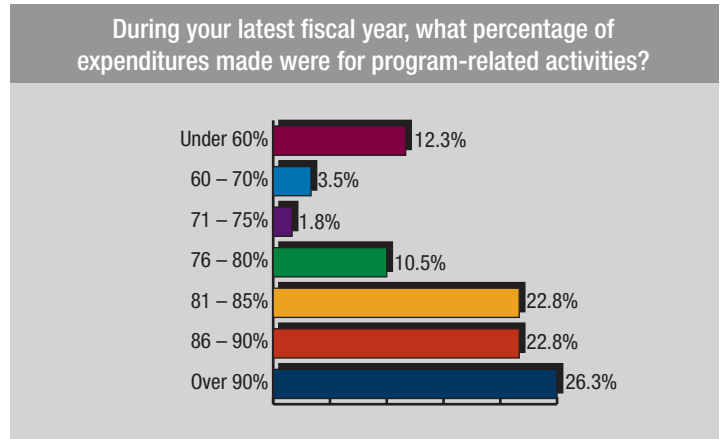
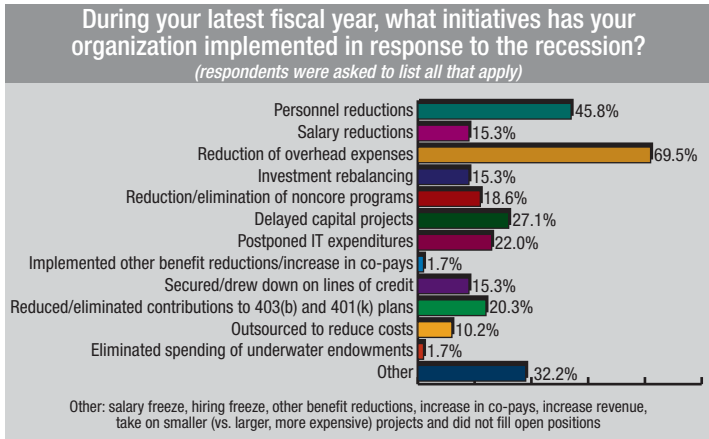
	Low	High	Average
Government grants	1.0%	100.0%	47.7%
Individual contributions	1.0%	100.0%	26.4%
Corporate contributions	1.0%	100.0%	13.7%
Fundraising/special events	1.0%	50.0%	11.3%
Foundation grants	1.0%	50.0%	13.5%
Fee for service	1.0%	46.0%	33.7%
Membership dues	1.0%	97.0%	4.2%
Other	1.0%	100.0%	23.5%



1. First Research, a division of Hoover's Inc. Nonprofit Institutions Industry Profile (December 2010). www.firstresearch.com.
 2. Salamon, L. M., Lessans Geller, S., & Wojciech Sokolowski, S. (2008). Florida's nonprofit sector: An economic force. Study. Johns Hopkins Center for Civil Society Studies and Florida Philanthropic Network. Retrieved from <http://www.fpnetwork.org/eis.php>
 3. Community Foundation of Central Florida Knowledge Base. www.mycfcflorida.org.

Operations

Like last year's survey results, 69.5% responded that reduction of overhead expenses was the most common initiative implemented in response to the recession, compared to 64.4% in 2009, with personnel and salary reductions being the largest cutback. The impact of this overhead reduction is being felt across the sector. An analysis of expenses and revenues for 350 Central Florida nonprofits in the Community Foundation's knowledge base from 2007 to 2010 indicates a reduction in capacity of almost \$1 billion as a result of these downsizings.³



If you have investments, what most closely represents your allocations:

	Low	High	Average
Cash & cash equivalents	1.0%	100.0%	50.7%
Certificates of deposit	5.0%	100.0%	46.2%
Bond/fixd income	25.0%	100.0%	42.4%
Equity/mutual funds	16.0%	70.0%	50.4%
Alternative investments	2.0%	50.0%	17.0%

3. Community Foundation of Central Florida Knowledge Base. www.mycfcflorida.org.

Human Resources

Traditionally, executives of public charities are well paid, though lower-level positions often pay less than comparable for-profit organizations. The median range salary for a CEO of a public charity in 2009 was about \$140,000, according to a national survey by The Council on Foundations. In Central Florida, the Community Foundation of Central Florida's knowledge base reports the median CEO salary was approximately \$92,000 for 2009.³

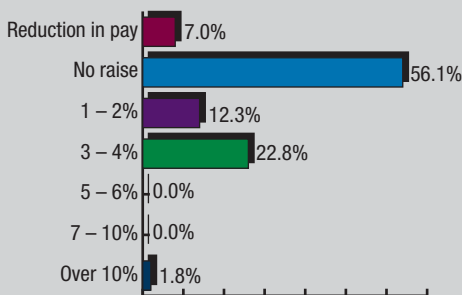
An important number of respondents do not have a chief financial officer (40.0%), chief operating officer (74.5%), human resource director (71.6%), program director (38.1%), or development director (53.6%).

Similar to last year's survey results, over half responded that no raises were given to employees during the last fiscal year. However, over 70.8% responded that compensation was one of the top issues regarding employee satisfaction.

Compensation of Key Employees (annually)

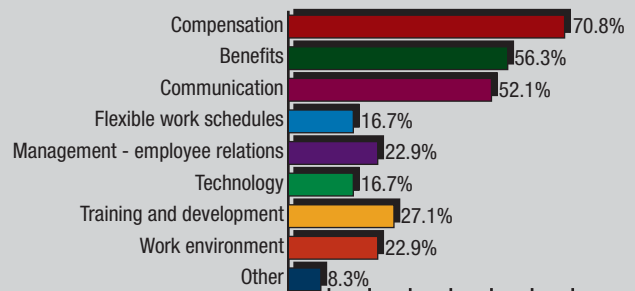
Position	Do not have	\$50K – \$75K	\$76K – \$100K	\$101K – \$150K	\$151K – \$200K	\$201K – \$250K	Over \$250K
Chief Executive Officer/Executive Director	8.8%	24.6%	19.3%	24.6%	15.8%	5.2%	1.7%
Chief Financial Officer/Finance Director	40.0%	21.8%	23.6%	11.0%	1.8%	1.8%	0.0%
Chief Operating Officer	74.5%	7.3%	9.0%	3.7%	3.7%	1.8%	0.0%
Human Resource Director	71.6%	18.9%	5.7%	3.8%	0.0%	0.0%	0.0%
Program Director(s) - avg. salary	38.1%	49.1%	11.0%	1.8%	0.0%	0.0%	0.0%
Development Director	53.6%	29.6%	13.0%	1.9%	1.9%	0.0%	0.0%

During your latest fiscal year, the following average compensation increases were given:



Top issues regarding employee satisfaction:

(respondents were asked to list all that apply)



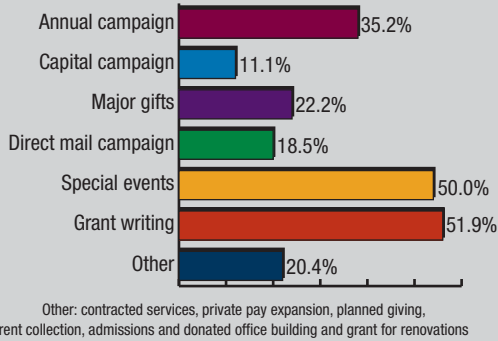
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Development/Volunteerism

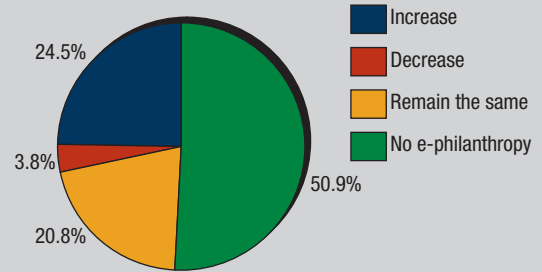
Studies show numerous fundraising activities are implemented by public charities, including advertising, public relations, and promotional events. Grant writing and special events were the most popular fundraising activities, according to the 2010 survey respondents.

The nonprofit sector relies heavily on volunteers. According to First Research, a division of Hoover's Inc., more than 60 million Americans volunteer for nonprofits each year, donating nearly 8.1 billion hours, which is equivalent to 7.8 million full-time employees.¹ In this year's survey, 43.4% of respondents reported an increase in volunteer involvement, compared to 40.0% in the 2009 survey.

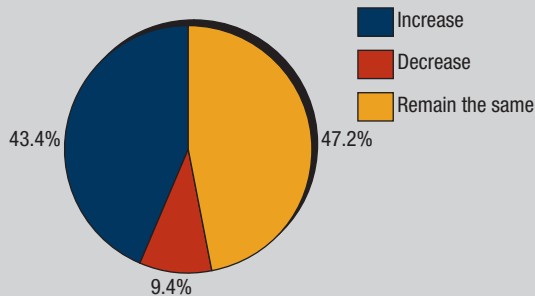
What types of fundraising activities do you have on an annual basis?
(respondents were asked to list all that apply)



During your latest fiscal year, did contributions from e-philanthropy:



During your latest fiscal year, did volunteer involvement:

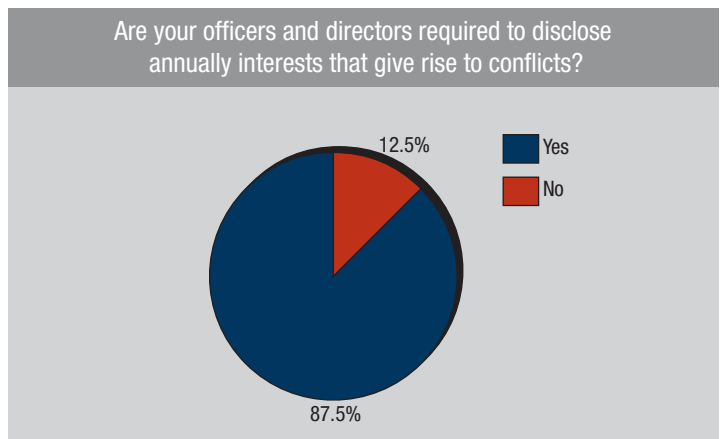
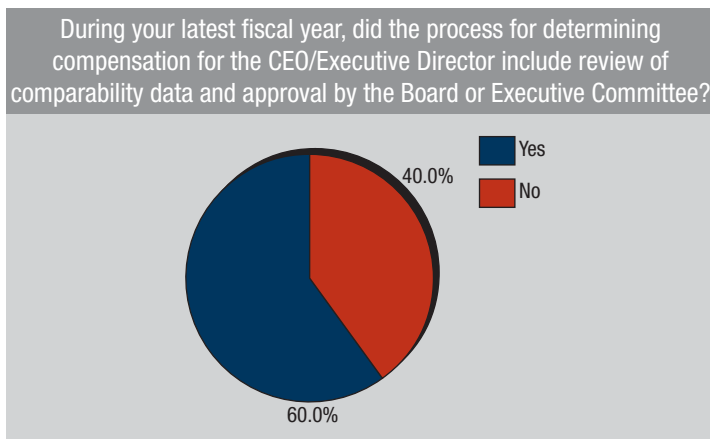
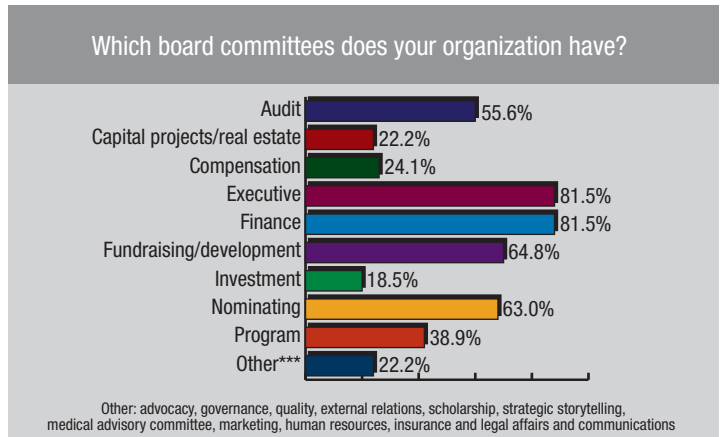
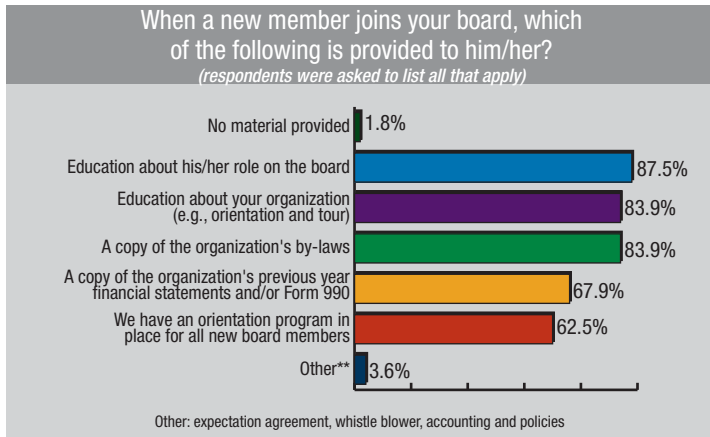
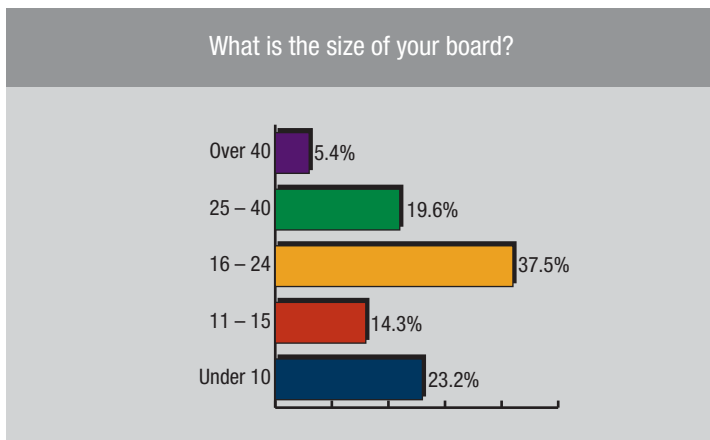


1. First Research, a division of Hoover's Inc. Nonprofit Institutions Industry Profile (December 2010). www.firstresearch.com.

Governance

With the ever-present challenge of overcoming public skepticism of spending, it is important for public charities to have a qualified and accountable governing board. Over 62% of this year's survey respondents revealed they have over 15 board members. More organizations continue to have in place a board development program/committee to cultivate new board members and also rely on referrals from existing board members. Like last year, the two most common board committees are executive and finance. As a reference, data from the Community Foundation knowledge base show the average board membership for all nonprofits in the Central Florida region is 12 and board meeting attendance increased from about 72% in 2008 to 76% in 2010.³

According to this year's survey respondents, over 87% are required to disclose annually interests that give rise to conflicts. In addition, 60.0% of survey respondents reported they had a process for determining compensation for the CFO/Executive Director.

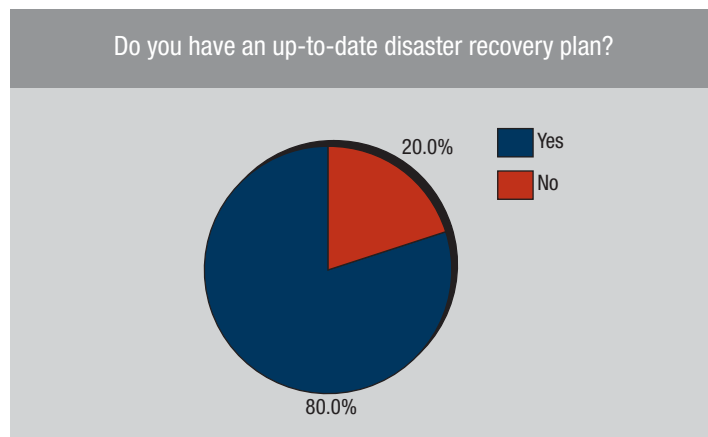
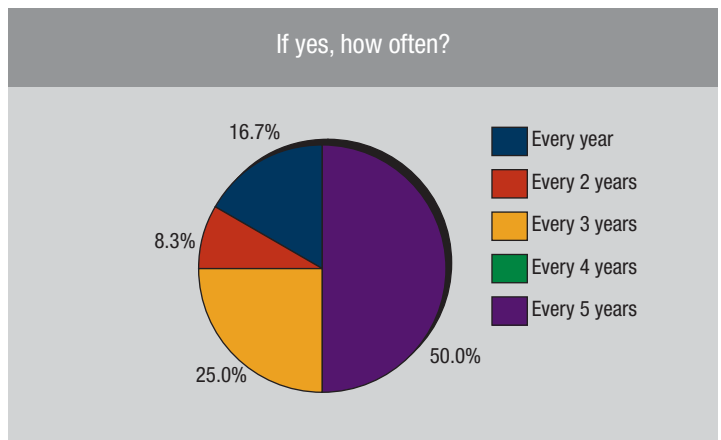
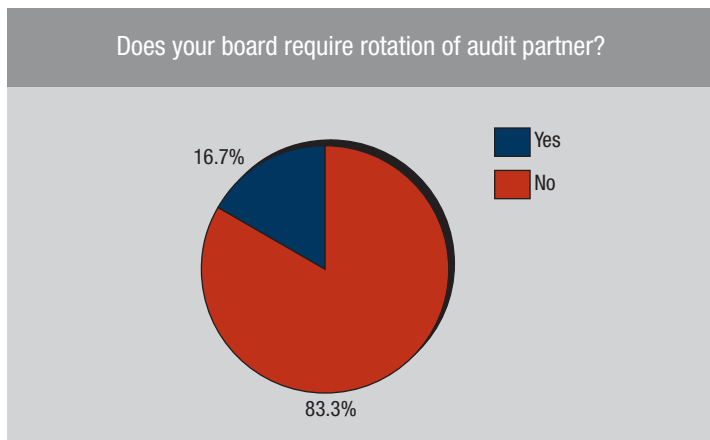
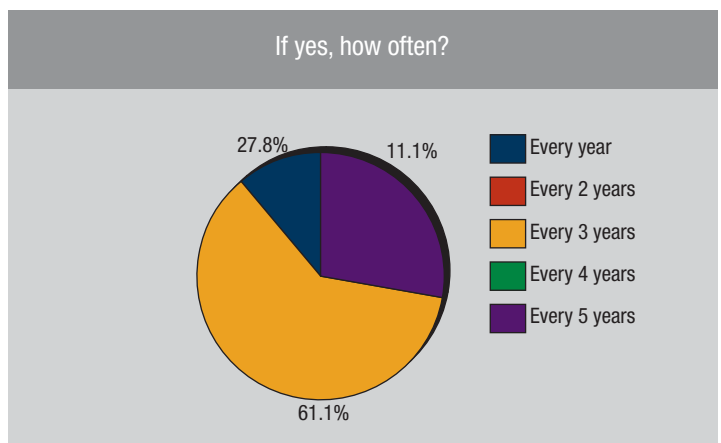
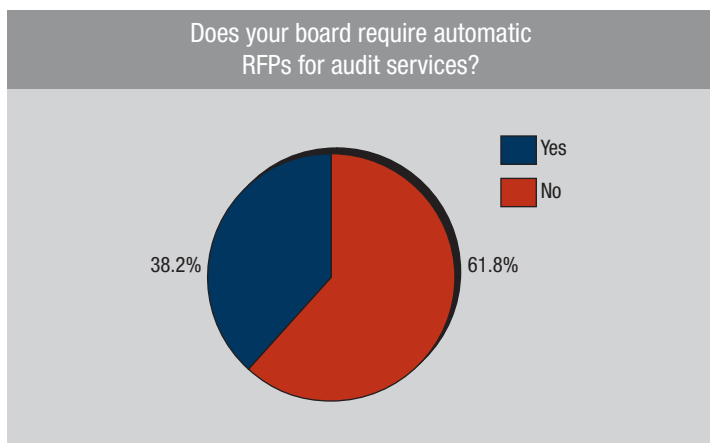


3. Community Foundation of Central Florida Knowledge Base. www.mycfcflorida.org.

Governance

According to industry reports, misbehavior by some nonprofits in recent years has eroded public support. More nonprofits are emphasizing ethics as their way of rebuilding public trust by drawing up stiff codes of conduct and appointing ethics officers. Others are drawing up donors' bills of rights that assure contributors access to information about their finances. Nonprofits are being encouraged to conduct annual ethics audits and are beginning to require CEOs to certify their organizations' annual financial statements. 38.2% of respondents stated that their board requires automatic request for proposal for audit services and the majority of those (61.1%) require this every three years. A significant percentage of respondents (83.3%) indicated that they do not require rotation of audit partners, but half of those who require rotation do so every 5 years.

Moreover, transparency continues to be very important to donors, funders, and other investors in the nonprofit sector. The ability to easily access management, governance, and programmatic information, along with financials, tax forms, and audits will allow better understanding of the work of the sector and more confidence for volunteers and donors. More than 550 nonprofits across the Central Florida region are participating in a project to become completely transparent by making all of their information available for vetting and are in the Community Foundation of Central Florida knowledge base.³



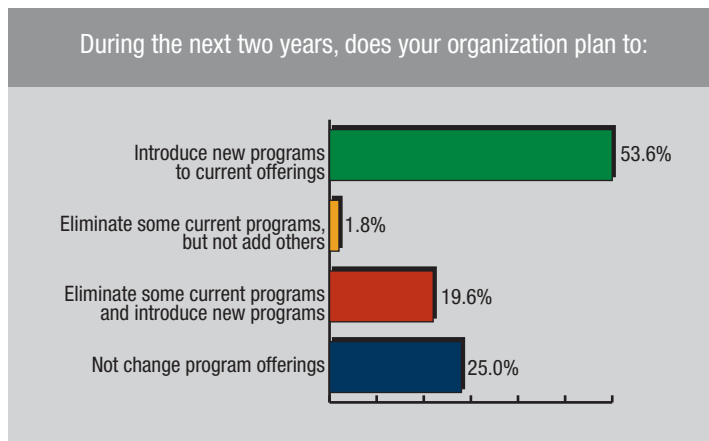
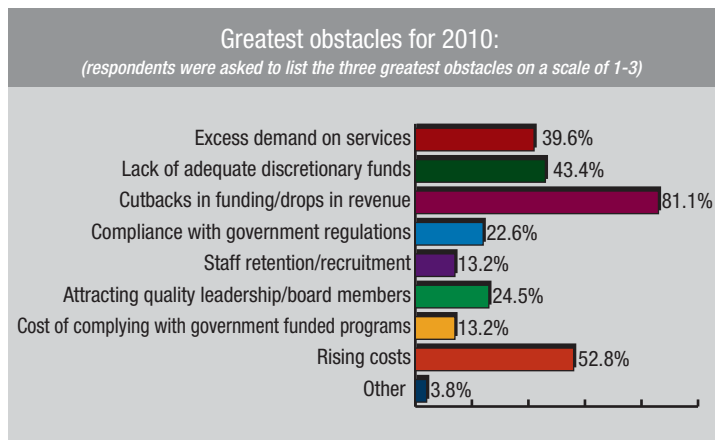
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Strategic Planning

Nonprofit sector studies acknowledge that public charities face numerous challenges in their organizations today. These challenges include uncertain revenue, an inability to maintain staff and compete with private sector salaries, and increased costs for insurance and healthcare. According to the respondents, the greatest obstacle for 2010 is cutbacks in funding/drop in revenue. This echoes the same response as last year's biggest challenge as reported by respondents. The end of the current recession will not likely return the pre-2008 revenue models. However new markets for nonprofits are apparent.

Reports reveal there are various new or improved opportunities for public charities to raise funds, including internet donations and social networking. The two youngest generations are increasingly more involved in supporting nonprofits, however, they don't respond to traditional fundraising outreach. The ability to scale fundraising strategies for Millennial and Generation Xers will require new business models. The survey respondents are seemingly aware of these opportunities, as 64.3% plan to expand their organization over the next two years. As nonprofit sector business models undergo dramatic change, 2011 will be an important year for new strategic and operational plans to prepare nonprofits for the coming new economy.

More than 53% of the survey participants plan to introduce new programs to current offerings while 19.6% plan to introduce new programs along with the elimination of some of the current programs.





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