Empowering Nonprofits To Achieve Excellence In Their Missions
State of the Sector & Oklahoma ARPA Update
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Oklahoma Center for Nonprofits
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### The Nonprofit World is Huge

**United States**

<table>
<thead>
<tr>
<th>Category</th>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>1,571,056 Tax Exempt organizations in the US.</td>
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<tr>
<td>1,097,689 Charities</td>
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<tr>
<td>105,030 Private Foundations</td>
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<tr>
<td>368,337 Other NPOs (Chambers of Commerce, Civic Leagues, etc.)</td>
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<tr>
<td>312,373 Congregations</td>
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As of 2020, more than 9.2% of all US Wages are paid by nonprofits.

- Volunteer service alone is worth $193 billion.

**Total Assets:**

- $3.79 Trillion in total assets,
- $1.65 trillion in total resources
The Nonprofit Sector in our State

Oklahoma Data

20,639 Tax Exempt organizations in Oklahoma
* As of December 2022

- 11,401 501c3 - Public Charities (exclude churches and private foundations)
- 1,222 Private Foundations
- 4,008 Other NPOs (Chambers of Commerce, Civic Leagues, etc.)
- 3,659 Churches

Public Charities w/ Revenue:
- 5,126
- 501(c)(3) with Revenue = $57.5 billion in total assets, $16.5 billion in revenue

Nonprofits by County:
- 3,706 nonprofits registered in OK County
- 3,838 nonprofits registered in Tulsa County
- 1,374 nonprofits have a budget of $1 or more in OK County
- 1,395 nonprofits have a budget of $1 or more in Tulsa County
Baseline: Sources of Revenue

49% EARNED
Private Fees for Services

31.8% EARNED
Government Grants/Contracts

8.7% DONATED
Individuals

2.9% DONATED
Foundations

1.5% DONATED
Bequests

.9% DONATED
Corporations

5.2% Other

OKLAHOMA CENTER FOR NONPROFITS
$484.85 billion

In 2021, Americans gave $484.85 billion to charity, a 4.0% increase over 2020. Adjusted for inflation, total giving remained relatively flat, with -0.7% growth.
2021 Contributions:
$484.85 billion by source of contributions
(in billions for dollars—all figures are rounded)
2021 Contributions:
$484.85 billion by type of recipient organization
(in billions for dollars-all figures are rounded)

- To individuals: $11.74 (2%)
- Religion: $135.78 (27%)
- Education: $70.79 (14%)
- Human services: $65.33 (13%)
- Gifts to grantmaking foundations: $64.26 (13%)
- Public society benefit: $55.85 (11%)
- Health: $40.58 (8%)
- International affairs: $27.44 (5%)
- Arts, culture, & humanities: $23.50 (5%)
- Environment/animals: $16.32 (3%)

* Total includes unallocated giving, which totaled $26.7 billion in 2021
** Estimates developed by the Indiana University Lilly Family School of Philanthropy using data provided by Candid.
2021 Average Overall Donation Amount by Subsector

Source: Blackbaud Institute 2021 Charitable Giving Report
(in current dollars)

*The two-year change is calculated separately and is not the sum of the changes in the two years.

- **Total**: 2020-2021: 4.0%, 2019-2020: 9.4%, 2019-2021 cumulative: 13.8%
- **Individuals**: 2020-2021: 4.9%, 2019-2020: 5.8%, 2019-2021 cumulative: 11.0%
- **Bequests**: 2020-2021: -7.3%, 2019-2020: 21.0%, 2019-2021 cumulative: 30.5%
- **Corporations**: 2020-2021: -4.9%, 2019-2020: 23.8%, 2019-2021 cumulative: 17.8%

Percentage change from previous year

<table>
<thead>
<tr>
<th>Category</th>
<th>2020-2021</th>
<th>2019-2020</th>
<th>2019-2021 cumulative*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Religion</td>
<td>-0.1%</td>
<td>5.4%</td>
<td>5.3%</td>
</tr>
<tr>
<td>Education</td>
<td>-2.8%</td>
<td>16.5%</td>
<td>13.2%</td>
</tr>
<tr>
<td>Human Services</td>
<td>2.2%</td>
<td>9.3%</td>
<td>11.7%</td>
</tr>
<tr>
<td>Foundations</td>
<td>9.3%</td>
<td>7.0%</td>
<td>16.9%</td>
</tr>
<tr>
<td>Health</td>
<td>-5.7%</td>
<td>7.7%</td>
<td>1.5%</td>
</tr>
<tr>
<td>Public-society benefit</td>
<td>23.5%</td>
<td>15.8%</td>
<td>42.9%</td>
</tr>
<tr>
<td>Arts, culture, &amp; humanities</td>
<td>-5.6%</td>
<td>15.8%</td>
<td>27.5%</td>
</tr>
<tr>
<td>International affairs</td>
<td>0.0%</td>
<td>12.3%</td>
<td>12.3%</td>
</tr>
<tr>
<td>Environment/animals</td>
<td>11.0%</td>
<td>10.6%</td>
<td>22.8%</td>
</tr>
</tbody>
</table>

*The two-year change is calculated separately and is not the sum of the changes in the two years.
What I am hearing...

- DAF’s/ACE Act
- IRS Changes
- Universal Deduction
- Increased Risk Management Concern
  - Workforce Issues
  - Economic Forces

“For the charitable sector, Covid is not over.”

Chris Arneson. Senate Finance Committee
A DAF is a charitable investment account administered by a public charity. Donors can open a fund in a donor advised program by making a contribution and receiving an immediate tax deduction. The contribution is irrevocable and becomes controlled by the public charity, which invests the funds in competitive investment vehicles. Although the donor no longer controls the funds once contributed, they can recommend grants to other charitable organizations.

National Philanthropic Trust
## Donor Advised Funds

### Table 1: Donor-Advised Fund Metric Overview ($ billions except as noted)

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2020</th>
<th>Percentage change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Grants</td>
<td>$27.29</td>
<td>$34.67</td>
<td>27.0%</td>
</tr>
<tr>
<td>Total Contributions</td>
<td>$39.69</td>
<td>$47.85</td>
<td>20.6%</td>
</tr>
<tr>
<td>Charitable Assets</td>
<td>$145.49</td>
<td>$159.83</td>
<td>9.9%</td>
</tr>
<tr>
<td>Payout Rate*</td>
<td>22.3%</td>
<td>23.8%</td>
<td>6.9%</td>
</tr>
<tr>
<td>Number of DAF Accounts</td>
<td>864,187</td>
<td>1,005,099</td>
<td>16.3%</td>
</tr>
<tr>
<td>Average Size of DAF Account ($)</td>
<td>$168,355</td>
<td>$159,019</td>
<td>-5.5%</td>
</tr>
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National Philanthropic Trust
Universal Deduction in 2020

**Universal Deduction: ($600-$1,200)**

- 87.5% used standard deduction non-itemized

- 42.2 million (29.4%) used U.D. for a total of $10.9 billion giving
  - 25% had AGI of less than $30k
  - 29% had AGI of less than $50-100k = $3.2 billion

- Itemized deductions were claimed on only 12.5% of all returns for 2020. Compared to 2019, the charitable contributions deduction increased but the number of filers claiming the deduction fell by 12.1% meaning the trend of fewer people donating more appears to be continuing.
Risk Management is **MORE important than EVER**

- Employment Best Practices
- Health & Safety
- Government Compliance
- Cyber
- Donor Claims
- Social Media
- Etc...
• We lost 450,000 employees nationwide
• 79% of those employees left due to a salary competition
• 25% of those employees left due to childcare issues
• 30% of nonprofit workers report severe burnout
• 20% in danger of burning out

“That’s 50 percent of the nonprofit workforce at the end, or near the end of their tether. That’s half of the humans who drive this nation’s third-largest employment sector not being able to sustain a long-term career without compromising their health, resilience, and security.” Nonprofit Quarterly
Other Economic Factors

Inflation/Possible Recession

• Nonprofits cannot raise prices to cover increased costs
• Multi-year grants lose buying power
• Results in scaling back services at a time demand is increasing
• Unfulfilled pledges
• Decrease in value of endowment
• “Regular Donors” unable to give
3,846 Nonprofits Received PPP Loans

$483.6 Million in PPP Loans

58% Saw an increase in demand for services

64% Say COVID-19 had a negative impact on their ability to respond to increased demand

43% Reported low revenue confidence

56% Lower grants

83% Had fundraisers that were negatively impacted in the past 18 months.

22% Eliminated at least one position

Oklahoma Nonprofit COVID-19 Recovery
As of March 8, 2022
Election Year Issues for 501(c)3’s

- Johnson Amendment
- Board and Employees running for office
- Educate Employees
  - Social Media
  - Use of PTO/Resources
State Update

Legislative Session

Ended last Friday in May

This was the second session of the 58th legislature
State Update

Legislative Session

Started this session with about 4,800 bills; 402 were signed into law and 35 were vetoed by the Governor.

**XX Special Session**: House and Senate adjourned to the call of the chair.

**XXX Special Session**: House has adjourned Sine Die, Senate adjourned to the call of the chair.
What we followed...

- **Open Meetings Act (HB3415)**
  - amends certain requirements for those who fall under the Open Meetings Act provision

- **Donor Intent (SB708)**
  - requires charitable organizations to get approval from the Attorney General before transferring assets of $50,000+

- **Raffle Sales (SB1808)**
  - allows employees to sell raffle tickets

All died in committee
ARPA
Oklahoma ARPA Portal (now closed)

- Opened October 1, 2021
- Closed March 31, 2022
- 1,439 projects submitted, totaling more than $17.9B
- 457 nonprofit proposals, totaling $5.8B
ARPA: The Basics

- The funding is a response to the public health emergency caused by the COVID-19 virus.
- It can be used for:
  - COVID-19 expenditures or negative economic impacts of COVID-19 (includes assistance to small businesses, households, and hard-hit industries).
  - Revenue replacement for some government services.
  - Premium pay for essential workers.
  - Investments in water, sewer and broadband services.
$1.87 billion will be used to address systematic issues in Oklahoma.

It must be allocated by December 2024 and used by December of 2026.

The funding will arrive in two waves – 50% at time of application approval; 50% one year later.
First Round Priorities

- Economic Development & Workforce: workforce development
- Transportation, Infrastructure & Rural Development: broadband expansion
- Health & Human Services: healthcare workers & mental health bed capacity
- Government Transformation & Collaboration: state data systems, developing strategic partnerships
OKCNP ARPA Proposal

PENDING

- Statewide Community Transformation Fund: Nonprofits with Income under $5,000,000: $150,000,000
- Oklahoma Center for Nonprofits Headquarters for Research and Sector Advancement: $7,000,000
- Nonprofit Technical Assistance and Capacity Building: $1,875,000
- Comprehensive Sector Research and Impact Report: $2,700,000
To date, the nonprofit sector received:

- $25 Million
  - Revenues less than $750,000/yr. qualify for up to a $50k grant
  - Revenues more than $750,000/yr. qualify for up to a $75k grant
- Nonprofits with missions aligning to:
  - Housing Security
  - Food Security
  - Behavioral Health
  - Substance Abuse/Use
  - Human Trafficking
  - Domestic Violence
- Must show negative economic impact
- Administered by Department of Commerce in conjunction with Oklahoma Nonprofit Council
- Other rules TBD
Preliminary Review Process

• Dept. of Commerce is considered a sub-recipient of the ARPA funding; nonprofit organizations considered the beneficiaries
• Dept. of Commerce, with advisement from Oklahoma Nonprofit Council, will create a set of rules that will be approved by the Governor.
• Dept. of Commerce & ONC will create an online application for nonprofits to complete
• Each application will be scored by an algorithm
• A review committee comprised of ONC members & Dept. of Commerce employees will consider applications after electronic scoring
• Awarded organizations will register with OMES in order to receive funding
We assist nonprofits in:

- Raising more money
- Building and supporting better boards
- Hiring and retaining great staff
- Acting legally, ethically and transparently
- Advocating for their mission
About OKCNP

- Founded in 1981 by Pat Potts
- Provides capacity building services to the nonprofit sector
- More than 700 members
- Programs comprise management training and supports; consulting services; networking and membership; recognition and awards; shared financial services (CFO on Loan); and advocacy and public policy for the sector
- Statewide reach with board members from across the state
- Provide more than 150 trainings to 3,000 nonprofit professionals annually
- Hub of the Sector – Collective Voice in Advocacy
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