



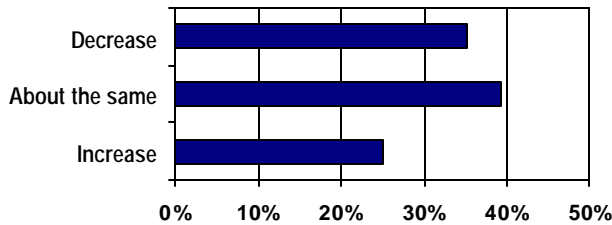
Bay Area Nonprofits Adapt to Tough Funding Climate, According to 3rd Annual Survey

Against a backdrop of uncertainty about government funding cuts, survey reveals several bright spots for the Bay Area nonprofit sector.

36% of respondents that receive public-sector support reported a drop in government funding in 2004. (2003 & 2004 survey comparison not available)

"We used to apply for city funds until cutbacks were announced."

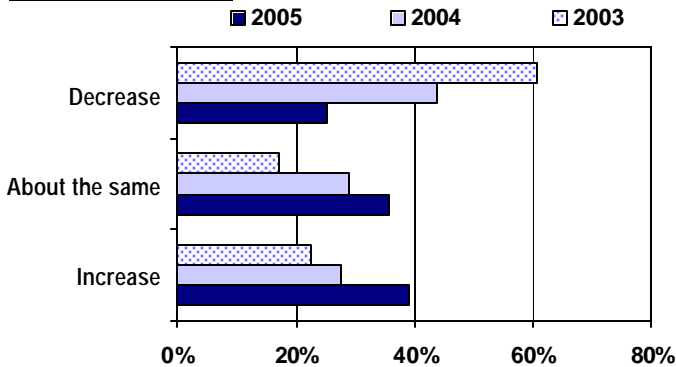
Public Sector Funding



39% of nonprofits surveyed that receive gifts from individuals reported an increase.

"New initiatives for fundraising brought more focused effort for 2004 and affected increase in revenue."

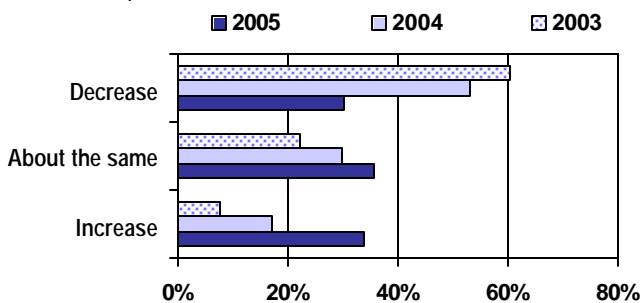
Gifts from Individuals



34% of nonprofits surveyed that receive donations from corporations and foundations reported an increase.

"Funding increased because of the skill of our contracts manager/grant writer."

Gifts from Corporations or Foundations

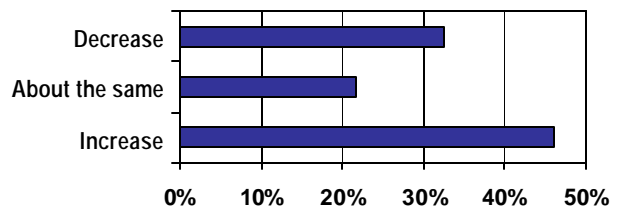


Overall, 46% of local nonprofits surveyed reported an increase in total revenues in 2004, while 21% said revenues remained steady. (2003 & 2004 survey comparison not available)

"We have a new executive director, new membership program, more emphasis on all types of fundraising."

"Staff changes have in turn led to higher functionality, accountability and has in turn generated both confidence and support from the community."

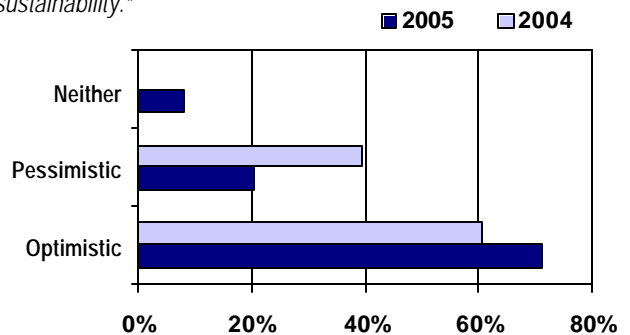
Overall Revenue



Local nonprofit executives continue to feel upbeat about the future: 71% of respondents said they are "very optimistic" (22%) or "cautiously optimistic" (49%) about the overall prospects for their organizations in 2005. (question not asked in 2003)

"Our board is more engaged, we have a demand for services and excellent outcomes."

"We've experienced well grounded growth, but stable funding sources are unstable these days, and there are some concerns for sustainability."



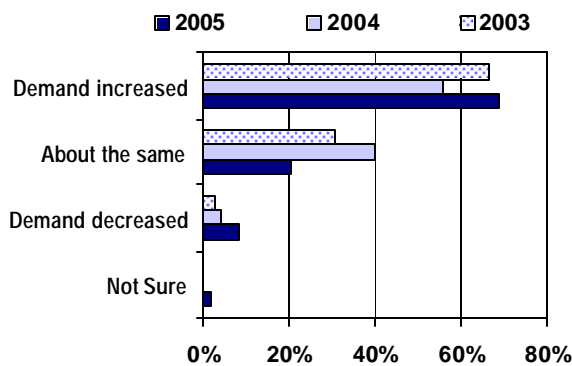


As Bay Area nonprofits ride out tough times, challenges remain. Fortunately, the sector is adapting to address these challenges.

70% of organizations surveyed projected more demand for their services in 2005, mirroring the upward trend in demand from the previous three years.

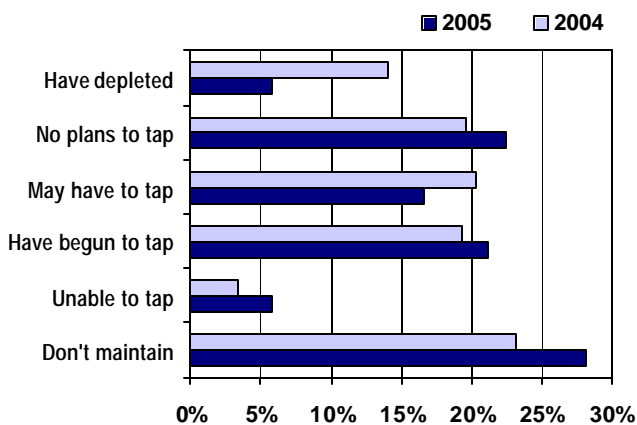
"Fewer community resources mean more clients are coming to us."

"We are seeing more families that are 'harder to serve,' with multiple issues."

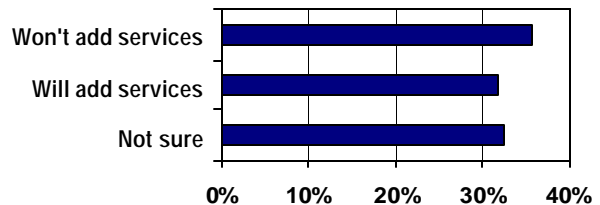


71.9% of Bay Area nonprofits reported that their financial safety nets, as measured by reserve funds, are in jeopardy: 28.2% of respondents said that they do not maintain reserve funds; 5.8% have depleted their reserve funds; 21.2% have begun to tap reserve funds, and 16.7% may need to do so in coming months. (2003 survey comparison not available)

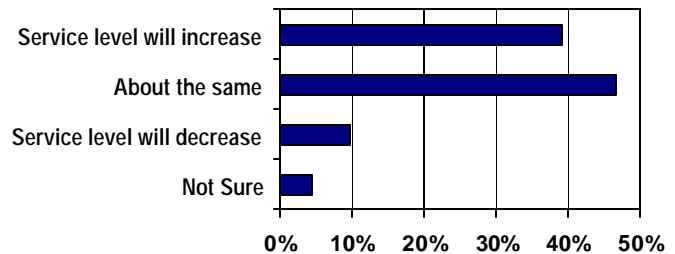
"We may transfer reserve funds for renovations if we come up shorter than expected."



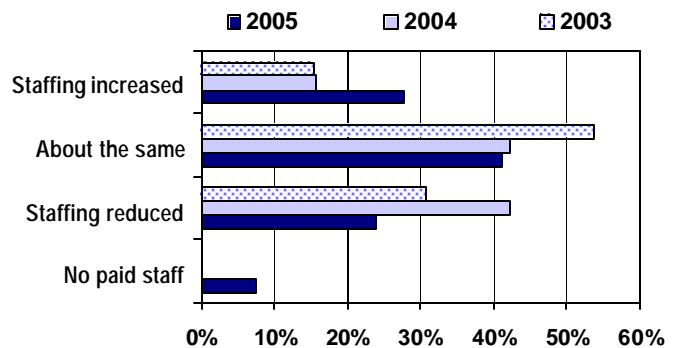
In response to increasing community needs, **32% of respondents plan to add new services in 2005**. (question not asked in 2003 or 2004)



86% will maintain (46.7%) or increase (39.1%) the level of services they already provide. (question not asked in 2003 or 2004)



In contrast to employee cut backs during last two years (42% of nonprofits reduced staff in 2004, and 30% cut staff in 2003), **69% of Bay Area nonprofits said they maintained or increased staffing levels last year**.

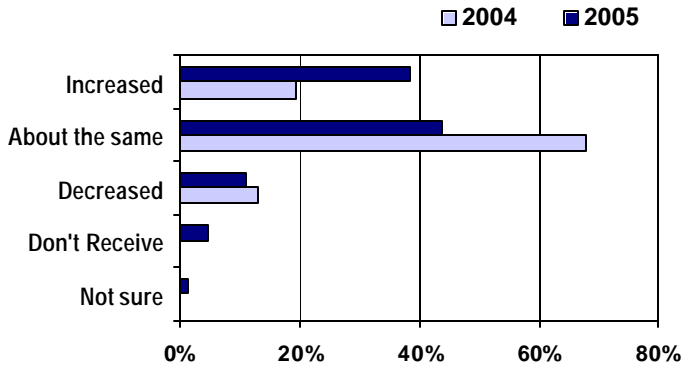




Volunteer and in-kind support continues to be a bright spot, with 83% of respondents saying volunteer and in-kind support stayed the same (44.8%) or increased (38.5%). (question not asked in 2003)

"The community is responding to the need."

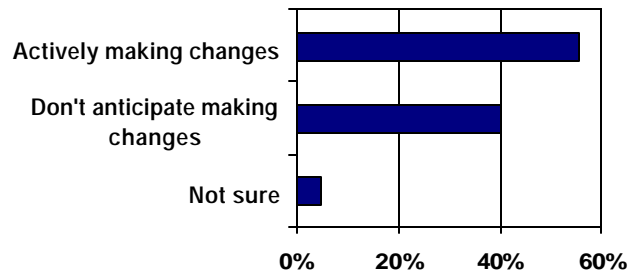
"We're doing a better job of making our volunteer needs known and working with staff to encourage volunteer use."



In response to changing attitudes about nonprofit accountability and recent legislation regarding nonprofit governance, **55% of respondents said they are actively addressing accountability**, from how they track programs, to how they report financials, communicate with contributors and work with board members. (question not asked in 2003 or 2004)

"We've tightened up some of our procedures and double checked our priorities to make sure we're complying with all laws."

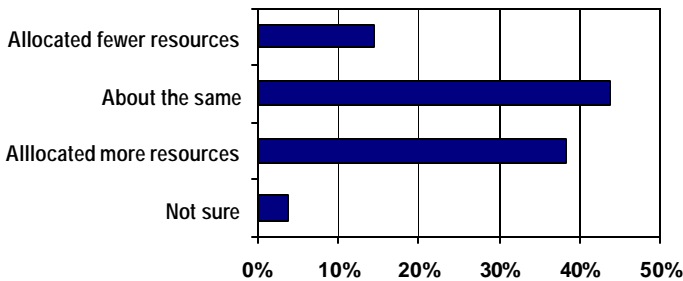
"Tracking outcomes is the biggest issue."



In an effort to strengthen their financial base, **38% of respondents said they allocated more resources** $\frac{3}{4}$ staff and/or dollars $\frac{3}{4}$ for fundraising in 2004. (question not asked in 2003 or 2004)

"We eat, sleep and live fundraising."

"More time was spent fundraising than recruiting volunteers."



About the Nonprofit Pulse Survey

UWBA conducted its third annual Nonprofit Pulse Survey in February and March, 2005. The 18-question survey was sent to 2,243 nonprofit organizations in Alameda, Contra Costa, Marin, Napa, San Francisco, San Mateo, Santa Clara, Solano and Sonoma Counties. Respondents totaled 372, for a return rate of 16.6 percent. Last year, the survey was sent to 2,000 nonprofits and 316 responded. The majority of respondents in this year's survey categorized themselves as providing health and human services, services to children and youth, education or job training.

About United Way of the Bay Area (UWBA)

UWBA is a nonprofit philanthropic organization and one of the largest private funders of health and human services in Northern California. Working in collaboration with other private and public investors, UWBA brings people, information, and resources together to solve complex community problems by leveraging what works and making strategic investments in Bay Area projects and initiatives focusing on Education, Health, Safe Communities and Self Sufficiency. In alliance with more than 600 workplaces and 100,000 contributors, UWBA is the most trusted workplace giving choice among the region's businesses. For more information see www.uwba.org.