

# **Report on Weingart Foundation's Grantmaking to Nonprofit Organizations Based in the Inland Empire**

## **Executive Summary November, 2013**

### **Background**

In February 2013, Weingart Foundation conducted an annual statistical review of our overall grantmaking, which examined grant data from the previous five years (2008-2013). The data revealed that our grantmaking in the Inland Empire over this period represented approximately 3% of our grantmaking, which appeared minimal given the existing and growing needs in the region. To better understand our investment in the Inland Empire, the Foundation looked more closely at our grantmaking history and the current landscape in the region. As a result, in November 2013, the Foundation authored a report that provides information on our grantmaking strategy in the region, as well as key findings on the landscape of the nonprofit, capacity building and philanthropic sectors in both San Bernardino and Riverside Counties.

In addition to looking more closely at our grantmaking history, which included the Foundation's recent Targeted Capacity Building Initiative in the region, the Foundation's management and staff conducted an "Inland Empire Listening Tour" in August 2013 to hear directly from nonprofit leaders, capacity building providers and funders about the current needs, challenges and opportunities in the region.

Based on our research, the Foundation concluded that it is important to continue to support the Inland Empire because there are few regional funders that have consistently invested in the region. For these reasons, the Foundation will: (1) maintain our current grantmaking and funding levels in San Bernardino and Riverside Counties; and (2) maintain our presence and visibility in the region, including continuing to be an active member of the Inland Empire Funders Alliance. This Executive Summary provides an overview of the key findings in our Inland Empire report.

### **Grantmaking Approach and Investment in the Region**

Weingart Foundation has been supporting nonprofit organizations in the two-county region of the Inland Empire since our inception. The Foundation's grantmaking in the region supports nonprofits that meet our guidelines and criteria, and align with our priority of serving low-income and underserved populations. As a responsive grantmaker, the Foundation accepts unsolicited requests for funding throughout the year. However, in recognition of the capacity building needs in the region, our strategies also include: (1) targeted capacity building efforts; (2) support of key, local capacity building providers; and (3) increased outreach and visibility.

The Foundation also has a history of being active in the Inland Empire, including participating in funder forums and conducting periodic in-depth sessions like our "listening tours." In addition, the Foundation is a member of the Inland Empire Funders Alliance, which is a group of local and

regional funders that have joined together to increase communication, collaboration and coordination among funders investing in the region.

During the five year period from 2008-2013, our average annual grantmaking in the region was \$1.2 million, representing approximately 25 grants yearly. Although this annual investment may appear to be relatively low, it actually represents a significant and stable source of funding in both counties. It is also important to note that the Foundation has seen the number of grants in the Inland Empire slowly increase over the last five years. The majority of our grantees from the region through both our Regular Grants Program and Small Grants Program, operate with small budgets of less than \$2 million and under \$250,000, respectively.

### **Assessment of Targeted Capacity Building Initiative**

One of our strategies in the Inland Empire is the Targeted Capacity Building Initiative, which aims to achieve two broad goals: (1) to strengthen the capacity of small, community-based organizations in low-income, high-need regions; and (2) to expand the Foundation's reach into these communities and encourage applications from small community-based organizations that have never been funded by Weingart Foundation. The Inland Empire was identified from the initiative's inception as a region well-suited for this effort. However, given the region's geographic size and significant needs, San Bernardino and Riverside counties were approached separately. Although one of these grants recently closed and the second is nearing completion, Foundation staff thought it would be helpful to share some preliminary learning and assessment from this work.

The San Bernardino County project launched in 2010 and has recently concluded (and our assessment to date will largely focus on this project), while the Western Riverside County project launched in 2012 and is nearing completion. For both projects, ten nonprofits in each region participated in the two-year targeted capacity building program that included an organizational assessment, capacity building training, coaching, and technical assistance. The preliminary outcomes of the San Bernardino project were:

- Ten small nonprofits reported increases in their organizational capacity in the areas of fund and board development; and
- Nearly half of these nonprofits received their first Weingart Foundation grant through our Small Grant Program.

### **Nonprofit and Capacity Building Landscape**

The nonprofit sector in the Inland Empire is a vital component of the community, delivering a wide range of services and helping to address the needs of a diverse and growing population. However, as a whole, the Inland Empire continues to struggle with inadequate nonprofit infrastructure and limited organizational capacity to meet the tremendous needs in the region. These trends were identified by the Foundation through our grantmaking and outreach in the region, and were

confirmed by the nonprofit leaders and capacity building providers we met with during our listening tour in August 2013. Our review found that:

- Most nonprofits in the region are under-resourced and undercapitalized with limited capacity;
- The nonprofit sector is dominated by very small organizations – there are 8,500 registered nonprofits, and 68% have revenue of less than \$25,000<sup>1</sup>; and
- A small pool of larger nonprofit organizations exist in the region – there are 35 human service organizations with operating budgets over \$5 million<sup>2</sup>.

The lack of nonprofit capacity in the region is further compounded by an equally limited capacity building sector, which is likely a result of a lack of private revenue sources to support its work. Some of the characteristics of the capacity building sector in the region include:

- There are very few capacity building providers in the region, and those that exist are small and struggling with their own capacity and sustainability issues; and
- Most of the capacity building services and trainings in the region focus on essential, yet rudimentary topics offered in large, classroom type learning sessions targeting the needs of smaller and newer organizations.

While it is clear that there are limitations within the Inland Empire's nonprofit and capacity building environment, both sectors are important players in the region. The nonprofit sector continues to play a critical role in attempting to meet community needs and the capacity building sector serves a crucial role in helping to strengthen the nonprofit sector in the region.

### **Philanthropic Sector**

The Inland Empire has historically struggled to raise sufficient local private funding from individual donors and philanthropic resources, and unfortunately this continues to be the case. This was confirmed by both the local nonprofit leaders and funders that we met with during our recent listening tour. They explained that the lack of philanthropic dollars in the region is attributed to several factors including: (1) not many foundations are based in region, and those that do are small and their giving is not large; (2) there has never been a strong culture of individual giving; and (3) no significant corporate giving exists because not many corporations are headquartered in the region. Those corporations that have regional offices or corporate logistics centers located in the area usually focus their giving in their headquarters' region rather than where their regional offices are located.

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<sup>1</sup> National Center for Charitable Statistics, within 24 months of July 2013.

<sup>2</sup> The Inland Empire Nonprofit Sector: A Growing Region Facing Challenges of Capacity. March 2009. The James Irvine Foundation.

As a result, foundation funding and individual giving is relatively scarce in the Inland Empire compared to other regions, as noted below:

- In 2011/12, per capita foundation giving in Inland Empire was \$17 compared to \$197 in Los Angeles<sup>3</sup>; and
- In 2008, individual giving totaled \$800,000 in each Riverside and San Bernardino Counties, compared to \$5.3 million in LA County<sup>4</sup>.

Consequently, nonprofit organizations in the region are all competing for the same limited private funding resources, and therefore, many of the larger and more viable nonprofit organizations depend largely on government funding. Also, the availability of unrestricted support is especially scarce, and it appears that Weingart Foundation is one of the few funders providing this type of support in the region. Nonprofit leaders also shared that access to funding is not proportional in both counties. For instance, Riverside County has greater availability of philanthropic resources in the Coachella Valley because of the higher concentration of wealth, mainly due to having a larger pool of individual donors and several small foundations based in the area.

## **Conclusion**

Our review of the Inland Empire confirmed that the region has tremendous needs, the nonprofit and capacity building sectors continue to play a critical role in attempting to meet these needs and there are limited private funding and resources available to support the nonprofit communities in both Riverside and San Bernardino counties.

Despite the fact that our grantmaking is steadily and slowly increasing, we believe that our grantmaking is directly related to the small number of viable nonprofits operating in the region — in other words, it is a result of the limited market conditions of the nonprofit sector in both Riverside and San Bernardino Counties. At the same time, we learned that Weingart Foundation continues to be an important philanthropic partner in these counties. Our support represents a significant and stable source of funding in the Inland Empire, supporting many — if not most of — the viable nonprofit organizations that meet our guidelines and prioritize serving the neediest in the region.

Additionally, we heard from the nonprofit sector, capacity builders and local funders that our grantmaking approach, which prioritizes multi-year, unrestricted support, is critically important for the nonprofit sector since most of the funding from local and regional funders and government grants is restricted for a specific purpose or project. Our unrestricted grants allow our grantees, many of the most viable nonprofits in the region, to not only maintain key services and programs, but to invest in their infrastructure and sustainability, throughout both counties. Therefore, based on our research, the Foundation strongly believes in the importance of continuing to support the Inland Empire because there are few regional funders that have consistently invested in the region. For

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<sup>3</sup> National Center for Charitable Statistics, 2011-2012.

<sup>4</sup> UCLA Center for Civic Society data derived from National Center for Charitable Statistics dataset.

these reasons, the Foundation will: (1) maintain our current grantmaking and funding levels in San Bernardino and Riverside Counties; and (2) maintain our presence and visibility in the region, including continuing to be an active member of the Inland Empire Funders Alliance.