Problems with Government Contracts and Grants

2012 Government Experience Compared to Previous Year

<table>
<thead>
<tr>
<th>PROBLEM</th>
<th>NOT A PROBLEM</th>
<th>SMALL PROBLEM</th>
<th>BIG PROBLEM</th>
<th>STATE RANK**</th>
</tr>
</thead>
<tbody>
<tr>
<td>Payments do not cover full cost of contracted services</td>
<td>48%</td>
<td>17%</td>
<td>35%</td>
<td>24</td>
</tr>
<tr>
<td>Complexity of/time required by application process</td>
<td>25%</td>
<td>45%</td>
<td>30%</td>
<td>17</td>
</tr>
<tr>
<td>Complexity of/time required by reporting process</td>
<td>26%</td>
<td>47%</td>
<td>26%</td>
<td>14</td>
</tr>
<tr>
<td>Government changes to contracts/grants midstream</td>
<td>53%</td>
<td>33%</td>
<td>15%</td>
<td>21</td>
</tr>
<tr>
<td>Late payments (beyond contract specifications)</td>
<td>50%</td>
<td>37%</td>
<td>13%</td>
<td>11</td>
</tr>
</tbody>
</table>

Nonprofits Reporting Limitations on Full Costs in Government Contracts and Grants

Percent of nonprofits reporting limits on program administrative/overhead: 54%

Percent of nonprofits reporting limits on general administrative/overhead: 59%

Contracts require matching or sharing costs: 48%

Grants require matching or sharing costs: 56%

Organizations Reporting Overhead Limits, by Limit Amount and Type***

- Limited to 15% or more: Program overhead 14, General overhead 22
- Limited to 11-15%: Program overhead 5, General overhead 9
- Limited to 8-10%: Program overhead 14, General overhead 22
- Limited to 4-7%: Program overhead 12, General overhead 14
- Limited to 1-3%: Program overhead 3, General overhead 7
- Limited to 0%: Program overhead 18, General overhead 37

Percent of organizations reporting limits: 0-50%
Overview of Nonprofit Contractors and Grantees

Nonprofits with government contracts and grants: 1,523
Million dollars in contracts and grants: $2,987

Average number of Government Agencies Nonprofits Worked with in 2012
- 18% 1 agency
- 49% 2 to 4 agencies
- 33% 5 or more agencies

Actions Taken by Nonprofits
- North Carolina
  - 25% Reduced number of employees
  - 2% Reduced number of offices or program sites
  - 19% Drew on reserves
  - 19% Borrowed funds or increased lines of credit
  - 9% Reduced number of programs or services
- National
  - 26% Reduced number of employees
  - 7% Reduced number of offices or program sites
  - 42% Drew on reserves
  - 22% Borrowed funds or increased lines of credit
  - 11% Reduced number of programs or services

Types of Organizations
- Arts, culture, and humanities: 15%
- Education: 16%
- Environment and animals: 2%
- Health: 8%
- Human services: 50%
- Other: 9%

Financial Status of Nonprofits with Government Contracts and Grants

Expenditure Size of Nonprofits with Deficits
- North Carolina
  - $100,000 to $249,999: 17%
  - $250,000 to $999,999: 36%
  - $1 million or more: 43%
- National
  - $100,000 to $249,999: 17%
  - $250,000 to $999,999: 57%
  - $1 million or more: 48%

North Carolina Nonprofits Experiencing Declines in Revenue from
- Local government agencies: 41%
- State government agencies: 54%
- Federal government agencies: 56%
- Individual donations: 40%
- Private foundations: 28%
- Corporate donations: 37%
- Investment income: 23%

* Data reported are based on a national survey of 501(c)(3) public charities with expenses of $100,000 or more. Hospitals and higher education as well as nonprofits not likely to have government contracts and grants were excluded from the sample. Analysis is limited to nonprofits reporting government contracts or grants. See Methodology section for more details on response rate and data weights.
**State rankings: 1=highest percentage of nonprofits reporting problem; 51=lowest percentage of nonprofits reporting problem. See appendix for more details.
***Organizational overhead or administrative expenses include costs associated with the organization as a whole that cannot be attributed to a program (such as utilities, accounting staff, or a receptionist). Program overhead or administrative expenses refer to administrative expenses directly related to programs and services (that is, program administration, such as computer use, copying, rent, and telephone use).
n/r= Data not reported or too few respondents answered the question.
Note: Percentages may not sum to 100 because of rounding. The full report on the national survey is available at www.urban.org/publications/412962.html.