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REFLECTING FORWARD:

Philadelphia-based Black Nonprofit
Leaders' Recommendations
for Regional Funders

REPORT CONTENTS

ACKNOWLEDGEMENTS

ACKNOWLEDGEMENTS

02

2021 Interviews with NONPROFIT LEADERS

12

FOREWORD: Sharmain Matlock-Turner

03

RECOMMENDATION #1 Get To Know Us

13

EXECUTIVE SUMMARY: Kelly S. Woodland

06

RECOMMENDATION #2 Embrace Trust-Based Philanthropy

19

REPORT INTRODUCTION

09

RECOMMENDATION #3 Trust Black Leaders

29

Summary Of RECOMMENDATIONS

10

Annotated LITERATURE REVIEW

42

Groundbreaking 2016 REPORT

11

Appendix A RESEARCH DESIGN

56

This report would not be possible without the participation of Philadelphia-based nonprofit leaders. **Many thanks for your candor, kindness, and expertise.**



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Kelly Sloane, Ph.D., a Philadelphia-based research, evaluation, and policy consultant, led the research and authored this report. Correspondence about this report should be addressed to ksloane@temple.edu.

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FOREWORD

*In reading this report, you will find that
we are not alone.*



Dear Reader,

● Thank you for reading *Reflecting Forward: Philadelphia-based Black Nonprofit Leaders' Recommendations for Regional Funders*. As the President & CEO of the Urban Affairs Coalition (UAC), I am proud to share my perspective on this timely and crucial body of work.

UAC was founded in response to Dr. King's assassination in 1968, when business leaders and government officials were concerned about the future of Philadelphia. They saw the pain and anger in Black communities and agreed to meet with Black leaders to determine what they could do to help. On Easter Sunday, just two days after their first meeting, they created a \$2 million fund to support the efforts of Black leaders and organizations.

Incorporated as a 501(c)3 nonprofit in 1969, UAC ensured there would be a focus on racial equity and support for Philadelphia's community-based nonprofits. Our work included developing a citywide program for jobs for youth during the summer. We worked across racial and ethnic lines to support the building of Latinx nonprofits. We worked with the Korean business community to create our annual Thanksgiving program with more than 100 community leaders. Community activists started dozens of trailblazing programs at UAC as they led the fight against HIV and AIDS and for LGBTQ+ rights. Those most impacted began initiatives

to destigmatize and work with those struggling with mental health and substance use issues. Bankers and civic leaders came together to work to end redlining, increase homeownership, and confront homelessness. We created a program that led to greater opportunities for Black businesses and workers to advance in Philadelphia's construction industry. Today, UAC is a 52-year-old nonprofit that offers national leadership in fiscal sponsorship and provides 80 partner organizations with a technology-based shared services platform that supports Philadelphia nonprofits serving 250,000 individuals locally.

UAC continues to be a Home for Nonprofits, a beacon and testament to what is possible for our city's dreamers and doers. As the country's largest and oldest BIPOC-led fiscal sponsor, many of Philadelphia's major nonprofit initiatives and programs started at UAC. Yet, even with more than a half-century of success, UAC and many of our partners are challenged to find support for major gifts, commitment to multi-year funding, and general operating support.

In reading this report, you will find that we are not alone.

Unfortunately, Black nonprofit leaders continue to experience inequitable dynamics and conditions.

Inequality taints and hampers our Brotherly Love and Sisterly Affections, stymying our best efforts to reach those with the least and truly realize our nation's egalitarian ideals. It is a microcosm of America's deep painful contradictions, where too often, "freedom and prosperity for all" is only enjoyed by a few.

When my friend, Kelly Woodland, came to me in 2013 with a great idea, I was all ears. Kelly, a former program officer at the William Penn Foundation and nonprofit expert, was inspired by the work of the African American Leadership Forum (AALF) in Minneapolis/St. Paul. He believed we needed something like AALF here in Philadelphia. We immediately set to working our connections and brainstorming ideas with former UAC board member and communication expert David Brown and launched the Philadelphia African American Leadership Forum (PAALF). Housed at UAC, PAALF commissioned a study of African American-led and white-led nonprofits in Philadelphia, with funding from the United Way of Greater Philadelphia and Southern New Jersey.

We commissioned that research because we knew that our respective lived experiences could not be unique. We had heard the stories, told quietly, for years. We saw how often white-led nonprofits were funded to serve Black communities. We saw how often white-led nonprofits serving Black communities were funded over Black-led nonprofits. And we saw how often our organizations were deemed "duplicative" to white organizations serving our communities.

We wanted to break the silence about race, nonprofit work, and funding. We wanted to understand if our experiences and needs as Black nonprofit leaders in Philadelphia differed empirically from white-led nonprofits. We wanted to know, and perhaps prove, that our experiences reflected a broader, objective reality.

In 2014 we enlisted Branch Associates, Inc., a Black consulting and research firm, to survey leaders of human

service-oriented nonprofit organizations in Philadelphia. The survey research was supplemented with qualitative research with African American Executive Directors and local funders. The findings from this research are presented in the 2016 report, *How African American-led Nonprofits Differ from White-led Nonprofits*.

In *Reflecting Forward*, we build on the 2016 report. This new study is a compelling look ahead, abundant with possibility and powerful, practical steps that we must take to make long-overdue investments in our communities through Black-led nonprofits. We urge philanthropic leaders in our region to take the issue of fair funding for Black-led nonprofits seriously. It starts with recognizing that **this is not a moment, but a movement for change**. We need funders to see our efforts as critically important and valuable today and every day, as we are:

- **Trusted in our communities because we know what works.** We have the same — if not more — education, training, and competency as our white counterparts. Many Black leaders grew up in the neighborhoods where they now work, and many have lived experiences informing their work.
- **Committed to our communities.** You will read the firsthand accounts of our commitment to our communities, our unwavering drive to innovate, and our relentless desire to provide the most effective programs and services.
- **Knowledgeable of the entire ecosystem and know that nonprofit work benefits all of us!** We have been living and working in our communities for generations. As evident in *Reflecting Forward*, we have also had to work harder to navigate systems of government and philanthropy to continue to serve our communities. We know these systems inside-out and understand that nonprofit work is a powerful catalyst for an equitable Philadelphia for everyone.

In **Reflecting Forward**, we ask funders to examine their grant-making. Leaders in philanthropy, ask yourself: Is your funding process fair and equitable? What are your biases? Have you really examined them? As you answer these questions, we urge you to take the next step on this journey: **get to know us, trust us, and embrace trust-based philanthropy.**

Before I close, I want to let you know that this work is possible because of these terrific leaders:

- Kelly Woodland for his continued leadership.
- The new Black-led Nonprofit Leaders Forum and our 90+ members.
- David Brown for his support and insight.
- Kelly Sloane for her extensive research and authorship.
- And the United Way for again supporting this work.

Let us all make this a movement, not a moment, by making a real difference for Black-led nonprofits.



Sharmain Matlock-Turner
President & CEO
Urban Affairs Coalition

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Let us all make this a movement, not a moment, by making a real difference for Black-led nonprofits.

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EXECUTIVE SUMMARY

As the old saying goes, if white America sneezes, Black America catches a cold.

”

I was introduced to nonprofit leadership as a child when my father was the executive director of the Haverford Community Center in West Philadelphia. What I observed during those days were the same issues that were revealed in the 2016 Branch Associates, Inc. study **Philadelphia’s Nonprofit Human Service Organizations: How African American-led Organizations Differ from White-led Organizations** –

- A community-based agency doing a lot with little resources.
- African American leadership and staff leveraging their cultural competency to deliver needed services.
- An organization struggling to raise funds without the requisite social capital.

When we commissioned the 2016 Branch report, it was the first research that assessed and amplified the many challenges Black nonprofit leaders face in Philadelphia. That research explicitly identified pain points and biases within the nonprofit sector that have continually marginalized Black nonprofit leadership and thwarted the capacity of Black-led organizations to better serve communities.

The 2016 study and the new research in this report were conducted on the heels of nationwide events that created enormous repercussions for our city to overcome. **As the old saying goes, if white America sneezes, Black America catches a cold.** This premise applies to the nonprofit sector.

In 2010, Philadelphia was rebounding from the Great Recession, and Philadelphia’s nonprofit sector felt the rippling effects. The Philadelphia Orchestra, facing the brink of insolvency, galvanized Philadelphia’s most powerful movers and shakers to come together and strategize how the organization could be saved. The public and private sectors worked collaboratively to save a cultural institution because the Orchestra was deemed too important to fail. Black leaders began to question – Are any Black-led nonprofit organizations considered too important to fail by those outside our community? For example, if the Urban Affairs Coalition were on the brink of closing, would the matter rise to the level of concern that would necessitate the intervention of the most influential in the city or region? This question motivated the Philadelphia African American Leadership Forum, a group of Black nonprofit and private sector leaders founded in 2012, to commission research on Black nonprofits.

The 2016 study serves as a baseline upon which this new report on Black nonprofit leadership rests. Fast forward, this new research was initiated in the wake of the COVID-19 and police murder of George Floyd in 2020. In both cases, race and equity were at the center as the events disproportionately impacted Black folks. Conversely, the events caused some cities, corporations, and philanthropy to examine their practices and determine how they could quell tensions and rectify past inequities. Locally, the city and philanthropy not only answered the call but led the way.

In response to the pandemic, regional philanthropy collaborated with the city to create substantive funding pools to support the operations of nonprofits and address the food and housing insecurity crises. Tactically, many funders allowed grantees to repurpose restricted grants to support their operating expenses. That said, the role philanthropy played conflicted with the general perception of funders being detached from the gritty realities of those in need and philanthropy's historical practices being unnecessarily rigid. In this instance, funders were nimble, conscientious, and accessible. During this period, many Black nonprofit leaders asked themselves, "how long will this benevolence last?" Too often, sensitivity to the issues of Black folks has a shelf life. How long would funders tolerate listening to concerns that made them uncomfortable? How long would the window stay open or cracked? What can be done to keep it open?

During the summer of 2020, a group of Black nonprofit leaders working in the Philadelphia region began convening, amongst ourselves, to unpack and process the complex range of problems and emotions created by the George Floyd murder and the insidious spread of COVID-19. The group was created after a few Black nonprofit leaders had become fatigued from the pressures of keeping the doors of their agencies open and wrestling with the prospect that their country had once again reminded them that they don't matter. The initial meeting of the Black nonprofit leaders was on June 26, 2020, with 24 attendees. There was no agenda. Our purpose was clear once we saw the Zoom screen filled with beautiful Black faces. It was refreshing and affirming at a time when we needed to be refreshed and affirmed.

That group of Black nonprofit leaders continues to meet monthly. The meetings are a nonjudgmental and supportive space for Black executive directors and CEOs to discuss common organizational concerns. We explore strategic partnerships, provide coaching and mentorship to one another, and impart information about funding opportunities. The group has since grown to 90 members, and its expansion has been 100% organic. As one member remarked, this group is like the "Black table" in the cafeteria in a predominantly white institution (PWI). The Black table exists in every PWI. No one tells us to congregate at this table. We gravitate to the table to decompress from the stressors of managing our impressions and the duality of being Black in America.

The release of this new report coincides at a time when Black nonprofit leaders are organizing and committed to pushing for racial equity in the sector. Black nonprofit leaders will leverage the findings from this research to work with Philadelphia-region philanthropy to make sustainable change. Whereas the 2016 Branch study created a serious conversation around a set of viable findings, this report is intended to move the needle toward tangible, equitable change. We believe this is possible as the Branch study has already provided a great launching pad. Susan Gooden, Ph.D., used the 2016 Branch study to research the value Black-led nonprofits offer youth program participants and argue for increased focus on Black-led organizations in public policy courses.¹ It was cited by the Association of Black Foundation Executives (ABFE) to make a case for philanthropy to support Black-led and Black-serving organizations nationally.² And the 2016 research was cited when the Philadelphia Foundation established the Black Leadership Fund.³ Black nonprofit leadership matters. We can no longer be satisfied with simply existing and taking solace in the fact that we've managed to keep the lights on in our organizations by being resourceful and doing more with less. We are innovative and cutting edge and do not regard our work as fixing people and families. We create access to opportunities that level the playing field.



Accountability from regional funders will reside in data collection, goal setting, and partnership. Appropriately, we want to express our gratitude to Kate Houstoun, Chief Impact Officer for the United Way of Greater Philadelphia and Southern New Jersey, who has been a valuable thought partner on this journey.

This report is dedicated to all the Black nonprofit leaders upon whose shoulders we stand. Leaders, like my Dad, who strove to make their work and their organizations matter. The names are too many to list, but the work of Black leaders today honors those who came before us.

Kelly S. Woodland
Executive Director
After-School All-Stars Philadelphia and Camden

¹ Dr. Gooden is Dean and Professor of the L. Douglas Wilder School of Government and Public Affairs at Virginia Commonwealth University. See Gooden, Susan T., Evans, Lindsey L., Perkins, Michael L., Gooden, Caper, & Pang, Yali. 2018. *Examining Youth Outcomes of African American-led Nonprofits*. Nonprofit and Voluntary Sector Quarterly; and, Gooden, Susan, Evans, Lindsey E., & Pang, Yali. 2018. *Making the Invisible Visible in Nonprofit Courses: A Case Study of African American-led Nonprofits*. Journal of Public Affairs Education.

² Emergent Pathways, LLC (Firm). 2019. *The Case for Funding Black-led Social Change*. http://www.blacksocialchange.org/wp-content/uploads/2020/05/BSCFN_BLSCO_Report.pdf

³ <https://www.philafound.org/press-releases/philadelphia-foundation-announces-fund-focused-on-black-led-nonprofits-serving-black-communities-in-greater-philadelphia/>

REPORT INTRODUCTION

In 2013, with financial support from the United Way and the Philadelphia Foundation and administrative support from the Urban Affairs Coalition, the Philadelphia African American Leadership Forum (PAALF) commissioned a study about Black nonprofit leadership.

The overarching goal of that groundbreaking project was to develop a better understanding of the challenges faced by Black leaders and the value Black-led organizations contribute to Philadelphia's nonprofit ecosystem. Branch Associates, Inc. (Branch Associates), a Philadelphia-based research and evaluation firm, produced the 2016 report *Philadelphia's Nonprofit Human Service Organizations: How African American-led Organizations Differ from White-led Organizations*.⁴ The Association of Black Foundation Executives (ABFE) described the 2016 Branch report as "one of the most comprehensive scans" exploring Black-led organizations to date.⁵ In 2021, the leadership of a new affinity group (Black Nonprofit Chief Executives of Philadelphia) commissioned research to offer fresh insight about Black-led and Black-serving nonprofits during this momentous period in time.

The research design for this project intentionally centers the views, expertise, professional and personal lived experience of Black nonprofit leaders. Our findings are not generalizable, in part, because Black nonprofit leaders work within a context where the majority of nonprofit executive directors, foundation leaders, boards of directors, and staff are white. The knowledge and perspective of Black leaders and other leaders of color deserve to be privileged – particularly during a period when commitments to institutional and social change have reached a fever pitch. How can allies know what action to take without input and guidance from leaders of color?

SUMMARY OF RECOMMENDATIONS

This report is based on semi-structured interviews with a diverse group of sixteen Black nonprofit leaders.⁶ The goal was to better understand their perspective on the COVID-19 pandemic, the police murder of George Floyd and other Black Americans in 2020, the ongoing racial justice and criminal justice reform campaigns, and reflection on some of the 2016 report findings. The report captures three overarching recommendations made by the leaders for regional funders about how they can best support Black-led and Black-serving nonprofits operating in greater Philadelphia.

⁴ Branch Associates, Inc. 2016. *Philadelphia's Nonprofit Human Service Organizations: How African American-Led Organizations Differ from White-Led Organizations*. Retrieved from <https://uac.org/wp-content/uploads/2020/12/PAALF-Branch-Associates-Full-Report-web.pdf>.

⁵ Emergent Pathways, LLC (Firm) 2019, 4.

⁶ All the leaders interviewed for this study identify as Black and many lead organizations that are majority Black-serving. Some leaders do not consider their organizations "Black-led" because most of their board members and/or senior leadership teams are white.

RECOMMENDATIONS

01 GET TO KNOW US

During interviews with Philadelphia-based Black nonprofit leaders for this study, **one of the key recommendations for regional funders can be summarized as simply "get to know us."** Many leaders reported significant challenges with developing respectful and fruitful relationships with regional funders and were hopeful that intentional relationship building, networking opportunities, and shared agenda setting are recommendations funders would embrace. This section of the report considers how the lack of diversity in the nonprofit sector, constrained social and professional networks, and limited networking opportunities potentially contribute to the challenges some of Philadelphia's Black nonprofit leaders experience with fundraising.

03 TRUST BLACK LEADERS

Nearly all the leaders participating in this project reported being subjected to racial bias and stereotyping during their tenure as executives. Their examples ranged from daily microaggressions to more wounding encounters and involved their staff, leadership teams, board members, national leadership, and regional funders. The overarching recommendation in this section is for regional funders to trust Black nonprofit leaders. The nonprofit leaders interviewed recommend that regional funders stop treating Black leaders and Black-serving organizations as incompetent and risky. They ask regional funders to prioritize Black-led and Black-serving organizations unapologetically. These nonprofit leaders recommend regional funders support Black leaders during leadership transitions. They ask regional funders to increase Black representation in philanthropic leadership. Finally, they recommend regional funders unequivocally support Black women leaders.

Groundbreaking 2016 REPORT

2021 INTERVIEWS with Philadelphia-based Nonprofit Leaders

In 2013, with financial support from the United Way and the Philadelphia Foundation and administrative support from the Urban Affairs Coalition (UAC), the Philadelphia African American Leadership Forum (PAALF) commissioned a study about Black nonprofit leadership. The overarching goal of that groundbreaking project was to develop a better understanding of the challenges faced by Black leaders and the value Black-led organizations contribute to Philadelphia's nonprofit ecosystem. Branch Associates produced the 2016 report *Philadelphia's Nonprofit Human Service Organizations: How African American-led Organizations Differ from White-led Organizations*. Most of the report findings were based on a survey conducted in 2014-2015 with 145 executive directors of human service-oriented nonprofit organizations operating in Philadelphia. The project also incorporated qualitative research, including two focus groups with Black executive directors and interviews with regional philanthropic leaders.

Key research findings included similarities “in the background and experiences of [executive directors], in what [executive directors] do in their daily work, in several organizational characteristics such as age and budget, and in the gender composition and expertise of board members and senior staff.”⁷ The research also identified challenges with fundraising, board diversity, talent pipelines, and organizational vulnerabilities associated with limited cash reserves and reliance on government funding.

Some of the critical differences between Black and white-led nonprofits participating in the 2016 research report include:

- Black-led nonprofits were smaller, as defined by the number of staff and volunteers.
- Black-led nonprofits had fewer cash reserves.
- Black-led nonprofits were more dependent upon government grants.
- Black-led nonprofits were more likely to track data and program outcomes.
- Black-led nonprofits were more likely to have Black board members and senior staff.
- White-led nonprofits were more likely to have white board members and senior staff.
- Black-led organizations were more likely to serve teens, Black Philadelphians, and low-income residents than white-led organizations.
- Black-led organizations were more likely to serve and be located in low-income Philadelphia neighborhoods.
- Black leaders reported more significant challenges with fundraising than white leaders.⁸

During the summer of 2020, a group of Black executive directors and CEOs of Philadelphia region nonprofits began meeting informally via Zoom. In early 2021, the leadership of that affinity group (Black Nonprofit Chief Executives of Philadelphia) commissioned new research about Philadelphia-based Black-led and Black-serving nonprofit organizations. Sixteen nonprofit leaders participated in semi-structured interviews on topics including the COVID-19 pandemic, the current campaigns for racial justice and criminal justice reform, and reflection on some of the 2016 report findings. Each leader offered recommendations about how regional funders can best support Black-led and Black-serving organizations. This report documents some of the unique challenges experienced by individuals who are the first Black leaders of their respective organizations and exposes the daunting professional context endured by some Black women leaders working in the nonprofit sector.⁹

INTERVIEW SAMPLE

The purposive sample of leaders interviewed for this project are deeply accomplished individuals – having served as the executive director, CEO, or president of their current organization between one and 38 years. Representing organizations founded between 1915 and 2019, the average age of the nonprofit organizations included in this research is 33 years. There is significant variance in programs, services, and organizational size and capacity. The individuals interviewed for this report lead nonprofits employing between one (a start-up) and 250 paid staff and operating budgets (2020-2021) ranging between \$5,000 (a start-up) and \$35 million. These leaders' organizations collectively served more than 800,000 Philadelphians during the last year.

Consistent with the findings from the 2016 Branch Associates report, most of the leaders interviewed for this study helm organizations that serve children (6-12 years), youth (13-18 years), and young adults (19-24 years). Around half the organizations also serve infants and young children (0-5 years), adults (25-65), and seniors (65+ years). The sample of leaders participating in this study are geographically dispersed, and most offer services in Northwest, West, Southwest, South, and Center City Philadelphia. At least half of the Black-led organizations represented in this study provide services city-wide. Several are regional providers working in communities spread throughout the surrounding counties. One operates state-wide, and another is a national provider.¹⁰

⁷ Branch Associates 2016, 5.

⁸ Branch Associates 2016, 6.

⁹ Half the leaders interviewed for this project identify as women and slightly more than half are the first Black executive director of their respective organization.

¹⁰ A complete description of the interview sample can be found in Appendix A, Research Design.

RECOMMENDATION #1:

Get to Know Us

Start with looking at your own history. Then raise your own awareness of the [nonprofit] landscape in Philadelphia of Black-led organizations and what they're doing. Then question, 'So why have I not heard of them? Why am I not interacting with them? How does what they do align with what we're funding? How do I take an asset-based approach?'

- Philadelphia-based Nonprofit Leader



INTRODUCTION

During interviews with Philadelphia-based Black nonprofit leaders for this study, one of the key recommendations for regional funders can be summarized as simply “get to know us.” Many leaders reported significant challenges with developing respectful and fruitful relationships with regional funders and were hopeful that intentional relationship building, networking opportunities, and shared agenda setting are recommendations funders would embrace. This section of the report considers how the lack of diversity in the nonprofit sector, constrained social and professional networks, and limited networking opportunities potentially contribute to the challenges some of Philadelphia’s Black nonprofit leaders experience with fundraising.

¹¹ Urban Institute. 2020. *The Nonprofit Sector in Brief 2019*. Retrieved from <https://nccs.urban.org/publication/nonprofit-sector-brief-2019>

¹² Urban Institute 2020.

¹³ Candid. 2020. *Key Facts on U.S. Nonprofits and Foundations*. Retrieved from <https://candid.issuelab.org/resource/key-facts-on-u-s-nonprofits-and-foundations.html>

¹⁴ Candid 2020.

THE SECTOR

There were 1.5 million nonprofits (including charitable organizations and foundations) operating in the U.S. in 2016 – three-quarters of which were registered with the IRS as a 501(c)(3).¹¹ As researchers from the Urban Institute note, “**the total number of nonprofit organizations operating in the United States is unknown**” as “**religious congregations and organizations with less than \$5,000 in gross receipts are not required to register with the IRS, although many do.**”¹² While there are nearly 120,000 foundations with assets totaling \$1.2 trillion, foundations were responsible for roughly 18% of overall giving in the United States in 2018.¹³ Individual donors overwhelmingly represent the majority of overall giving at 68%.¹⁴

LACK OF DIVERSITY IN THE SECTOR

There has been growing scrutiny of the lack of racial and ethnic diversity in U.S. nonprofits and foundations during the last several years.¹⁵ In 2015, Community Wealth Partners reported that “only 18% of non-profit staff and 22% of foundation staff is comprised of people of color.”¹⁶ In 2017, the executive search firm Battalia Winston reported that 87% of the executive directors of the 315 largest foundations and nonprofits operating in the United States were white.¹⁷ Based on a subset of data collected in their 2017 Leading with Intent survey, BoardSource found that 85% of foundation board members were white.¹⁸ Notably, among those BoardSource surveyed, “the lack of [foundation] board diversity [was] most concentrated in family and community foundations, which report[ed] that board members are 91 and 90 percent white, respectively.”¹⁹ And much of the Building Movement Project’s work is driven by the nonprofit sector’s “racial leadership gap.”²⁰

¹¹ Urban Institute. 2020. *The Nonprofit Sector in Brief 2019*. Retrieved from <https://nccs.urban.org/publication/nonprofit-sector-brief-2019>

¹² Urban Institute 2020.

¹³ Candid. 2020. *Key Facts on U.S. Nonprofits and Foundations*. Retrieved from <https://candid.issuelab.org/resource/key-facts-on-u-s-nonprofits-and-foundations.html>

¹⁴ Candid 2020.

¹⁵ This report privileges the perspective of Black nonprofit leaders and is primarily attentive to racial diversity. The third section of the report addresses Black women leaders’ experiences with racial and gender bias and discrimination.

¹⁶ Fernandez, Idalia, & Brown, Allison. 2015. *The State of Diversity in the Nonprofit Sector*. Community Wealth Partners. Retrieved from <https://communitywealth.com/the-state-of-diversity-in-the-nonprofit-sector/>

¹⁷ Battalia Winston (Firm). 2017. *The State of Diversity in Nonprofit and Foundation Leadership*. Retrieved from https://www.battaliawinston.com/wp-content/uploads/2017/05/nonprofit_white_paper.pdf

¹⁸ BoardSource. 2019. *Foundation Board Leadership: A Closer Look at Foundation Board Responses to Leading with Intent 2017: 17*. Retrieved from <https://leadingwithintent.org/foundations/>

¹⁹ BoardSource 2019, 17.

²⁰ Thomas-Breitfeld, Sean, & Kunreuther, Frances. 2017. *Race to lead: Confronting the Nonprofit Racial Leadership Gap*. Building Movement Project. Retrieved from <https://racetolead.org/race-to-lead/>

PHILADELPHIA'S NONPROFIT SECTOR



In some ways, maybe this is the scarcity model of being African American in this political economy. I feel that our strength comes really from knowing that we are needed. Knowing that we are useful. Knowing that we are useful allows us to do things to survive because we know that there's a need, and we feel that.



- Philadelphia-based Nonprofit Leader

There are currently 9,855 Philadelphia-based, IRS-recognized tax-exempt nonprofits with profiles in the Candid/Guide Star (Candid) database.²¹ ProPublica's nonprofit database indicates there are 10,828.²² The state of racial and ethnic diversity in Philadelphia area nonprofits and philanthropy is difficult to quantify because there is a lack of publicly available demographic data for nonprofits and funders.²³ For example, for the 2016 study about Philadelphia's nonprofit sector, Branch Associates received data from the National Center for Charitable Statistics identifying Philadelphia County nonprofits. Still, they had to enlist African American Leadership Forum members to identify Black nonprofit leaders.²⁴

We do not know how much regional grantmaking is devoted to Black-led and Black-serving nonprofits. We can hypothesize that many Black-led and Black-serving organizations are small, grassroots, and neighborhood-based entities that do not have profiles in the Candid database. We can also presume that in a city where 40% of residents identify as Black or African American,²⁵ the racial and ethnic diversity of leadership and staff in Philadelphia area nonprofits and foundations does not reflect the population and more likely mirrors the lack of diversity that exists nationally.

²¹ Candid. N.D. *GuideStar Search*. <https://www.guidestar.org/search>

²² ProPublica. N.D. *Nonprofit Explorer*. https://projects.propublica.org/nonprofits/search?utf8=%E2%9C%93&q=Philadelphia&state%5Bid%5D=PA&ntee%5Bid%5D=&c_code%5Bid%5D=

²³ Candid encourages nonprofits and foundations to voluntarily enter demographic data. See Candid. N.D. *How to Earn Your 2022 Seal of Transparency*. Retrieved from <https://help.guidestar.org/en/articles/2743836-how-to-earn-your-2022-seal-of-transparency>

²⁴ Branch Associates 2016, 45.

²⁵ Hachadorian, Jason, Maxwell, LaDeshia, and Martin, Katie. 2021. *How Black Philadelphians View Their City*. Pew Charitable Trusts.

CONSTRAINED SOCIAL & PROFESSIONAL NETWORKS



People give money to who they know, and it's one of the reasons why we see white-led organizations getting more money. It's not that their work is any more important than ours. They have the relationships.



- Philadelphia-based Nonprofit Leader

There is ample research indicating that social and professional networks are overdetermined by race, ethnicity, class, and other identifiers.²⁶ Highlighting the relevance of networks and relationships between nonprofit leaders and grantmakers, in a recent Center for Effective Philanthropy survey, 31 percent of program officers reported that the most significant factor in determining multi-year general operating support was "the foundation's relationship with the grantee."²⁷ And according to BoardSource, the top two methods for identifying potential board members are "board members' personal or professional networks" (96%) and executive directors' personal or professional networks (88%).²⁸ On fundraising and constrained social networks, other researchers have found that "Whether due to bias or other factors, respondents of color were more likely than whites to agree it is harder for people of color to fundraise."²⁹

²⁶ Cox, Daniel, Navarro-Rivera, Juhem, & Jones, Robert P. 2016. *Race, Religion, and Political Affiliation of Americans' Core Social Networks*. Public Religion Research Institute. Retrieved from <https://www.prrri.org/research/poll-race-religion-politics-americans-social-networks/>; Pedulla, David, S., & Pager, Devah. 2019. *Race and Networks in the Job Search Process*. American Sociological Review. Vol. 84(6) 983-1012.

²⁷ Buteau, Ellie, Marotta, Satia, Martin, Hannah, Orensten, Naomi, & Gehling, Kate. 2020. *New Attitudes, Old Practices: The Provision of Multiyear General Operating Support*: 11. The Center for Effective Philanthropy. Retrieved from <https://cep.org/portfolio/new-attitudes-old-practices/>

²⁸ BoardSource. 2021. *Leading with Intent: Reviewing the State of Diversity, Equity, and Inclusion on Nonprofit Boards*: 5. Retrieved from <https://leadingwithintent.org/diversity-equity-and-inclusion-findings/>

²⁹ Thomas-Breitfeld & Kunreuther 2017, 3.

In a widely disseminated 2021 report from leaders at Echoing Green and Bridgespan, the authors argue that barriers to funding for leaders of color include unequal social networks, bias and mistrust, and challenges with sustainable relationship building between nonprofit leaders of color and philanthropic leaders.³⁰ The 2016 Branch Associates study similarly found “a degree of segregation and isolation between African American-led and white-led organizations,” including a “lack of diverse professional and social networks, which can negatively impact access to funding.”³¹

Many of the leaders interviewed in 2021 for this report shared that one of the principal fundraising challenges they face is that their social and professional networks are often constrained by race and further limited by gender, sexuality, age, class, national origin, faith, and education.³² These findings do not suggest that nonprofit leaders are to blame for the barriers they encounter. Instead, the unequal power relations between funders and nonprofit executives demonstrate that remedying this problem depends on philanthropic leaders. Some in philanthropy have already started encouraging their peers to examine their own biases and work to intentionally expand “grant pipelines beyond [foundation staff and leadership’s] personal and professional circles.”³³ Networking opportunities are undoubtedly critical for all nonprofit leaders. That said, if Philadelphia’s regional funders want to intentionally confront the challenges articulated by the leaders in our sample, their recommendations offer the opportunity for growth and change.

THE OPPORTUNITY



We suffer in terms of not having the same kinds of networks or relationships with funders. And we need to make great progress with trying to create and cultivate those relationships. And, to the extent that foundations can help cultivate and grow and make introductions? I think that’s important.

- Philadelphia-based Nonprofit Leader

³⁰ Dorsey, Cheryl, Bradach, Jeff, & Kim, Peter. 2020. Racial Equity and Philanthropy: Disparities in Funding for Leaders of Color Leave Impact on the Table. Echoing Green and Bridgespan Group: 12. Retrieved from <https://www.bridgespan.org/bridgespan/images/articles/racial-equity-and-philanthropy/racial-equity-and-philanthropy.pdf>.
³¹ Branch Associates 2016, 5.
³² Several nonprofit leaders interviewed for this study indicated that the school(s) they attended either broadened or limited their social and professional networks and ability to make in-roads with regional funders.
³³ Allen, Tonya, Enright, Kathleen, & Pennington, Hilary. 2021. *Sharing Power and Curbing Racial Inequities: How Grant Makers Can Commit to Real Change a Year After Covid*. The Chronicle of Philanthropy. Retrieved from <https://www.philanthropy.com/article/sharing-power-and-curbing-racial-inequities-how-grant-makers-can-commit-to-real-change-a-year-after-covid>

THE OPPORTUNITY

When discussing how regional funders might approach “getting to know” Philadelphia-based Black leaders and Black-serving organizations, the most frequent recommendation was intentional networking opportunities between philanthropic leadership and Black nonprofit leaders. **One leader stressed it was important for funders to host events with prospective grantees and philanthropic leadership because, “We need people to create the time, create the space, to get to know our leadership.”** Some leaders cited events they’d participated in before the pandemic hosted by the United Way and others where they enjoyed the opportunity to meet regional funders and capacity building practitioners. The leaders in our sample recommend networking events - not for high-stake pitches but rather to genuinely get to know one another and begin relationship building for the long term.

Finally, leaders expressed the need for funders to actively consult with and invite Black nonprofit executives to participate in agenda-setting for the Philadelphia region. **As one leader interviewed for this study shared, “Black nonprofit leaders are not a monolith.”** Instead, Philadelphia’s Black-led organizations are incredibly diverse in organizational size, fundraising capacity, operating budget, and mission. There is also great diversity among individual leaders in age, gender, sexual orientation, length of tenure, and proximity to the individuals and communities their respective organizations serve. Whether networking opportunities or agenda-setting, regional funders should take care not to repeatedly tap into a small pool of Black nonprofit leaders as doing so can lead to group-think and could be detrimental to those excluded. **Ultimately, the nonprofit leaders interviewed for this report want opportunities to engage with regional funders who wish to learn, invest, and grow in partnership with them as they work to aid, educate, strengthen, empower, and bring joy and healing to the individuals, businesses, and communities they serve.**

RECOMMENDATION #2: Embrace Trust-based Philanthropy

Listen to these smaller, Black-led nonprofits because we are often the ones serving the families who need the most. We are deliberately serving the families with the most need and families of color. I think [funders] need to take the time to listen because if they really want to have an impact on communities, that's where they've got to go.

- Philadelphia-based Nonprofit Leader



INTRODUCTION

This report section considers trust-based philanthropy, nonprofit leaders' views on COVID-19 impacts and relief, general operating support, capacity building, data gathering, transparency, and shared accountability. All the leaders interviewed recommend that regional funders begin or continue breaking with grantmaking orthodoxies and embrace trust-based philanthropy as the sector grapples with COVID-19 recovery and equitable grantmaking practices. For organizations engaged in critical human service program delivery that operate with budgets funded with majority government grants, leaders ask regional funders to reconsider how their eligibility requirements exclude their organizations from funding opportunities. While their budgets may appear large, they provide vital services and operate with little to no cash reserves.

Among the tenets of trust-based grantmaking, the leaders in our sample universally reported that regional funders can best support Black leaders and Black-serving organizations with general operating support, including multi-year, unrestricted, and transformational gifts. The leaders also suggested funders embrace other tenets associated with trust-based philanthropy like getting to know nonprofit leaders, simplifying grant applications and reporting, investing in nonprofit organizational and leadership capacity building and development, and committing to transparency and accountability.³⁴

³⁴ Trust-Based Philanthropy Project. N.D. 6 Practices of Trust-Based Grantmaking. <https://www.trustbasedphilanthropy.org/>

KEY TENETS



[Funders] want to attach their name or their philanthropic dollars to a program. [Nonprofit] staff need to heal and plan and think about programming. But there's really no space in a philanthropic setting to get dollars like that.



- Philadelphia-based Nonprofit Leader

According to the Trust-Based Philanthropy Project, the fundamental tenets of trust-based grantmaking practices include:

Giving multi-year, unrestricted funding.

Being transparent and accountable to grantee partners and communities.

Developing familiarity with the nonprofits and issues in your grantmaking geography.

Soliciting feedback from grantees and communities.

Reducing grant application and reporting processes.

And offering nonmonetary support to help grow nonprofit capacity.³⁵

Trust-based philanthropy recognizes that nonprofit leaders and staff are not only knowledgeable about their respective community and constituent needs but are, in fact, experts whose perspectives should be respected and valued. Trust-based grantmakers believe in their grantees' decision-making and ability to manage their finances. They also strive to increase grantee self-determination and autonomy. If funders want to advance equitable grantmaking practices, one philanthropic leader advises, "A trust-based, equity-centered philanthropy, centers the solutions of those most impacted, rejects traditional philanthropy's rampant excuses for underfunding BIPOC leadership, and does this all without onerous process."³⁶

³⁵ Trust-Based Philanthropy Project N.D.

³⁶ Infante, Pia. 2020. Dear Mackenzie Scott, Thank You for Your Trust-Based Philanthropy. Trust-Based Philanthropy Blog. Retrieved from <https://thewhitmaninstitute.org/twi-blog/dear-mackenzie-scott-thank-you-for-your-trust-based-philanthropy/>

Early in the pandemic, the Center for Disease Control and Prevention (CDC) reported what many professionals working in the nonprofit sector anticipated: that the impact of COVID-19 would be unequal. When reporting on health equity in the U.S. in 2020, the CDC warned that “The COVID-19 pandemic has brought social and racial injustice and inequity to the forefront of public health. It has highlighted that health equity is still not a reality as COVID-19 has unequally affected many racial and ethnic minority groups, putting them more at risk of getting sick and dying from COVID-19.”³⁷ The unequal effects of COVID-19 extended to “first-responder” nonprofit leaders and staff. Researchers at the Building Movement Project explained that “POC-led nonprofits are on the frontlines of response and recovery efforts related to both the pandemic and the calls for systemic change.”³⁸

Many of the nonprofit leaders interviewed for this study pivoted their organizations dramatically to address the immediate needs of Philadelphians in critical realms ranging from education to healthcare and housing and food insecurity. Several developed neighborhood-based mutual aid efforts to help distribute food and household essentials. Some implemented trauma-informed leadership practices to help meet the needs of their staff and model self-care. Others introduced technological innovations to their established service delivery models that may lead to increased revenue in a post-COVID-19 world.

COVID-19 RELIEF

Nationally, the philanthropic response to the pandemic was robust. In response to growing alarm about the hardship caused by the pandemic, the Ford Foundation and others pledged to support nonprofits and people impacted by relaxing grant restrictions, making new grants “as unrestricted as possible,” and reducing demand on grantee reporting.³⁹ By June 2020, more than 1,000 community-based COVID-19 response funds were created – primarily by United Ways and community foundations – to provide regional relief.⁴⁰

Though our findings are not generalizable, in interviews with Black nonprofit leaders, the majority reported that most of the regional funders who invest in their work broke traditional grantmaking orthodoxies during the pandemic. Funders offered relief by relaxing restricted funding designations and grant reporting requirements, and some increased their gifts.⁴¹ Several nonprofit leaders working in critical direct service areas (food, housing, and healthcare) reported that increased unrestricted funding allowed them to shore up their organization’s cash reserves.

³⁷ Centers for Disease Control and Prevention. 2021. Health Equity Considerations and Racial and Ethnic Minority Groups. Retrieved from <https://www.cdc.gov/coronavirus/2019-ncov/community/health-equity/race-ethnicity.html>

³⁸ Douglas, Jen, & Iyer, Deepa. 2021. On the Frontlines: Nonprofits Led by People of Color Confront COVID-19 and Structural Racism: 2. Building Movement Project. Retrieved from <https://buildingmovement.org/reports/on-the-frontlines/>

³⁹ Ford Foundation. 2020. A Call to Action: Philanthropy’s Commitment During COVID-19. Retrieved from <https://www.fordfoundation.org/campaigns/a-call-to-action-philanthropy-s-commitment-during-covid-19/>

⁴⁰ Candid, & the Center for Disaster Philanthropy. 2021. Philanthropy and COVID-19: Measuring One Year of Giving: 10. Retrieved from <https://www.issuelab.org/resources/38039/38039.pdf>

⁴¹ This does not align with findings from the Building Movement Project. They reported that, “About one-third of organizations across race reported no change in public and/or foundation grant revenue because of the pandemic. For the two-thirds that did experience changes, Black-led groups were the most likely to report grant losses. Nearly half (46%) of Black-led organizations reported a loss in grant revenue with less than a quarter (23%) experiencing an increase.” See Douglas & Iyer 2021, 13.

Several leaders in our sample reported that their organizations lost funding or simply did not see an increase in unrestricted funding during the first year of the pandemic. Most of those executives believe this was due to the nature of disaster philanthropy and the importance of privileging organizations providing critical, frontline human services. Some nonprofit leaders that rely on majority government funding reported that their organizations were economically decimated during the first year of the pandemic and left with little or no cash reserves. Nonetheless, at least one of those organizations increased programming and service provisions during the first wave of the pandemic when their team was determined to find ways “to do more with less.”

COVID-19 RELIEF DATA LIMITATIONS

Though COVID-19 relief was quick and hearty and funders widely embraced the “pledge,” new concerns emerged about equitable and intentional grantmaking practices.⁴² In 2020, the Philanthropy Network Greater Philadelphia partnered with the Center for High Impact Philanthropy (CHIP) at the University of Pennsylvania School of Social Policy and Practice to create a dashboard documenting the regional philanthropic response to the COVID-19 pandemic.⁴³ The researchers found that “Between March 18 and June 29, 2020, 13 COVID-19 response funds in Southeastern PA and Southern New Jersey made 4,892 grants totaling \$40,133,289 in grant awards across ten counties in the region.”⁴⁴ Like Candid & the Center for Disaster Philanthropy, CHIP researchers reported that a lack of data prevented accurately assessing how well funding was targeted. Without nonprofit grantee demographic and geographic service area data, it was impossible to know if funds reached organizations led by people of color serving Philadelphia residents and communities with the greatest needs.⁴⁵

⁴² Douglas & Iyer 2021.

⁴³ La, Hanh, Andrews, Kelly, & Rosqueta, Katherina. 2020. Charting Impact: Findings from the COVID Dashboard and Lessons for the Road Ahead. The Center for High Impact Philanthropy with Philadelphia Network Greater Philadelphia. Retrieved from <https://www.impact.upenn.edu/charting-impact-findings-from-the-covid-dashboard-and-lessons-for-the-road-ahead/>

⁴⁴ La, Andrews, & Rosqueta 2020, 6.

⁴⁵ La, Andrews, & Rosqueta 2020, 6-7.

CHALLENGE ORTHODOXIES

Back in 2017, the Philadelphia Foundation commissioned research to assess the fiscal health of Philadelphia-area nonprofits. In that report, the researchers addressed various factors impacting nonprofits operating in the five-county region, including structural challenges like cost-minus funding, inflexible funding, and zero-sum philanthropy.⁴⁶ Notably, the report’s authors were skeptical about the possibility of increasing unrestricted funding because “the amount of available private philanthropy is relatively fixed — it varies little year to year, and has demonstrated no ability to grow at a faster rate than GDP. While individual nonprofits may succeed in their mission to raise more, the sector in aggregate won’t. And it is just as unlikely that public sources of support will increase any time soon.”⁴⁷

Despite their pessimism about expanding unrestricted funding in the Philadelphia region, the researchers also made a case to regional funders that their grantmaking orthodoxies were unsustainable. They explained, Nonprofits simply cannot build necessary reserves when substantially all revenue comes in the form of restrictive grant and cost-minus contracts. Funders must begin to explore more sustainable funding models — more flexible and less restrictive terms, provision of general operating support to vital nonprofit partners, addition of specific overhead funding vehicles, or creation of “rescue” funds to shore up distressed nonprofits. Without these steps, too much vital capacity is likely to fail out of the system in the coming years, with too much adverse impact on the collective good of society.⁴⁸

Based on this analysis, grantmaking orthodoxies endanger the fiscal health of individual nonprofits and the sustainability and capacity of the region’s nonprofit sector. Robust COVID-19 disaster relief efforts and new funds devoted to Black-led and Black-serving organizations demonstrate that Philadelphia regional funders can break with orthodoxies by embracing trust-based grantmaking.

⁴⁶ Roberts, Dylan, Morris, George, MacIntosh, John, & Bordone, Adrian. 2017. The Financial Health of Philadelphia-area Nonprofits: 9. Oliver Wyman. Retrieved from https://www.philafound.org/wp-content/uploads/2019/01/Financial-Health-of-Philadelphia-Area-Nonprofits-FINAL_1.pdf
⁴⁷ Roberts, Morris, MacIntosh, & Bordone 2017, 10.
⁴⁸ Roberts, Morris, MacIntosh, & Bordone 2017, 15.

GENERAL OPERATING SUPPORT



Having the ability to use a grant for operations and be flexible? If you give me an operational grant that is going to support a position on the development team, then we can raise money. There are ways to support us and give us flexibility.

- Philadelphia-based Nonprofit Leader



Please consider non-discretionary funding. Please consider that to run a program, you want to have solid infrastructure. The limitations on discretionary funding mean there’s nothing there for payroll. There’s nothing for an audit. How are we intended to survive?

- Philadelphia-based Nonprofit Leader

In a 2020 report, the Center for Effective Philanthropy (CEP) surveyed CEOs and program officers of foundations giving at least \$5 million annually and nonprofit grantees. The authors write that “While we sought to understand what is getting in the way of the provision of multi-year [general operating support], we were unable to identify a clear theme or major barrier. We are left to conclude that a majority of foundation leaders simply have not felt it a fit with their approach or important enough to prioritize shifting their funding practices.”⁴⁹ Nonprofit grantees told CEP that the value and benefit of general operating support include “the ability to plan for the future, the opportunity to focus on their work, and the capacity to invest in staff - and ultimately, increase the impact they can have on society.”⁵⁰

⁴⁹ Buteau et al New Attitudes 2020, 6.
⁵⁰ Buteau et al New Attitudes 2020, 7.

All the leaders interviewed in 2021 for this report cited general operating support as the most impactful way regional funders can support Black leaders and Black-serving organizations.

In their study of the Philadelphia region’s nonprofit sector, Roberts et al. explained that restricted funds “[impose] huge administrative burden on nonprofits, as every penny of program spending needs to be documented. It also leaves nonprofits scraping to pay for critical functions like IT, finance, and executive management that do not qualify as “program” expenses — but are in fact vital to the health and survival of the institution.”⁵¹ As one nonprofit executive who has been leading and growing their organization for more than twenty years insisted, regional funders should “Fund operations. Period.”

In addition to broad recommendations for general operating support, nonprofit leaders suggest that regional funders increase long-term gifts as they will contribute to organizational fiscal stability and strategic development. During interviews, unrestricted, multi-year, and “transformational” gifts were regarded as trust indicators. Leaders recommend that regional funders ask nonprofit grantees questions like “what do you need?” for the long-term instead of insisting, “here’s what we’re going to do.” One executive recommends regional funders “Ask nonprofit leaders what they need to be successful in five years. I would ask philanthropists to stop looking at year-to-year funding. Make a commitment. Make a three-to-five-year commitment.”⁵²

⁵¹ Roberts, Morris, MacIntosh, & Bordone 2017, 9.

⁵² One of the key tenets of trust-based grantmaking is the provision of multi-year, unrestricted funding. See Trust-Based Philanthropy Project N.D.

CAPACITY BUILDING



Not a lot of funders or foundations are funding capacity building. If you want to create a stable and growing, thriving Black leader pipeline, there must be some thought in this, and attention paid toward making sure that we are undergirding these leaders with some capacity building. Whether it is strategic planning or fundraising. It is harder for Black leaders to raise money from a predominantly white, wealthy community. We need capacity building that helps Black leaders to catch up with their white peers. Or even give them an advantage.

- Philadelphia-based Nonprofit Leader



Support professional development for Black nonprofit leaders specifically. I would love to be able to do some more development activities and networking, but I just don’t have the budget for it. If you want us to be able to grow and be more independent, be able to compete, that sort of support would be really helpful.

- Philadelphia-based Nonprofit Leader

Many nonprofit leaders interviewed for this study recommend that regional philanthropists increase funding for capacity building, another key tenet of trust-based philanthropy. More than half of the leaders suggest that funders invest in capacity building to help increase the professionalization of their staff, improve their fundraising strategies, contribute to the skills-building required to diversify revenue streams, and cultivate the pipeline of talent in Philadelphia’s nonprofit ecosystem. According to nonprofit leaders, investments in capacity building and general operating support will strengthen Black-led nonprofits and benefit their staff, program participants, and communities served. Several leaders noted that increased funding for capacity building for Black leaders and their respective organizations should be understood as an investment in individual organizations and the capacity and sustainability of the region’s nonprofit sector.

TRANSPARENCY AND SHARED ACCOUNTABILITY



Foundations hold nonprofits accountable. Turn that on yourselves.

- Philadelphia-based Nonprofit Leader



How cool would it be if foundations got together and did the kind of advocacy that we are thinking and talking about? If they looked at the Echoing Green⁵³ framework and said ‘Hey, we want to change something here. And we’re going to hold ourselves accountable and each other accountable.

- Philadelphia-based Nonprofit Leader

One of the key findings reported in the 2016 Branch study was that Black nonprofit leader survey respondents reported more significant challenges with fundraising than their white peers. However, it was uncertain if Philadelphia-based “African American nonprofit organizations receive less funding than white-led organizations” due to a lack of available data.⁵⁴ The nonprofit leaders interviewed for this study want to partner with regional funders committed to equitable grantmaking and shared accountability. As several noted, nonprofits have always been subject to data and accountability measures, and they would like to see similar levels of accountability and transparency from regional funders.

Recent reports about COVID-19 relief from Candid and the Center for Disaster Philanthropy and the Philanthropy Network of Greater Philadelphia and the Center for High Impact Philanthropy brought greater attention to the value and importance of data collection to establish goal setting and more equitable grantmaking.⁵⁵ Leaders from Bridgespan and Echoing Green similarly encourage philanthropists to use data disaggregated by race to assess their grantmaking.⁵⁶

⁵³ Echoing Green. 2019. Building Resources for Echoing Green’s Leadership Development Framework. Retrieved from <https://echoinggreen.org/news/building-resources-for-echoing-greens-leadership-development-framework-2/>

⁵⁴ Branch Associates 2016, 6.

⁵⁵ Candid, & the Center for Disaster Philanthropy 2021; La, Andrews, & Rosqueta 2020.

⁵⁶ Dorsey, Bradach, & Kim 2020, 18.

They also suggest that funders correct for historically biased grantmaking by “set[ting] racial equity goals to build power among community members and leaders proximate to the problems you seek to address.”^{57,58} Setting, monitoring, and meeting racial equity goals will require data collection and transparency.

Many nonprofit leaders believe that Black-led and Black-serving organizations are underfunded. But grantmakers cannot effectively implement solutions to problems that are not measured. Several leaders interviewed for this study recommend that regional funders make their grantmaking data, including grantee demographic and service area data, easily accessible to the public.⁵⁹ Philanthropists should also consider suggestions from PEAK Grantmaking, like the importance of making demographic data public for funded organizations *and* declined applicants.⁶⁰ Data collection and analysis will make it possible to assess, set goals, and monitor giving to Black-led and Black-serving nonprofits.

During interviews, nonprofit leaders also recommended that grantmakers make foundation diversity data public to help assess, monitor, and close racial leadership gaps in philanthropy. Some funders might be reluctant to collect or make such information public. **However, as former D5 Director Kelly Brown has cautioned, “One may believe that intersectional identities are not relevant to their grantmaking practice, but our identities play a large role in how we perceive the world around us and act within it. It doesn’t become irrelevant because we choose not to collect data to understand how this data impacts our mission”.**⁶¹

As a starting point, nonprofits and foundations can conduct DEI surveys with their staff and boards and voluntarily complete their Candid Nonprofit Profile.⁶² However, this will not entirely remedy data collection and availability problems. A more comprehensive accounting of Black-led and Black-serving organizations will require an alternative data collection strategy that targets small, grassroots, and neighborhood-based nonprofits lacking profiles in Candid’s database. Effecting material change over time will require work like developing a theory of change, conducting new surveys and research with Black nonprofit leaders and other leaders of color, data analysis, progress monitoring, and reporting on the Philadelphia region. This endeavor will necessitate a sustained commitment to change, staff, and long-term administrative and financial support.

⁵⁷ Dorsey, Bradach, & Kim 2020, 18.

⁵⁸ A similar effort is already underway in Philadelphia. Last year, the city implemented the Transparency in Business Act which “requires vendors with City contracts to disclose past contract experience, as well as demographic and compensation information for their workforce and board members. It also requires this information for subcontractors and labor sources on these contracts.” See <https://www.phila.gov/services/business-self-employment/bidding-on-a-city-contract/file-transparency-in-business-act-disclosure-forms/>

⁵⁹ With their GlassPocket transparency initiative, “The Foundation Center is cataloging foundations’ online transparency and accountability practices.” They recommend that foundations implement either a searchable grants database or categorized grants list that is accessible to the public including “recipient name, grant amount, and recipient location information.” Candid (Firm). N.D. “Who has GlassPockets?” Indicators. Retrieved from <https://glasspockets.org/glasspockets-gallery/who-has-glasspockets/indicators>

⁶⁰ Greanias, Michelle. (2018). Foreword. Insight, Impact, and Equity: Collecting Demographic Data. PEAK Grantmaking. Washington D.C. Retrieved from https://www.peakgrantmaking.org/wp-content/uploads/2019/01/EP-Docs-PG-Demographic_Data_Report.pdf

⁶¹ Brown, Kelly. 2018. Insight, Impact, and Equity: Collecting Demographic Data: 16. PEAK Grantmaking. Washington D.C. Retrieved from https://www.peakgrantmaking.org/wp-content/uploads/2019/01/EP-Docs-PG-Demographic_Data_Report.pdf

⁶² Visit <https://help.guidestar.org/en/articles/3156343-how-to-complete-the-demographics-section-of-your-nonprofit-profile>

RECOMMENDATION #3:

Trust Black Leaders

I live this as most Black leaders live this every day. Coming into the office, you're thinking about racism and the impact of it. This is one of those things that we are probably gonna have to deal with for a very, very long time as Black leaders. How do we navigate it? And, at the same time, have a psychological safety to be able to discern it? To deal with it? The trauma that it causes all of us? It is not an easy notion to say, 'I'm going to be a Black leader of an organization.' That's why every time I see my Black sisters and brothers, I just got to respect them because I know they go through some stuff. No matter how well the organization is doing, I know each and every one of those brothers and sisters are going through some stuff. Right? Simply because they're Black or Black and female.

- Philadelphia-based Nonprofit Leader



INTRODUCTION

In this section of the report, nonprofit leaders interviewed for this study shared some of their experiences with racial and gender bias and discrimination and how they would like to see regional funders show up for Black leaders and Black-serving organizations.⁶³ Nearly all the leaders reported being subjected to racial and gender bias and discrimination during their tenure as executives. Their examples ranged from daily microaggressions to more wounding encounters and involved their staff, leadership teams, board members, national leadership, and regional funders. The overarching recommendation made in this section is for regional funders to trust Black nonprofit leaders.

The nonprofit leaders interviewed for this project recommend that regional funders stop treating Black leaders and Black-serving organizations as incompetent and risky. They ask regional funders to prioritize Black-led and Black-serving organizations unapologetically. These nonprofit leaders recommend regional funders support Black leaders during leadership transitions. They ask regional funders to increase Black representation in philanthropic leadership. Finally, they recommend regional funders unequivocally support Black women leaders.

⁶³ Racial discrimination is "The unequal treatment of members of various groups based on race, gender, social class, sexual orientation, physical ability, religion and other categories." Biases "are negative associations that people unknowingly hold. They are expressed automatically, without conscious awareness." See <https://www.racialequitytools.org/glossary#power>



When white people don't know any Black people in a real way- not like the receptionist at work. When they don't have relationships, when they don't understand anything about the culture, it is difficult to value Black leaders and people.

- Philadelphia-based Nonprofit Leader

DON'T CALL IT A RECKONING



I was trying to put up a good face, but I mean, it was hurtful when people were like, 'You got the CEO job?'

- Philadelphia-based Nonprofit Leader

As 2020 came to a close, acclaimed journalist Michele Norris penned a brief and insightful op-ed in The Washington Post. She wrote, "As the year ends, some will proclaim 2020 as a year of racial reckoning. I understand why. The phrase carries weight and gravitas and sounds important. But we cannot lull ourselves into thinking that the progress made this year deserves a victory lap. The race toward equality isn't over. It has barely begun."⁶⁴ Since the summer of 2020, there have been hundreds, if not thousands, of claims and declarations that the murder of George Floyd was a turning point in America's willingness to begin "reckoning" with race and racism. Like Norris, Hakeem Jefferson, professor of political science at Stanford University, argues against that notion. He explains that in 2020, while there was a "sizable jump in Americans' support for [Black Lives Matter] after Floyd's death and reported increases that suggest Americans were prioritizing race and racism more" that support "quickly decline[d] in the days and weeks following Floyd's murder."⁶⁵

Concerning the so-called "reckoning," Jefferson clarifies, "I was always cynical about the endurance of white Americans' commitment to racial equality post-Floyd. Racial attitudes are sticky and white Americans' attitudes about race and justice are notoriously fickle, subject to change as the conditions change."⁶⁶ Jefferson shares a perspective rooted in evidence and his experience as a Black academic, public opinion analyst, and American. Though there have been countless anti-racism pledges and commitments since the summer of 2020, Black nonprofit leaders are also skeptical because they continue to be subjected to racial and gender bias and discrimination.

⁶⁴ Norris, Michele. 2020. Don't Call it a Racial Reckoning: The Race Toward Equality Has Barely Begun. The Washington Post.

⁶⁵ Five-Thirty-Eight. 2021. What Has - And Hasn't - Changed Since George Floyd Was Murdered. Five-Thirty-Eight Chat. Retrieved from <https://fivethirtyeight.com/features/what-has-and-hasnt-changed-since-george-floyd-was-murdered/>

⁶⁶ Five-Thirty-Eight 2021.

CHANGE OVER TIME

Since the 2016 Branch Associates report about Philadelphia’s human services nonprofits, there have been significant changes in the region’s nonprofit sector. In 2016, the Philanthropy Network of Greater Philadelphia (Philanthropy Network) approved the formation of a Diversity, Equity, and Inclusion Committee. The Philanthropy Network has since offered workshops and learning sessions for regional funders “exploring the intersection of philanthropy, racial equity and social justice.”⁶⁷ This year, they will partner with Philanthropy New York and the Trust-Based Philanthropy Project to offer members a three-month learning and action cohort.⁶⁸ DiverseForce began a partnership with ImpactED in 2017 to create the DiverseForce on Boards training program for leaders of color to help “address the lack of racial/ethnic diversity on nonprofit boards.”⁶⁹

The Philadelphia Black Giving Circle was established in 2018 to distribute pooled funds to Black-led, Black-serving nonprofits operating in the Philadelphia region.⁷⁰ And as several of the leaders interviewed for this study reported, nonprofits led by people of color have significantly benefited from Compass Philadelphia’s strategic consulting pro-bono services, including board development and funding strategies.⁷¹ Finally, the Urban Affairs Coalition (UAC) is the oldest and largest Black-led fiscal sponsor in the country and serves as a Home for Nonprofits, including Black-founded and Black-led nonprofit organizations. Since 1969, UAC has sought to “strengthen nonprofits through fiscal sponsorship, shared services, program development, and capacity building” and is currently home to more than 80 organizations.⁷²

In June 2020, a group of Black executive directors and CEOs of Philadelphia region nonprofit organizations began meeting monthly via Zoom. These virtual meetings have provided a space for leaders to share concerns, discuss strategic partnerships, provide coaching and mentoring, sponsor professional development and training workshops, and impart information about funding opportunities and other resources needed for organizations to be impactful and sustainable. The group currently includes approximately 90 Black nonprofit leaders.

⁶⁷ Philanthropy Network Greater Philadelphia. N.D. Diversity, Equity & Inclusion. <https://philanthropynetwork.org/diversity-equity-inclusion>

⁶⁸ Philanthropy Network Greater Philadelphia. 2022. FAQ: Trust-Based Philanthropy Cohort with a Racial Equity Lens. <https://philanthropynetwork.org/news/faq-trust-based-philanthropy-cohort-racial-equity-lens>

⁶⁹ ImpactED. N.D. DiverseForce on Boards. <https://impact-ed.sas.upenn.edu/featured-projects/diverseforce-boards>

⁷⁰ Philadelphia Black Giving Circle. N.D. About. <https://www.phillyblackgiving.org/about>

⁷¹ Compass Philadelphia. N.D. Consulting. <https://compassprobono.org/philadelphia/consulting/>

⁷² Urban Affairs Coalition. N.D. About. <https://uac.org/about/>

REGIONAL PHILANTHROPIC INVESTMENT IN BLACK-LED, BLACK-SERVING ORGANIZATIONS

Since the 2020 police murder of George Floyd and subsequent protests for racial justice and criminal justice reform, there have been several significant regional funder investments for Black-led and Black-serving organizations operating in greater Philadelphia. In 2021, the Patricia Kind Family Foundation announced a round of one-time, general operating support grants for Black-led organizations. The Kind Foundation typically funds smaller human services organizations. For this special fund, the foundation awarded 32 grants ranging between \$10,000 and \$25,000 to Black-led nonprofits. Notably, most grants were \$25,000. In keeping with their history of transparent grantmaking announcements, the foundation identified the grantees, dollar amounts, mission statements, and hyperlinks to their respective organizations.⁷³

Also launched during the spring of 2021 with \$1 million in seed money from Facebook, the Philadelphia Foundation launched The Black Community Leaders Fund to support Black-led, Black-serving nonprofits in greater Philadelphia.⁷⁴ With a goal of \$5 million, additional regional funders have since contributed to the fund, including \$1 million from the William Penn Foundation.⁷⁵ According to a November 2021 press release, 29 organizations have been granted \$1.15 million to date. Though grantees are identified on the Philadelphia Foundation’s website, award amounts were not public.⁷⁶ The general operating support and capacity building grants range between \$5,000 and \$100,000. These investments in Black-led and Black-serving organizations offer significant material change. Nonetheless, the leaders interviewed for this study question whether such commitments will continue to be grown and sustained over time.

⁷³ Patricia Kind Family Foundation. 2021. Black-led Organization Grants – June 2021. <https://pkindfamilyfoundation.org/grants-blo>

⁷⁴ Philadelphia Foundation. 2021. Black Community Leaders. <https://www.philafound.org/nonprofits/available-grants/special-initiative-grants/black-community-leaders/>

⁷⁵ William Penn Foundation. 2021. William Penn Foundation Joins Other Funders to Support Black Community Leaders Fund. <https://williampennfoundation.org/newsroom/william-penn-foundation-joins-other-funders-support-black-community-leaders-fund>

⁷⁶ Philadelphia Foundation. 2021. Philadelphia Foundation’s Black Community Leaders Fund Makes \$800,000 in Grants to 24 Organizations. <https://www.philafound.org/press-releases/philadelphia-foundations-black-community-leaders-fund-makes-700000-in-grants-to-24-organizations/>

STOP TREATING BLACK LEADERS AND BLACK-SERVING ORGANIZATIONS AS INCOMPETENT AND RISKY



I think at the heart of it is trust. When you're a Black leader, it's like funders are asking, 'If I give you more money, can I trust you to be responsible? Do you even know what to do with that much money?'

- Philadelphia-based Nonprofit Leader

As philanthropic leaders from Echoing Green and Bridgespan recently reported, racial bias is one of the most significant barriers to funding for non-white nonprofit leaders.⁷⁷ During interviews with Black nonprofit leaders for this study, several shared that some regional funders are resistant to funding their organizations because they regard Black leaders and organizations as risky investments. Their perspective is similar to those in a 2017 report about leaders of color experiences with biased perceptions around their capacity to lead.⁷⁸

Some research suggests that the lack of diversity in the nonprofit sector leads to harsher assessments of people of color with credentials identical to their white colleagues.⁷⁹ The bias and mistrust Black leaders describe might also be attributed to a leadership prototype concept developed by Rosette, Leonardelli, and Phillips.⁸⁰ They theorized that most individuals are typically exposed to leaders who are white and subsequently "will conclude that the average leader, the prototypical leader, must be White."⁸¹ One consequence of such a racialized view of leadership is that non-white leaders may be subject to closer scrutiny and biased assessments.⁸²

As the 2016 Branch report documented, Black nonprofit leaders participating in that study had "background[s] and experiences" similar to their white peers.⁸³ Unfortunately, many leaders interviewed in 2021 believe that regional funders unfairly conflate race with competence and worthiness. Several recounted being subjected to intense scrutiny, dismissiveness, and ridicule during interactions with philanthropists. These leaders argue that the bias and discrimination they've been subjected to would never happen to their white peers. Regardless of the cause, nonprofit leaders ask that regional funders stop treating Black-led and Black-serving organizations as incompetent and risky.

⁷⁷ Dorsey, Bradach, & Kim 2020, 12.

⁷⁸ Thomas-Breitfeld and Kunreuther 2017, 12.

⁷⁹ Fernandez and Brown 2015.

⁸⁰ Rosette, Ashleigh Shelby, Leonardelli, Geoffrey J., & Phillips, Katherine W. 2008. The White Standard: Racial Bias in Leader Categorization. *Journal of Applied Psychology*. Vol. 93, No. 4, 758-777.

⁸¹ Rosette, Leonardelli, & Phillips 2008, 759-760.

⁸² Rosette, Leonardelli, & Phillips 2008, 760.

⁸³ Branch Associates 2016, 5.



Look at wanting to help [Black nonprofits] get to a yes for funding as opposed to, 'well, they don't have the size, they don't have the capacity. Does that leadership have the knowledge?' You know, how do we get to yes? What barriers can we remove to help get the yes.



- Philadelphia-based Nonprofit Leader

UNAPOLOGETICALLY PRIORITIZE BLACK-LED & BLACK-SERVING ORGANIZATIONS



I think foundations could be supporting us. Do what the Philadelphia Foundation is doing. It's point-blank, 'We're going to support Black leaders.'

- Philadelphia-based Nonprofit Leader

Among the challenges identified in the 2016 Branch report were difficulties Black leaders faced with fundraising, including lingering impacts from the Great Recession, reduced government funding, and competition for limited funds.⁸⁴ Additionally, in the 2016 study, Black executive directors reported that “the interaction between race and fundraising or access to funding or capital” was a barrier to organizational growth.⁸⁵ During interviews with Black nonprofit leaders in 2021, it was clear that the intersection of race and funding remained a significant problem.^{86, 87} As noted in the first section of this report, constrained social and professional networks create barriers to funding, networking, and relationship building. While constrained networks might be interpreted as the result of benign, unconscious bias and, therefore, relatively easy to remedy, the persistence of racial and gender discrimination reported by leaders is indicative of a more insidious problem the sector should not ignore.

Until the COVID-19 pandemic, it was largely presumed that if regional funders were making grants to Philadelphia-based nonprofits, they were investing in programs for Black children, youth, and families by default. The Philanthropy Network-sponsored research about COVID-19 relief helped reveal why this assumption is no longer tenable.⁸⁸

⁸⁴ Branch Associates 2016, 39.

⁸⁵ Branch Associates 2016, 40.

⁸⁶ The experiences of Black nonprofit leaders interviewed for this project align with Black nonprofit leaders working in the Bay Area and St. Louis metro. MWR Consulting. 2018. Follow the Leader: A Philanthropic Strategy for Effectiveness. Deaconess Foundation. Retrieved from <https://www.deaconess.org/sites/default/files/files/FollowtheLeaderReport.pdf>; Walker and Associates Consulting, LLC (Firm). 2015. Black-led Organizations in the Bay Area: From Crisis to Change. Bay Area Black United Fund. Retrieved from saadandshaw.com/wp-content/uploads/2017/12/Shaw_BLOs_Crisis-To-Change.pdf.

⁸⁷ The experiences described by the sample of Black nonprofit leaders interviewed for this project also align with those reported by nonprofit leaders of color in an expose published in the Chronicle of Philanthropy in 2019. Wallace, Nicole. 2019. 'I'm More Than One Identity': Nonprofit Leaders of Color Speak Out About Struggles and Triumphs. The Chronicle of Philanthropy. Retrieved from <https://www.philanthropy.com/article/nonprofit-leaders-of-color-speak-out-about-struggles-and-triumphs>

⁸⁸ La, Andrews, & Rosqueta 2020.

⁸⁹ Gooden, Susan T., Evans, Lindsey L., Perkins, Michael L., Gooden, Caper, & Pang, Yali. 2018. Examining Youth Outcomes of African American-Led Nonprofits. Nonprofit and Voluntary Sector Quarterly. Vol. 47, 34S-54S: 51S.

⁹⁰ Gooden et al. 2018, 51S.

Many Black leaders work with constituents and communities with whom they feel a kinship and bring expertise to their work that is rooted in “shared historical and cultural context.”⁸⁹ Some academic researchers have also found that because “African American-led nonprofit leaders have first-hand knowledge navigating a path to personal success despite structural obstacles, they are able to infuse this expertise into their programming.”⁹⁰ Increasing funding for Black-led and Black-serving organizations that have historically been under-resourced presents a choice for regional funders. As one nonprofit leader explained, many Black executives would simply like to see more regional philanthropists “just flat out make a commitment that is unapologetic and more than symbolic.”



It might even be fair to say that smaller, Black-led nonprofits have a stronger ear to the ground in the community. If regional funders really want to have an impact on these communities, we may be the ones who can help them have that impact.

- Philadelphia-based Nonprofit Leader

SUPPORT BLACK LEADERS DURING LEADERSHIP TRANSITIONS



[As an executive director] literally no one is your exact peer in the organization. And then, as a Black E.D., the first Black E.D. in this role? It's really challenging. I mean, I think all the challenges that Black people experience in any context don't dissipate with an executive position in an organization.

- Philadelphia-based Nonprofit Leader

In a 2019 Building Movement Project report exploring the racial leadership gap in the nonprofit sector, only 37% of non-white leaders reported that their predecessor was of the same racial background.⁹¹ Eighty-six percent of white leaders surveyed for the same study shared that their predecessor was also white.⁹² The researchers advised that "As a sector, nonprofit organizations need more models, resources and support to develop the capacity for cross-racial executive transitions that minimize organization upheaval and support the success of incoming nonprofit executives of color."⁹³ Similarly, a philanthropic leader who predicted there would be a wave of executive director transitions in 2021 argued that for many funders, leadership change "translates into increased risk" when in fact, "holding back support and waiting for a new leader to prove themselves can create harm, and paradoxically, increases the risk that the transition won't be a smooth one."⁹⁴

While leadership transitions are challenging for all leaders and organizations, during interviews for this project, the racial and gender bias experienced by leaders who are the first Black executive directors of their respective organizations was particularly disheartening. Leaders described harmful and discriminatory encounters with staff, leadership teams, board members, and national leadership. Regarding regional philanthropy, several leaders shared that some corporate and foundation leaders significantly reduced or stopped making grants to their organizations when they stepped into their leadership roles. Black nonprofit executives participating in this project recommend regional funders exercise caution when determining whether to continue grantmaking to organizations going through a leadership transition. Further, they recommend funders recognize how damaging revoking financial support is – particularly during a leadership transition – to the organization's fiscal health and the leader's confidence and reputation.

⁹¹ Thomas-Breitfeld, Sean, & Kunreuther, Frances. 2019. Nonprofit Executives and the Racial Leadership Gap: A Race to Lead Brief: 4. Building Movement Project. Retrieved from https://www.buildingmovement.org/wp-content/uploads/2019/07/ED.CEO_Race_to_Lead_Brief_.pdf

⁹² Thomas-Breitfeld and Kunreuther 2019, 4.

⁹³ Thomas-Breitfeld and Kunreuther 2019, 14.

⁹⁴ Bartling, Holly. 2021. Trust in Practice: Shifting Our Stance on Leadership Transitions. Trust-Based Philanthropy Project Blog. Retrieved from <https://www.trustbasedphilanthropy.org/blog-1/7-30-2021-shifting-our-stance-on-leadership-transitions>.



Executive directors can become dehumanized in a way, meaning that their full humanity is not considered, but our position and our title are more likely to be considered rather than the full person. As a Black E.D., I often feel very constrained in what I can say, and how I can say it. Often, I have to moderate what I say, which can feel very demoralizing to me.

- Philadelphia-based Nonprofit Leader

INCREASE BLACK REPRESENTATION IN PHILANTHROPIC LEADERSHIP



Everybody can talk about diversity, equity, inclusion, or whatever the acronym. But foundations can really put a focus on those who are doing the work and bring those people to the table. Right? We can also look at bringing in more Black leadership to run foundations.



- Philadelphia-based Nonprofit Leader

A recommendation made by several leaders participating in this project was that regional funders should actively work to increase Black representation in philanthropic leadership. The premise of this recommendation is rooted in their belief that Black philanthropic leaders can contribute to more equitable grantmaking and relationship building with Black and other non-white nonprofit leaders. Further, some suggested that increasing Black philanthropic leadership would increase the visibility of Black-led and Black-serving organizations. Some researchers suggest that if people of color in leadership positions are “given autonomy, authority, resources, and support, and not undermined,” they may be uniquely situated to help disrupt racial inequality.⁹⁵ In addition to material compensation, other conditions are necessary for successful organizational change in majority-white contexts. They include “a relatively flat hierarchy, a culture of empowering paid organizers, and supportive white leaders.”⁹⁶

BoardSource researchers suggest that “A [foundation] board’s diversity - or lack thereof - is also a statement about organizational values. Whose perspectives are essential for defining community needs, shaping strategies, and allocating grants, and whose are not.”^{97,98} Increasing Black representation in regional philanthropic leadership would not necessarily guarantee more funding for Black-led and Black-serving organizations. However, many of the leaders interviewed for this study believe the presence of Black leaders in regional philanthropy could help disrupt some of the barriers, discrimination, and discomfort they currently endure.

⁹⁵ Fulton, Brad R., Oyakawa, Michelle, & Wood, Richard L. (2019). Critical Standpoint: Leaders of Color Advancing Racial Equality in Predominantly White Organizations. *Nonprofit Management and Leadership*: 30, 255-276: 271.

⁹⁶ Fulton, Oyakawa & Wood 2019, 271.

⁹⁷ BoardSource 2019, 18.

⁹⁸ Nonprofit and philanthropic leadership diversity will not improve organizational or sector outcomes if diversity is approached as merely a reputational strategy. BoardSource researchers pointedly ask, “Are boards primarily viewing racial and ethnic diversity as a necessity for the organization’s reputation in the community, but seeing less value in racial and ethnic diversity as they relate to the various other roles and responsibilities of the board?” BoardSource 2021, 7.



If people really want to talk about racial equity and dismantling systems and that kind of stuff, if you’re not talking intentionally about building pipelines and providing the resources for that to happen, you’re not committed to racial equity as a funder.



- Philadelphia-based Nonprofit Leader

UNEQUIVOCALLY SUPPORT BLACK WOMEN LEADERS



There is an assumption that [Black women leaders] aren’t good enough, aren’t as connected, or as capable.



- Philadelphia-based Nonprofit Leader

Among all the executives interviewed for this report, Black women leaders who are the first Black executive director of their current organization reported suffering the most overt racial and gender discrimination and bias. Leaders shared an array of experiences, including white staff members undermining their authority by complaining to white board members or national administrators when they were displeased with a Black leader’s decision-making. Others shared that the murder of George Floyd and summer 2020 protests for racial justice and criminal justice reform further complicated their interactions with some white colleagues, funders, and board members. Several leaders reported that white board members and donors resisted conversations about racial equity. Two explained that it was crushing when white board members and donors failed to recognize the significance of summer 2020 or how those events impacted Black people – including Black nonprofit leaders, their staff, families, and the communities they serve.

In the seventh annual report on women in the corporate workplace, McKinsey & Company researchers argue that despite the equity commitments made during the summer of 2020, “Women of color face[d] similar types and frequencies of microaggressions as they did two years ago—and they remain far more likely than White women to be on the receiving end of disrespectful and ‘othering’ behavior.”⁹⁹ Similarly, researcher Ofronama Biu explores the challenges faced by women of color working in the nonprofit sector. Biu found that “women of color described instances of both blatant and subtle gendered racism and stereotypes they encountered in their work that affected their nonprofit careers.”¹⁰⁰ Her reporting aligns with this project’s findings.

One executive director interviewed for this report shared several harmful encounters with regional philanthropists. As a Black woman, she believes her experiences have significantly impaired her ability to develop relationships, rapport, and trust with white funding gatekeepers. The racial and gender discrimination she endured was incapacitating, and she continues to struggle with unwarranted feelings of incompetence.

Three additional Black women leaders shared that early in their tenure as executive directors of their current organization, several long-time donors decreased or declined to renew annual gifts. As noted previously, a sudden shift in a funder’s financial commitments can rattle the confidence of the most seasoned nonprofit leaders. Though they possessed development training and vast executive experience, funders deserted these leaders during a critical time in their organization’s leadership transition. One leader recommended that regional funders simply abandon the “suspicion of incompetence,” a habit she has frequently seen projected onto herself and other Black nonprofit executives. She and other nonprofit leaders recommend that regional philanthropic leaders work to intentionally “suspend” and “eradicate” racial and gender discrimination and unequivocally support Black women leaders.

⁹⁹ McKinsey & Company. 2021. Women in the Workplace 2021. Retrieved from <https://www.mckinsey.com/featured-insights/diversity-and-inclusion/women-in-the-workplace>

¹⁰⁰ Biu, Ofronama. 2022. Race to Lead: Women of Color in the Nonprofit Sector. Retrieved from <https://racetolead.org/women-of-color/>.

Annotated LITERATURE REVIEW

Qualitative research is generative, and the interviews for this project encouraged the development of a utilitarian literature review for the benefit of nonprofit leaders, staff, and regional funders. This review includes reports on national surveys, peer-reviewed articles, qualitative interviews, and editorials in national newsprint and trade media. The literature illustrates the wide array of research, testimony, and commentaries about the challenges faced by Black nonprofit leaders and other leaders of color. Many of the findings in the literature align with the perspectives, experiences, and recommendations shared by the Philadelphia-based Black nonprofit executives who participated in this study. This research will also answer some of the questions leaders posed during their interviews. The literature underscores that many of the problems and suggestions identified by the leaders in our sample are not unique to the Philadelphia region. This literature review is intended to serve as a resource to help facilitate conversation, self-assessment, and growth for regional nonprofit leaders and funders during this potentially transformational period.

1. **Allen, Tonya, Enright, Kathleen, & Pennington, Hilary. 2021. Sharing Power and Curbing Racial Inequities: How Grant Makers Can Commit to Real Change a Year After Covid. The Chronicle of Philanthropy. Retrieved from <https://www.philanthropy.com/article/sharing-power-and-curbing-racial-inequities-how-grant-makers-can-commit-to-real-change-a-year-after-covid>**

In this op-ed, three philanthropic leaders encourage their peers to “break out of the nonprofit starvation cycle.” They argue that “Many foundations shortchange their grantees with short-term, restricted funding that fails to cover nonprofits’ actual costs. This leaves nonprofits financially weak and directly undermines their effectiveness by making it hard for them to plan, learn rigorously, and invest in talent” (Allen, Enright, & Pennington 2021). Further, the authors encourage foundations to examine their own biases and work to intentionally expand “grant pipelines beyond [foundation staff and

leadership’s] personal and professional circles” (Allen, Enright, & Pennington 2021). These leaders also suggest that foundations set targets and goals to increase “the level of representation of women, people of color, LGBTQ people, and disabled people in leadership at the organizations we support; develop goals for improvement, and then report on the proportion of grants that go to such organizations” (Allen, Enright, & Pennington 2021).

2. **Bartling, Holly. 2021. Trust in Practice: Shifting Our Stance on Leadership Transitions. Trust-Based Philanthropy Project Blog. Retrieved from <https://www.trustbasedphilanthropy.org/blog-1/7-30-2021-shifting-our-stance-on-leadership-transitions>**

In this blog post, Holly Bartling, a senior program officer with the Berkeley-based General Service Foundation, challenges philanthropists to “meet the moment” by trusting nonprofits

during leadership transitions. Anticipating a wave of executive director transitions, Bartling recommends that funders question how they deal with their grantees during leadership changes. She argues that for many funders, leadership change “translates into increased risk” when in fact, “holding back support and waiting for a new leader to prove themselves can create harm, and paradoxically, increases the risk that the transition won’t be a smooth one” (Bartling 2021).

3. Battalia Winston (Firm). 2017. The State of Diversity in Nonprofit and Foundation Leadership. Retrieved from https://www.battaliawinston.com/wp-content/uploads/2017/05/nonprofit_white_paper.pdf

In 2017, the executive search firm Battalia Winston reported that 87% of the executive directors of the 315 largest foundations and nonprofits operating in the United States were white. According to their findings, only six percent of executive directors were Black/African American, 4% Hispanic/Latino, and 3% Asian American (Battalia Winston 2017).

4. BoardSource (Firm). 2021. Leading with Intent: BoardSource Index of Nonprofit Board Practices. Retrieved from <https://leadingwithintent.org/>

While the findings in this BoardSource report are not generalizable, they do illuminate some of the challenges facing nonprofit executives and boards of directors. It is based on data collected in a 2019 survey of nonprofit executive directors and board chairs. The findings in this report that align with our 2021 research include views about board performance, community relationship building and input, and board diversity. BoardSource researchers report that when assessing board performance, nonprofit executives graded their boards a “C+” for “building relationships with the community that help support and inform the organization’s work” (BoardSource 2021, 12).

And, regarding their board’s work toward “building a diverse and inclusive board with a commitment to equity,” nonprofit executives graded their boards a “C” while, on average, board chairs graded a “C+” (BoardSource 2021,12).

In terms of “level of importance,” nonprofit executives ranked fundraising as an important board function. Building relationships within the community that helps support and inform the organization’s work was rated slightly important. Building a diverse and inclusive board committed to equity was ranked less important (BoardSource 2021, 13). Notably, nonprofit executives also reported that their boards did not spend enough time on fundraising (76%), building relationships within the community that help support and inform the organization’s work (67%), and building a diverse and inclusive board with a commitment to equity (62%) (BoardSource 2021, 14).

5. BoardSource. 2021. Leading with Intent: Reviewing the State of Diversity, Equity, and Inclusion on Nonprofit Boards. Retrieved from <https://leadingwithintent.org/diversity-equity-and-inclusion-findings/>

In this BoardSource report, the researchers consider the diversity, equity, and inclusion (DEI) practices of nonprofit boards. Relevant to our 2021 research, the report includes findings regarding board diversity, bias faced by leaders of color, and biased social networks. In this report, they share that “Only 38 percent of executives felt that their [nonprofit] boards represented the communities they serve, and 66 percent of executives expressed dissatisfaction with their boards’ racial or ethnic diversity” (BoardSource 2021, 3). Notably, 45% of board chair survey respondents reported dissatisfaction with their board’s racial and ethnic diversity (BoardSource 2021, 3).

In another related takeaway, the researchers question if some board members approach board

diversity as merely a reputational strategy. They ask, “Are boards primarily viewing racial and ethnic diversity as a necessity for the organization’s reputation in the community, but seeing less value in racial and ethnic diversity as they relate to the various other roles and responsibilities of the board” (BoardSource 2021, 7)?

And as noted in other studies, there are widespread and legitimate concerns about how biased social networks impact the nonprofit sector. According to their research, BoardSource researchers note that the top two methods for identifying potential board members are “board members’ personal or professional networks” (96%) and executive directors’ personal or professional networks (88%) (BoardSource 2021, 5).

6. BoardSource. 2019. Foundation Board Leadership: A Closer Look at Foundation Board Responses to Leading with Intent 2017. Retrieved from <https://leadingwithintent.org/foundations/>

Based on a subset of data collected in their 2017 Leading with Intent survey, BoardSource found that 85% of foundation board members were white (BoardSource 2019, 17). Further, among those surveyed, “the lack of [foundation] board diversity [was] most concentrated in family and community foundations, which report that board members are 91 and 90 percent white, respectively” (BoardSource 2019, 17). When considering relations of power and organizational principles, the report’s authors suggest that “A [foundation] board’s diversity - or lack thereof - is also a statement about organizational values. Whose perspectives are essential for defining community needs, shaping strategies, and allocating grants, and whose are not. The power imbalance between foundations, grantees, and the ultimate beneficiaries of programs complicate these dynamics and warrant deep reflection

around the foundation board table” (BoardSource 2019, 18).

7. Brown, Kelly. 2018. Insight, Impact, and Equity: Collecting Demographic Data. PEAK Grantmaking. Washington D.C. Retrieved from https://www.peakgrantmaking.org/wp-content/uploads/2019/01/EP-Docs-PG-Demographic_Data_Report.pdf

Demographic data are needed to assess if funders are reaching intended populations and organizations and if their grantmaking processes are animated by equity and inclusion. In 2018, PEAK Grantmaking published a report detailing why grantmakers should collect demographic data from their grantees. This report serves as a guide for grantmakers and addresses critical questions regarding data collection, including: (1) What data should grantmakers collect? (2) How should it be collected? (3) How can and should demographic data be interpreted? (4) How should funders use demographic data in their work (Brown 2018, 16)?

In this report, Brown clarifies that the questions she seeks to help funders address are essential for those who intend to implement equitable grantmaking practices. She writes, “These questions are crucial for inclusion and for addressing the historic and persistent barriers that many have faced because of their race, class, gender, sexual orientation, ability, and the complex interaction of these identities. One may believe that intersectional identities are not relevant to their grantmaking practice, but our identities play a large role in how we perceive the world around us and act within it. It doesn’t become irrelevant because we choose not to collect data to understand how this data impacts our mission” (Brown 2018, 16).

8. **Buteau, Ellie, Marotta, Satia, Martin, Hannah, Orensten, Naomi, & Gehling, Kate. 2020. New Attitudes, Old Practices: The Provision of Multiyear General Operating Support. The Center for Effective Philanthropy. Retrieved from** <https://cep.org/portfolio/new-attitudes-old-practices/>

The Center for Effective Philanthropy (CEP) surveyed nonprofit grantees as well as CEOs and program officers of foundations giving at least \$5 million annually. The authors write that “While we sought to understand what is getting in the way of the provision of multiyear [general operating support], we were unable to identify a clear theme or major barrier. We are left to conclude that a majority of foundation leaders simply have not felt it a fit with their approach or important enough to prioritize shifting their funding practices” (Buteau et al. 2020, 6).

This report also offers perspective from nonprofit leaders who reported that general operating support benefits include “the ability to plan for the future, the opportunity to focus on their work, and the capacity to invest in staff - and ultimately, increase the impact they can have on society” (Buteau et al., 2020, 7). Twenty-nine percent of nonprofit leaders participating in the study feel that funders don’t provide more multiyear, general operating support grants because there “is a lack of trust in nonprofits and a desire to maintain control” (Buteau et al. 2020, 10).

Highlighting the relevance of relationships between nonprofit leaders and grantmakers, in CEP’s survey, 31 percent of program officers reported that the most significant factor in determining multiyear general operating support was “the foundation’s relationship with the grantee” (Buteau et al. 2020, 11).

9. **Buteau, Ellie, Glickman, Jennifer, Leiwant, Matthew, & Ilegbusi, Temitayo. 2018. Nonprofit Diversity Efforts: Current Practices and the Role of Foundations. The Center for Effective Philanthropy. Retrieved from** cep.org/wp-content/uploads/2018/07/CEP_Nonprofit-Diversity-Efforts_2018.pdf

In this 2018 report, the Center for Effective Philanthropy (CEP) “sought to understand the efforts of nonprofit organizations when it comes to diversity and the ways in which their foundation funders are interacting with and/or supporting those efforts” (Buteau et al. 2018, 4). This project included a survey of 205 nonprofit leaders “with annual expenses between \$100,000 and \$100 million” (Buteau et al. 2018, 4). CEP authors write that “42 percent of nonprofit CEOs report that their organization’s foundation funders have not discussed diversity issues with them” (Buteau et al. 2018, 17). Further, only “21 percent of nonprofit CEOs [in this sample] report that their foundation funders explain how they use the demographic information that they collect” (Buteau et al. 2018, 21).

10. **Candid, & the Center for Disaster Philanthropy. 2021. Philanthropy and COVID-19: Measuring One Year of Giving. Retrieved from** <https://www.issuelab.org/resources/38039/38039.pdf>

In this report, Candid and the Center for Disaster Philanthropy assess the philanthropic response to the Covid-19 pandemic to measure if grantmakers targeted funding to the nonprofits and communities with the greatest need. They argue that “the twin pandemics of the coronavirus and systemic racism brought attention to the role that philanthropy should play in engaging in policy and systems change” (Candid & the Center for Disaster Philanthropy 2021, 16).

The authors conclude that “The majority of funding dollars continued to lack details about where is funding is directed. About 63 percent of [global Covid-19 relief] funding (\$13.5 billion) went to “unknown” recipients, where funders announced a donation but did not specify its recipients, or to “multiple” recipients, where recipients were named without specifying how much funding each received. We therefore continue to have limited information about most donations and where they are directed” (Candid & the Center for Disaster Philanthropy 2021, 13).

To further the cause of equitable grantmaking, the authors make a case for philanthropic transparency and intentionality. Among a host of recommendations, they encourage funders to start or continue reporting more data to Candid; increase giving, unrestricted, and flexible grants; and target funding to communities disproportionately impacted by the Covid-19 pandemic (Candid & the Center for Disaster Philanthropy 2021, 26-27).

11. **Dorsey, Cheryl, Bradach, Jeff, & Kim, Peter. 2020. Racial Equity and Philanthropy: Disparities in Funding for Leaders of Color Leave Impact on the Table. Echoing Green and Bridgespan Group. Retrieved from** <https://www.bridgespan.org/bridgespan/Images/articles/racial-equity-and-philanthropy/racial-equity-and-philanthropy.pdf>

In this report, leaders from Echoing Green and Bridgespan consider “the depth of racial inequities in philanthropic funding” (Dorsey, Bradach, & Kim 2020, 2). They conclude that barriers to philanthropy advancing social change “are rooted in race” (Dorsey, Bradach, & Kim 2020, 3). The authors note that leaders of color “often bring strategies that intimately understand the racialized experiences of communities of color and the issues these communities face” (Dorsey, Bradach, & Kim 2020, 11).

Some of the barriers to funding identified by Dorsey, Bradach, and Kim include (1) unequal social networks; (2) bias and mistrust; (3) funders lacking an understanding of the value of culturally relevant interventions; and (4) challenges with sustainable relationship building between nonprofit leaders of color and philanthropic leaders (Dorsey, Bradach, & Kim 2020, 12). The authors encourage philanthropists to proactively and intentionally engage in relationship building and use data disaggregated by race to assess grant-giving (Dorsey, Bradach, & Kim 2020, 18). The leaders also recommend that funders correct for biased grantmaking and “set racial equity goals to build power among community members and leaders proximate to the problems you seek to address” (Dorsey, Bradach, & Kim 2020, 18).

12. **Emergent Pathways, LLC (Firm). 2019. The Case for Funding Black-led Social Change. Retrieved from** http://www.blacksocialchange.org/wp-content/uploads/2020/05/BSCFN_BLSOCO_Report.pdf

In 2019, the Association of Black Foundation Executives (ABFE) commissioned a report intended to help make a case for philanthropic investment in Black-led and Black-serving nonprofits. The recent recipient of a 2020 grant from MacKenzie Scott, ABFE “advocates for responsive and transformative investments in Black communities” in partnership with foundations, nonprofits, and individuals. This report extensively cites the 2016 Branch Associates study about Philadelphia’s nonprofit sector and describes that work as “one of the most comprehensive scans” exploring Black-led organizations (Emergent Pathways 2019, 4). Demonstrating that the concerns expressed by Black leaders in Philadelphia are not unique, this report also identified similar place-based research efforts in the Bay Area and St. Louis metro. The

three studies cited in this report indicate that Black-led nonprofits in each location experienced similar challenges (Emergent Pathways 2019, 9).

13. Equitable Evaluation Initiative (Firm), & Grantmakers for Effective Organizations. 2021. Shifting the Evaluation Paradigm: The Equitable Evaluation Framework. Retrieved from <https://www.equitableeval.org/blog-main/shifting-the-evaluation-paradigm-the-equitable-evaluation-framework-eef>

In addition to the reform and reflection occurring in some realms of the nonprofit sector, recommendations for change are also taking place in research and evaluation. The Equitable Evaluation Initiative (EEI) is a leader in this work. In this report, EEI and Grantmakers for Effective Organizations encourage consideration of the Equitable Evaluation Framework (EEF), a practice that involves reflection, reflexivity, and challenging entrenched “beliefs, assumptions and preconceptions” (Equitable Evaluation Initiative & Grantmakers for Effective Organizations 2021, 11). This report identifies some evaluation “orthodoxies to be challenged,” including the assumption that “credible evidence comes from quantitative data and experimental research” and “evaluators should provide generalizable lessons” (Equitable Evaluation Initiative & Grantmakers for Effective Organizations 2021, 12).

The authors write, “Historically, the concept of validity has been rooted in white-dominant culture with a strong preference for quantitative expressions of what is determined to be true and real. It is narrowly defined through one cultural lens. We need to consider what we are not knowing or seeing by not addressing at least a subset of these elements as we design evaluations, determine our samples, and engage

in analyzing and making sense of findings...” (Equitable Evaluation Initiative & Grantmakers for Effective Organizations 2021, 14).

Some considerations made by EEF and associated with trust-based philanthropy and evaluation were applied to our 2021 research project. They include voice – intentionally privileging the voices of Black leaders; and reflexivity – contemplating “how one’s own person, one’s own work and how the principles of evaluation manifest in self and work” (Equitable Evaluation Initiative & Grantmakers for Effective Organizations 2021, 15).

14. Fernandez, Idalia, & Brown, Allison. 2015. The State of Diversity in the Nonprofit Sector. Community Wealth Partners. Retrieved from <https://communitywealth.com/the-state-of-diversity-in-the-nonprofit-sector/>

According to this Community Wealth Partners blog from 2015, there is a severe lack of diversity in U.S. nonprofits and foundations. They write, “Overall, we found that while people of color represent 30% of the American workforce, only 18% of non-profit staff and 22% of foundation staff is comprised of people of color. For foundations, this number significantly decreases when looking at leadership and board member positions. This gap in diversity across staff and leadership in the sector reflects a lack of diversity in perspectives and backgrounds that could help organizations better understand the market and adapt and innovate strategies” (Fernandez and Brown 2015). Like other researchers have found and nonprofit and foundation staff and leaders of color have testified, Fernandez and Brown (2015) attribute the lack of diversity in the sector to biased social networks that impair recruitment efforts. They similarly hold that subconscious biases contribute to harsher assessments of candidates of color with credentials identical to their white peers.

15. Ford Foundation. 2020. A Call to Action: Philanthropy’s Commitment During COVID-19. Retrieved from <https://www.fordfoundation.org/campaigns/a-call-to-action-philanthropy-s-commitment-during-covid-19/>

During the first wave of the Covid-19 pandemic, the Ford Foundation pledged to “act with fierce urgency to support our nonprofit partners as well as the people hit hardest by the impacts of COVID-19” (Ford Foundation 2020). Some of the explicit commitments made by Ford and other foundations who signed the pledge include relaxing or eliminating current grant restrictions, making new grants “as unrestricted as possible,” and reducing demands on grantee reporting. One of the most critical aspects of the pledge was a commitment to “[listen] to our partners and especially to those communities least heard, lifting up their voices and experiences to inform public discourse and our own decision-making so we can act on their feedback. We recognize that the best solutions to the manifold crises caused by COVID-19 are not found within foundations” (Ford Foundation 2020).

16. The Foundation Center. 2019. “Who Has GlassPockets?” Indicators. Retrieved from <https://glasspockets.org/>

The Foundation Center launched the GlassPockets initiative to begin “cataloging foundations’ online transparency and accountability practices.” They encourage foundations to implement either a searchable grants database or categorized grants list that is accessible to the public, including “recipient name, grant amount, and recipient location information” (The Foundation Center 2019). The GlassPockets indicators include 27 “practices” foundations can embrace to demonstrate their commitment to transparency. Among the

practices, they recommend funders share data “about the demographics of the foundation’s workforce and board leadership” to “demonstrate that your organization prioritizes diversity, equity, and inclusion by sharing diversity data” (The Foundation Center 2019).

17. Fulton, Brad R., Oyakawa, Michelle, & Wood, Richard L. (2019). Critical Standpoint: Leaders of Color Advancing Racial Equality in Predominantly White Organizations. Nonprofit Management and Leadership: 30, 255-276.

In this peer-reviewed article, the authors argue that “Although the United States is becoming more racially diverse, organizational elites remain disproportionately white, and this mismatch contributes to increasing racial inequality” (Fulton, Oyakawa & Wood 2019, 255). Further, “This study seeks to highlight the contributions leaders of color can bring to predominantly white organizations and the need for such organizations to recognize the value these leaders provide as well as the burden they incur” (Fulton, Oyakawa & Wood 2019, 271).

When committing to advance racial equity within organizations, the authors suggest that change work may benefit when led by leaders of color. They argue that “some people of color” bring into predominantly white contexts a “critical standpoint” developed through living as a racial minority in a white-dominated society. When such people are empowered within predominantly white organizations, they can use their position and critical standpoint to promote racial equality through institutional work to challenge and change the organization’s white dominated perspectives and practices” (Fulton, Oyakawa & Wood 2019, 256). The authors admit that enlisting people of color in organizational change has been problematic because it often leads to

nonwhite workers not being compensated for their professional and emotional labor. However, they hold that if leaders of color are “given autonomy, authority, resources, and support, and not undermined,” they are uniquely situated to help disrupt racial inequality in the workplace (Fulton, Oyakawa & Wood 2019, 271). In addition to material compensation, some other conditions necessary for successful organizational change work include “a relatively flat hierarchy, a culture of empowering paid organizers, and supportive white leaders” (Fulton, Oyakawa & Wood 2019, 271).

- 18. Gooden, Susan T., Evans, Lindsey L., Perkins, Michael L., Gooden, Caper, & Pang, Yali. 2018. Examining Youth Outcomes of African American-led Nonprofits. Nonprofit and Voluntary Sector Quarterly. Vol. 47, 34S-54S.**

This peer-reviewed article employs a “representative bureaucracy framework” to theorize that nonprofits led by leaders of color might offer better outcomes for youth of color program participants (Gooden et al. 2018, 34S). The authors cite the 2016 Branch Associates study about Philadelphia’s nonprofit sector. Their research is primarily based on a survey with more than 700 youth at three nonprofits “led by and serving African Americans” (Gooden et al. 2018, 34S). The team holds that their research “indicates that demographic similarity among nonprofit leadership and nonprofit clients is transferable to increasing positive outcomes within African American-led nonprofit organizations. Such organizations represent a vital resource for positive youth development within largely African American communities” (Gooden et al. 2018, 52S). Among their principal findings, the youth participating in the study “outperform[ed] their peers in the areas of academic performance and self-esteem” (Gooden et al. 2018, 34S).

Among the explanations why Black leaders benefit youth outcomes, the authors posit that “shared historical and cultural context” should be more widely regarded as expertise. They conclude that “Because many of the African American-led nonprofit leaders have first-hand knowledge navigating a path to personal success despite structural obstacles, they are able to infuse this expertise into their programming” (Gooden et al. 2018, 51S). Further, “A combination of shared historical and cultural context, role modeling, and vicarious self-efficacy has important practical implications for serving African American youth” (Gooden et al. 2018, 51S).

- 19. Greanias, Michelle. (2018). Foreword. Insight, Impact, and Equity: Collecting Demographic Data. PEAK Grantmaking. Washington D.C. Retrieved from https://www.peakgrantmaking.org/wp-content/uploads/2019/01/EP-Docs-PG-Demographic_Data_Report.pdf**

In the foreword to a 2018 report, Michelle Greanias, former executive director of PEAK Grantmaking, explained, “Grantmakers occupy a powerful space of privilege in the social change sector. As such, they have a unique opportunity - and responsibility - to work proactively toward equity and inclusivity” (Greanias 2018). She expounds on the relationship between equitable grantmaking and data collection practices. Greanias writes, “For philanthropy to advance equity in all communities, especially low-income communities and communities of color, it needs to be able to understand the demographics of the organizations being funded (and declined), the people being served, and the communities impacted. The data that is collected about these organizations, people, and communities should be used to assess practices and drive decision making” (Greanias 2018, 4).

- 20. Infante, Pia. 2020. Dear Mackenzie Scott, Thank You for Your Trust-Based Philanthropy. Trust-Based Philanthropy Blog. Retrieved from <https://thewhitmaninstitute.org/twi-blog/dear-mackenzie-scott-thank-you-for-your-trust-based-philanthropy/>**

Pia Infante, co-executive director of the Whitman Institute, penned a 2020 blog post thanking MacKenzie Scott for practicing trust-based philanthropy. Highlighting the benefits of this approach to grantmaking, she explained that “A trust-based, equity-centered philanthropy, centers the solutions of those most impacted, rejects traditional philanthropy’s rampant excuses for underfunding BIPOC leadership, and does this all without onerous process” (Infante 2020). Further, Infante shares a theory of grantmaking that centers “data-driven” assessment, relationship building, and equity. She writes, “Ask any trust-based foundation and they will tell you: a humane, equitable, trust-based approach to philanthropy requires rigor. Likewise, a data-driven approach works best when it lives within trusting relationships between funders and grantees” (Infante 2020).

- 21. La, Hanh, Andrews, Kelly, & Rosqueta, Katherina. 2020. Charting Impact: Findings from the COVID Dashboard and Lessons for the Road Ahead. The Center for High Impact Philanthropy with Philadelphia Network Greater Philadelphia. Retrieved from <https://www.impact.upenn.edu/charting-impact-findings-from-the-covid-dashboard-and-lessons-for-the-road-ahead/>**

In 2020, the Philanthropy Network Greater Philadelphia partnered with the Center for High Impact Philanthropy (CHIP) at the University of Pennsylvania School of Social Policy and Practice to create a dashboard documenting the regional

philanthropic response to the Covid-19 pandemic (La, Andrews, & Rosqueta 2020). The researchers found that “Between March 18 and June 29, 2020, 13 COVID-19 response funds in Southeastern PA and Southern New Jersey made 4,892 grants totaling \$40,133,289 in grant awards across ten counties in the region” (La, Andrews, & Rosqueta 2020, 6).

Aligned with PEAK Grantmaking’s 2018 recommendations, La, Andrews, & Rosqueta explain that “One of the key lessons of this report is that until funders have better and more standardized demographic information, they will be unable to understand how well their grantmaking aligns with their social justice goals” (La, Andrews, & Rosqueta 2020, 6).

And, echoing the findings of Candid and the Center for Disaster Philanthropy, this report holds that “Best practices in crisis grantmaking emphasize speed of disbursement over data collection. The need for rapid deployment of funds meant that unless funds already had systems in place to capture demographic data, data on demographics of organization leadership and population served was incomplete. As racial disparities in COVID-19 effects became apparent, and the nation and region faced a reckoning on racial justice, the lack of demographic data for reporting and accountability was brought into sharp relief. Similarly, lack of information on grantees’ geographic service area (vs. organizational address) meant funders could not use valuable, census-tract level data to help target funding” (La, Andrews, & Rosqueta 2020, 7).

- 22. MWR Consulting (Firm). 2018. Follow the Leader: A Philanthropic Strategy for Effectiveness. Deaconess Foundation. Retrieved from <https://www.deaconess.org/sites/default/files/files/FollowtheLeaderReport.pdf>**

Framed as “An Invitation to Action,” the Deaconess Foundation funded this 2018 study to “inform and support philanthropic decision-makers” about the St. Louis metropolitan area’s Black-led nonprofits (MWR Consulting 2018, 2). Most of the findings in this research align with the 2016 Branch Associates study about Philadelphia’s nonprofit sector and our 2021 recommendations from Philadelphia-based Black nonprofit leaders. The St. Louis report recommends philanthropic decision-makers provide more support for Black leaders by confronting the structural biases of St. Louis regional foundation boards of directors in addition to social networks that are over-determined by race and class (MWR Consulting 2018, 11). The report also calls for philanthropic investment in organizational capacity building efforts and the cultivation of Black leadership talent pipelines, “implicit bias training for boards of directors,” and increase general operating support “an increase in multiyear funding and general operating support” (MWR Consulting 2018, 11). Notably, the appendix of this report includes an inventory of St. Louis metro Black nonprofit leaders identified by the researchers.

23. National Council for Behavioral Health (Firm). (N.D.) The National Council’s Framework for Trauma-informed, Resilience-oriented Leadership. Retrieved from https://www.thenationalcouncil.org/wp-content/uploads/2020/08/What_is_TIRO_Leadership.pdf

Many of the leaders participating in our 2021 research employed trauma-informed practices to guide their teams and model self-care during the height of the pandemic and 2020 campaigns for racial justice and criminal justice reform. Citing University of Houston scholar and best-selling author Brené Brown, in this factsheet, the National Council for Behavioral Health (N.D.) explains, “In order to be successful in change

management, leaders must embrace vulnerability and cultivate a culture in which brave work, tough conversations, and whole hearts are expected and rewarded.” Trauma-informed principles include safety, trustworthiness, transparency, peer support, collaboration, empowerment, voice and choice, and meaningful inclusion.

24. Orensten, Naomi, & Buteau, Ellie. 2021. Foundations Respond to Crisis: A Moment of Transformation? Center for Effective Philanthropy. Retrieved from <https://cep.org/foundations-respond-to-crisis/>

In 2021, the Center for Effective Philanthropy (CEP) published a series of reports exploring how foundations responded to the Covid-19 pandemic, racial justice and equity campaigns, and the possibility of lasting change. In alignment with the philanthropic “pledge” made by the Ford Foundation and others, in this report, they found that “What these crises accelerated for many [foundation leaders] were efforts like providing unrestricted support, loosening restrictions, engaging in advocacy, and being better listeners” (Orensten & Buteau 2021, 4).

CEP surveyed foundation leaders who did and did not sign the pledge (Orensten & Buteau 2021, 14). They shared that “Foundation leaders said listening to grantees and the communities they serve has a newfound importance. Relatedly, leaders we interviewed emphasized the need for funders to be more mindful of how they use their power” (Orensten & Buteau 2021, 9).

25. Roberts, Dylan, Morris, George, MacIntosh, John, & Bordone, Adrian. 2017. The Financial Health of Philadelphia-area Nonprofits. Oliver Wyman. Retrieved from https://www.philafound.org/wp-content/uploads/2019/01/Financial-Health-of-Philadelphia-Area-Nonprofits-FINAL_1.pdf

In 2017, the Philadelphia Foundation commissioned research to assess the financial health of Philadelphia-area nonprofits. This report is a post-2009 recession risk assessment of nonprofits operating in the five-county region. The researchers address various factors impacting nonprofits, including structural challenges like cost-minus funding, inflexible funding, and zero-sum philanthropy (Roberts, Morris, MacIntosh, & Bordone 2017, 9). The authors offer a menu of internal risk assessment measures nonprofit leaders can employ to improve their organization’s fiscal health. According to their findings, “In aggregate we believe that fewer than 40% of nonprofits can be characterized as financially strong” (Roberts, Morris, MacIntosh, & Bordone 2017, 3).

Their assessment of funding constraints is particularly relevant for our 2021 research study and worth quoting at length. Concerning “cost-minus funding,” they explain that “Most nonprofit funding, especially in health and human services, comes in the form of government contracts or restricted grants that virtually guarantee a deficit. Government contracts also create working capital depletion because funding arrives after expenses are paid. These funds are also subject to unpredictable delays in payment” (Roberts, Morris, MacIntosh, & Bordone 2017, 9).

Similarly, “inflexible funding” comes with “lots of strings, costs and restrictions attached” and includes grants and revenue allocated for programming (Roberts, Morris, MacIntosh, and Bordone 2017, 9). The authors elaborate that those restricted funds “[impose] huge administrative burden on nonprofits, as every penny of program spending needs to be documented. It also leaves nonprofits scraping to pay for critical functions like IT, finance, and executive management that do not qualify as

“program” expenses — but are in fact vital to the health and survival of the institution” (Roberts, Morris, MacIntosh, & Bordone 2017, 9). Finally, the researchers focus on “zero-sum” philanthropy. They argue that “Large organizations working in the most difficult issue areas will always be overwhelmingly reliant on government funding. Similarly, arts and culture organizations that are more reliant upon philanthropy, face great competitive challenges. And finally, while philanthropy may be flat — or even decline — when the economy is unpredictable, human need often rises, placing greater demand upon social service agencies” (Roberts, Morris, MacIntosh, & Bordone 2017, 9).

The report’s authors are deeply skeptical about an increase in unrestricted funds. They go so far as to state, “This solution won’t work, at least not for the community as a whole” because “the amount of available private philanthropy is relatively fixed — it varies little year to year, and has demonstrated no ability to grow at a faster rate than GDP. While individual nonprofits may succeed in their mission to raise more, the sector in aggregate won’t. And it is just as unlikely that public sources of support will increase any time soon” (Roberts, Morris, MacIntosh, & Bordone 2017, 10).

Despite their pessimism about expanding unrestricted funding, the authors offered pointed recommendations for philanthropy. They proposed, “For funders the call to action is simpler. Nonprofits simply cannot build necessary reserves when substantially all revenue comes in the form of restrictive grant and cost-minus contracts. Funders must begin to explore more sustainable funding models — more flexible and less restrictive terms, provision of general operating support to vital nonprofit partners, addition of specific overhead funding vehicles, or creation of “rescue” funds to shore up distressed

nonprofits. Without these steps, too much vital capacity is likely to fail out of the system in the coming years, with too much adverse impact on the collective good of society.” (Roberts, Morris, MacIntosh, & Bordone 2017, 15)

- 26. Rosette, Ashleigh Shelby, Leonardelli, Geoffrey J., & Phillips, Katherine W. 2008. The White Standard: Racial Bias in Leader Categorization. Journal of Applied Psychology. Vol. 93, No. 4, 758-777.**

In this peer-reviewed article, Rosette, Leonardelli, and Phillips sought to address a gap in research about leadership prototypes and racial bias. They theorized that when most individuals are exposed to leaders who are white, they will subsequently “conclude that the average leader, the prototypical leader, must be White” (Rosette, Leonardelli, & Phillips 2008, 759-760). One consequence of such perceptions is that “race may lead to biased evaluations of leadership through the process of leader categorization. That is, leaders who are racial minorities receive worse performance evaluations than White leaders because White leaders are perceived to be more similar to the leader prototype” (Rosette, Leonardelli, & Phillips 2008, 760). While this study centers on corporations, the research findings are relevant to the nonprofit sector and the likelihood of persistent barriers and bias experienced by leaders of color.

- 27. Scott, MacKenzie. 2021. Seeding by Ceding. Medium. Retrieved from <https://mackenzie-scott.medium.com/seeding-by-ceding-ea6de642bf>**

Since 2020, philanthropist MacKenzie Scott and her husband Dan Jewett have donated billions of dollars to charitable organizations. Scott makes

occasional announcements via the “open platform” Medium and has no website or other traditional communication mechanisms. In one 2021 post, she offered some insight regarding her approach to trust-based philanthropy. She writes,

“We chose to make relatively large gifts to the organizations named below, both to enable their work, and as a signal of trust and encouragement, to them and others.

These are people who have spent years successfully advancing humanitarian aims, often without knowing whether there will be any money in their bank accounts in two months. What do we think they might do with more cash on hand than they expected? Buy needed supplies. Find creative ways to help. Hire a few extra team members they know they can pay for the next five years. Buy chairs for them. Stop having to work every weekend. Get some sleep.

Because we believe that teams with experience on the front lines of challenges will know how best to put money to good use, we encouraged them to spend it however they choose. Many reported that this trust significantly increased the impact of the gift.” (Scott 2020)

- 28. Thomas-Breitfeld, Sean, & Kunreuther, Frances. 2019. Nonprofit Executives and the Racial Leadership Gap: A Race to Lead Brief. Building Movement Project. Retrieved from https://www.buildingmovement.org/wp-content/uploads/2019/07/ED.CEO_Race_to_Lead_Brief_.pdf**

This report contains a wealth of data and insight regarding the challenges and burdens experienced by nonprofit executives and how those challenges are “often compounded by race and other features

of identity” (Thomas-Breitfeld and Kunreuther 2019, 5). For leaders of color, the report drills down on challenges like those shared in our 2021 research, including financial stability and fundraising (Thomas-Breitfeld and Kunreuther 2019, 1-2).

For many, becoming an organization’s first leader of color is a cause for celebration. However, it can also prove disastrous if leaders are not set up for success. In this report, only 37% of people of color in executive leadership positions reported that their predecessor was of the same racial background, whereas 86% of white executives indicated that their predecessor was also white (Thomas-Breitfeld and Kunreuther 2019, 4). Thomas-Breitfeld and Kunreuther advise that “In interviews, focus groups and conversations, incoming leaders of color described struggling with heightened expectations, scrutiny and resistance from staff and boards as compared to what faced their white predecessors. As a sector, nonprofit organizations need more models, resources and support to develop the capacity for cross-racial executive transitions that minimize organization upheaval and support the success of incoming nonprofit executives of color” (Thomas-Breitfeld and Kunreuther 2019, 14).

- 29. Thomas-Breitfeld, Sean, & Kunreuther, Frances. 2017. Race to Lead: Confronting the Nonprofit Racial Leadership Gap. Building Movement Project. Retrieved from <https://racetolead.org/race-to-lead/>**

Building Movement researchers conducted a national survey with over 4,000 respondents to better understand why “the percentage of people of color in the Executive Director/CEO role has remained under 20% for the last 15 years” (Thomas-Breitfeld & Kunreuther 2017, 1). The survey respondents included nonprofit staff and

leadership. The researchers reported that non-white respondents were more likely to aspire to become nonprofit leaders. Further, non-white respondents “identified Boards of Directors and executive recruiters as key barriers to the hiring of more people of color executive directors/CEOs” (Thomas-Breitfeld & Kunreuther 2017, 1).

This report contains many findings that align with our 2021 research. For example, on fundraising and constrained social networks, the researchers found that “Whether due to bias or other factors, respondents of color were more likely than whites to agree it is harder for people of color to fundraise. They were also more likely than whites to see barriers to people of color advancing either because of smaller professional networks and/or the need for more training” (Thomas-Breitfeld & Kunreuther 2017, 3).

Attentive to the racial bias people of color experience in the workplace, this report also highlights the “implications” of racial and ethnic identity. The authors write, “40% [of people of color respondents] talked about a perceived inability to lead, a lack of human resources support, and/or an exclusion from important social networks. Thirty percent (30%) of the people of color respondents who commented noted negative experiences with others ranging from microaggressions to tokenizing to managing white colleagues’ guilt/emotions about race” (Thomas-Breitfeld and Kunreuther 2017, 12).

- 30. Walker and Associates Consulting, LLC (Firm). 2015. Black-led Organizations in the Bay Area: From Crisis to Change. Bay Area Black United Fund. Retrieved from saadandshaw.com/wp-content/uploads/2017/12/Shaw_BLOs_Crisis-To-Change.pdf**

When Branch Associates was researching Philadelphia’s nonprofit sector for the 2016 report, the Oakland-based Walker and Associates Consulting firm was doing similar research for a study about Bay Area Black-led nonprofit organizations. In partnership with a host of stakeholders and under the Bay Area Black United Fund (BABUF) direction, the researchers compiled a database of 125 Black-led nonprofits operating in the region. Like the Branch Associates 2016 study, this project involved a lengthy survey with nonprofit leaders and focus groups with a sample of Black leaders centered on challenges, sustainability, and growth (Walker and Associates 2015, 3-5). As well, the Bay Area report includes recommendations such as (1) acknowledgment of the expertise possessed by Black nonprofit leaders; (2) funders proactively invite leaders to be part of the “agenda-setting process;” (3) capacity building for leadership and Board development, succession planning, culturally appropriate technical assistance, and peer mentoring; and (4) multiyear (5-10 year operating grants), earned income assessments, and matching reserve funds incentives (Walker and Associates 2015, 9-10).

31. Wallace, Nicole. 2019. ‘I’m More Than One Identity’: Nonprofit Leaders of Color Speak Out About Struggles and Triumphs. The Chronicle of Philanthropy. Retrieved from <https://www.philanthropy.com/article/nonprofit-leaders-of-color-speak-out-about-struggles-and-triumphs>

This in-depth article is based on interviews with nonprofit and philanthropic leaders of color operating across the United States. Written by Nicole Wallace, features editor for the Chronicle of Philanthropy, she explains that in this piece, “People of color who have climbed the nonprofit ladder talk about their challenges, coping strategies, successes, and whether they think things are getting better” (Wallace 2019, 9).

Annotated Literature Review

Like our 2021 research report, Wallace found that “Leaders described feeling isolated, navigating difficult, racially fraught power dynamics with grantmakers, and enduring affronts to their dignity – even having people touch their hair. In interview after interview, they talked about the need to prove themselves repeatedly” (Wallace 2019, 9). The leaders of color interviewed for Wallace’s project also raised concerns about fundraising, experiences with racial, ethnic, and gender bias, and how leaders of color might help improve philanthropy.

For example, one leader was adamant about the necessity of ongoing support for leaders of color – particularly those employed as the first non-white leader of their respective organizations. They told Wallace, “The question is not are those people allowed to get hired? But is the organization going to support them in the same way as it did previous leaders that weren’t of color. Are people going to begin to reduce their investments in those organizations” (Wallace 2019, 10)? Concerning fundraising, another executive shared, “It’s really been hard as a leader of color that didn’t grow up with access to penetrate the private foundations” (Wallace 2019, 10).

Regarding the challenges leaders of color endure when navigating relationships with white funders, one reported that “I often talk about how taxing it is as a person of color to continuously have to go to an almost exclusively white philanthropic community to ask for support to do our work. You get a lot of rejections” (Wallace 2019, 12). Finally, one interviewee spoke about the value of the lived and professional experiences people of color might bring to nonprofits and philanthropy. They explained, “There are a lot of people out there with their community-based experience, with the educational experiences that they’ve had, their life and work experience who can bring enormous value to philanthropy because of their ability to connect with people in communities” (Wallace 2019, 18).

Appendix A RESEARCH DESIGN

This research project intentionally centers the perspective, expertise, and lived professional and personal experiences of a diverse group of Black nonprofit leaders based in Philadelphia. During the last several years, professionals working in research and evaluation have been challenged to interrogate their practices and confront methodological and ideological biases. The Equitable Evaluation Initiative (EEI) offers an array of recommendations for applied researchers and evaluators. Perhaps most relevant for this report, EEI recommends that researchers reassess how quantitative data has historically been privileged but has the potential to silence the voices, perspectives, and lived experiences of historically marginalized people.

The experience of Black nonprofit leaders and other leaders of color is not “universal” because they work within a context where the overwhelming majority of nonprofit executive directors, boards of directors, and staff are white. And while the findings in this study are not generalizable, the perspectives offered in this report are valid and provide insight into the unique experiences and challenges facing some of Philadelphia’s Black nonprofit leaders. Documenting and sharing the views of Black leaders has only become more urgent during the last year as calls for institutional and social change and demands for the implementation of equity practices and policies have reached a fever pitch. How can those who desire to be allies know what action to take without input and guidance from leaders of color?

INTERVIEWS WITH NONPROFIT LEADERS

The 2021 study data primarily consists of semi-structured interviews with Black nonprofit leaders to learn more about their perspective on some of the 2016 research findings and change over time. The interviews also addressed how the COVID-19 pandemic impacted their respective organizations, programs, and communities. Black leaders reflected on the meaning and implications of the current campaigns for racial justice and criminal justice reform. They also discussed Black nonprofit leaders’ contributions to their program participants, communities, and Philadelphia’s nonprofit ecosystem.

Data collection for the interviews consisted of:

- An initial email to the Executive Director regarding participation in the research.
- Scheduling and conducting a semi-structured interview with the Executive Director.
- Interviews were recorded with participant permission and transcribed for analysis.

Research Design

A pre-interview survey was conducted to help analyze data and better understand the representation spectrum in this purposeful sample of Black nonprofit leaders. To facilitate candor, the interview findings are anonymous. Each interview took between 60 and 90 minutes and was recorded and transcribed to ease the analysis. Each interview was coded to identify similarities and differences across the respondents. The survey data was used to observe if there were patterns related to categories like leadership tenure, operating budget, organization age and size, or if the leader is the first Black executive director of their respective organization.

INTERVIEW SAMPLE

Representing organizations founded between 1915 and 2019, the average age of the nonprofits included in this study is 33 years. The leaders interviewed for this study have served as the Executive Director or CEO/President of their current organization between 1 and 38 years. Half of the individuals interviewed identify as women, and slightly more than half of the interview subjects are the first Black leader of their organization.

There is significant variance in organizational size with representation from nonprofits employing between one (a start-up) and 250 paid staff and operating budgets ranging between \$5,000 (a start-up) and \$35 million. The leaders interviewed for this research have collectively served more than 800,000 Philadelphians during the last year. Consistent with the findings from the 2016 research, the majority of the Black-led organizations in this study serve children (6-12 years), youth (13-18 years), and young adults (19-24 years). Around half the organizations also serve infants and young children (0-5 years), adults (25-65), and seniors (65+ years).

The sample of leaders participating in this study are geographically dispersed, and most offer services in Northwest, West, Southwest, South, and Center City Philadelphia. At least half of the Black-led organizations represented in this study provide services city-wide. Several are regional providers working in communities spread across the surrounding counties. One leader reported their organization offers services statewide, and another is a national provider.

The executives participating in this study lead nonprofit organizations that provide a diverse array of programs and services, including:

- Addiction recovery (2)**

- Advocacy (5)**

- After-school activities (4)**

- Anti-poverty (1)**

- Arts and culture (1)**

- Business/entrepreneurship (3)**

- Childcare (1)**

- Community development (2)**

- Education – adult (5)**

- Education – youth (7)**

- Financial literacy (3)**

- Food insecurity (3)**

- Health issues – education and prevention (2)**

- Housing (2)**

- Job training and placement (2)**

- Mentoring (2)**

- Partnership development (1)**

- Violence prevention (1)**

- Workforce development – adult (8)**

- Workforce development – youth (4)**

- Youth development (7)**

- Youth empowerment (1)**

RESEARCH QUESTIONS

The questions guiding this research include:

Eight of the sixteen leaders interviewed for this study reported four or more months of operating costs in cash reserves. Five leaders reported having two to three months of cash reserves. One has one month or less, and two said they have no cash reserves on hand. Nearly all the organizations participating in this research primarily serve Black and low-income families, children, and youth.

Only one organization in our sample reported that they do not collect data because they are a start-up. A little more than half of the leaders in our sample have dedicated staff to enter, track and manage data and report collecting a range of client-level data, including:

- Number of clients served (14)**

- Demographic characteristics of clients (12)**

- Needs of clients (13)**

- Number and/or frequency of services received by clients (13)**

- Client feedback on programs/services (12)**

- Program outcomes (15)**

- Government grants (federal, state, local) (6)**

- Regional/local foundations (2)**

- Individual donors (4)**

- Corporations (3)**

- National foundations (1)**

Finally, the executive directors interviewed for this study reported significant differences in primary sources of organizational funding. Leaders said that most of their funding comes from a range of sources, including (1) government grants (federal, state, and local); (2) regional foundations; (3) individual donors; (4) corporations; and (5) national foundations.

1. Reflecting on the 2016 report, have there been significant changes during the last five years for Black-leaders and Black-serving nonprofit organizations in the realms of fundraising, board composition, talent pipelines, reliance on government funding, and cash reserves?
2. Since the onset of the COVID-19 pandemic, how have Black-leaders and their respective organizations pivoted and adapted to meet the needs of their clients and communities?
3. According to Black leaders, what will be the greatest needs of the human service sector in a post-Covid world?
4. How have the recent campaigns for racial justice impacted Black leaders, their organizations, staff, clients, and communities?
5. How do Black-led and Black-staffed nonprofits contribute to the individuals and communities they serve and Philadelphia’s nonprofit ecosystem?
6. How can regional funders best support the needs of Black nonprofit leaders and Black-serving organizations?



THANK YOU

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