



2014 Colorado Nonprofit Facilities: *Survey Results Executive Summary*

Prepared by
Nonprofit Centers Network
Denver Shared Spaces

November 5, 2014

About Nonprofit Centers Network:

The [Nonprofit Centers Network](#) (NCN) is a peer-sourced network of social-purpose real estate professionals in the U.S. and Canada and supports the development and ongoing operations of mission-driven shared space centers. We believe nonprofits need space to achieve their mission and need better information to make smarter space decisions. We believe sharing space and/or services can help nonprofits be more effective and more efficient in achieving their goals. We make it easier for nonprofits to create, maintain and replicate shared space centers and shared service entities through trainings, conferences, online resources (tools and templates), networking and consulting. We are a learning community of 160 members throughout North America. NCN moved its headquarters to Denver in late 2013 and currently has two local staff members with offices at the Alliance for Sustainable Colorado.

About Denver Shared Spaces:

[Denver Shared Spaces](#) is on the leading edge of the national trend toward intentional, shared workspace. Effective shared spaces create a sense of place, extend the reach of organizations housed within them, and achieve greater impact on local communities. As an innovative collaborative dedicated to providing technical assistance and targeted support to the Denver shared space community, DSS is not just connecting organizations with shared space resources, but also advocates for a resource and policy environment that supports and utilizes shared spaces.

Thank you to our endorsers:

- The Boettcher Foundation
- Caring for Colorado
- Chambers Family Fund
- The Colorado Health Foundation
- Colorado Nonprofit Association
- The Colorado Trust
- Community Resource Center
- The Denver Foundation
- Energy Outreach Colorado
- Gates Family Foundation
- Mile High Community Loan Fund
- The Piton Foundation
- Qualistar Colorado
- Rose Community Foundation
- Urban Land Conservancy

BACKGROUND

In 2014, The Nonprofit Centers Network and Denver Shared Spaces issued the Colorado Nonprofit Facilities Survey, patterned after a 2001 survey of nonprofit facilities needs in Metro Denver commissioned by the Rose Community Foundation and the Daniels Fund. This project intends to fill a 13-year data gap on nonprofit space usage.

The 2001 survey report entitled *Survey Results: Facilities Needs of Nonprofit Organizations in the Seven-County Denver Metropolitan Area* (available from the Rose Community Foundation website) gathered valuable data and generated recommendations to guide the philanthropic and nonprofit community in addressing the facilities needs of the sector within the metro region.

Over a decade has passed since the funder-lead Denver/Boulder Nonprofit Facilities Needs Study. In that time, our nation and state have weathered a range of challenges that have radically shifted the landscape in which we work. From the national scope of 9/11 and two recessions, to more localized trials in the form of fires and floods, these events have had significant impacts on our community and our nonprofit sector. With such significant change in our context and economy, NCN and DSS decided it was vital to survey the sector again to see how these changes have impacted nonprofit work, needs, and patterns of space and facilities use.

GOALS OF THE SURVEY

The goal of the survey is to analyze today's space needs of Colorado nonprofits and build on the information collected in 2001/2002. We wanted to capture the size, scope and state of nonprofit space usage in Metro Denver and throughout Colorado.

Our intention is to provide information, analysis and recommendations to help nonprofits, public and private decision-makers, funders and the community at-large make better space decisions, support data-driven decision-making around public policies, philanthropic investments, and nonprofit organizations' planning and budgeting processes.

METHODOLOGY

We conducted an electronic survey using SurveyMonkey. The survey link was distributed through partners, including:

- Colorado Nonprofit Association
- Community Resource Center
- Denver Office of Strategic Partnerships
- Mile High Community Loan Fund
- Rose Community Foundation (email list)
- Urban Land Conservancy
- Denver Shared Spaces
- The Denver Foundation

The survey was issued on June 27, 2014 and we received 347 responses through October 13, 2014. It is difficult to assess a response rate since we used only one directed email list and the rest of the distribution was through mass mailing of e-newsletters. Upon analysis of the data, we discovered 98 duplicates, bringing our total of unique responses to 249.

The 2001 survey data is based on 254 paper survey responses (29% response rate) and focus groups, interviews and case studies conducted in 2001 brought the total number of organizations reached to over 300.

KEY QUESTIONS

Our research was guided by the following questions:

- How have the facility needs of nonprofits in Colorado changed since 2001?
- Are more nonprofits owning or leasing space? Is this space adequate for their needs?
- What kinds of capital needs are nonprofits raising funds for? What will they be fundraising for in the next five years?
- Are nonprofits adequately planning for their future facility needs?
- What kinds of facility-related technical assistance does this community need?

RESPONDENT PROFILE

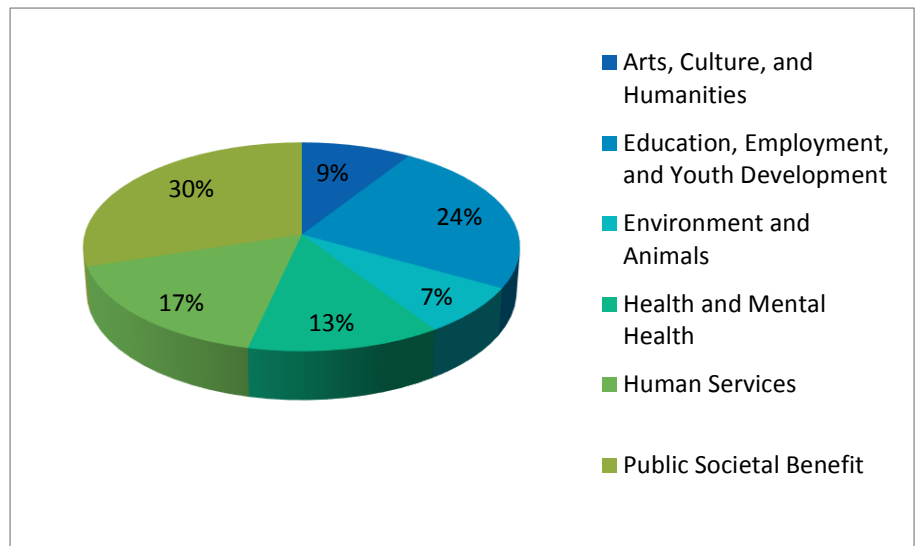
The 249 unique respondents provide a snapshot of Colorado nonprofits, however our sample tended to skew toward nonprofit with smaller budgets and staff sizes. 30% of our respondents represent Public Societal Benefit organizations, versus 55% of those nonprofits statewide.

Staff Size and Age

Our respondents report that 67% have fewer than 10 staff members and are 28 years old on average.

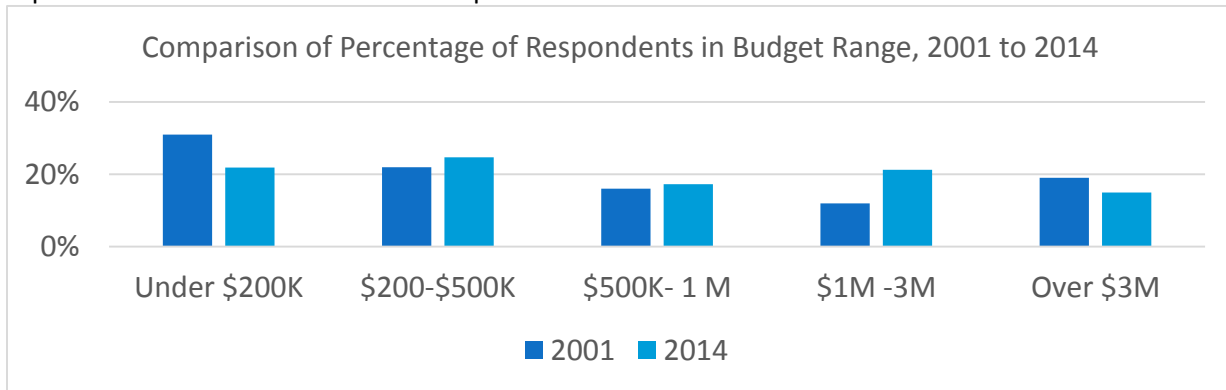
Client Service

Approximately half of our respondents reported their client service numbers. In 2013, these respondents served 728,622 people. This is a 7% increase over 2012 client service numbers, correlating with data from the Nonprofit Finance Fund's 2014 State of the Nonprofit Sector Survey, in which 96% of Colorado respondents stated that demand for services had increased or significantly increased.



Budget Size

In comparison to the 2001 survey, our 2014 survey respondents have slightly larger budgets. It is possible that this is due to inflation, since our staff size and age data indicates that this sample is highly representative of small to medium nonprofits.



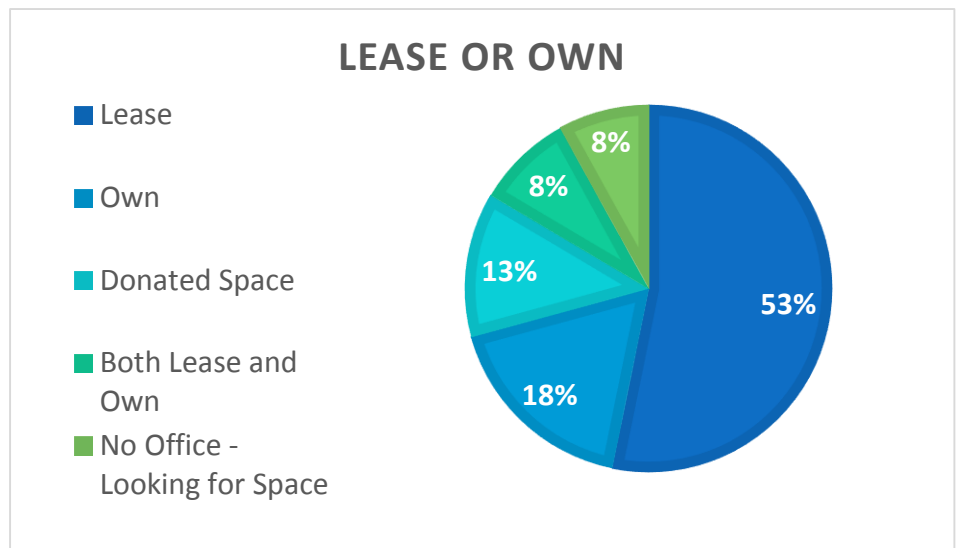
Occupancy Costs

Regardless of inflation, occupancy costs are still a significant cost for survey respondents. The average organization in our sample pays \$172,000 per year on occupancy costs inclusive of rent or mortgage payments, taxes, utilities, insurance, parking, and other space related charges.

Leasing vs. Owning

One of the findings in our research has been a movement toward leasing space rather than owning facilities. In 2001, 42% of metro Denver nonprofits owned their buildings, but by 2014 that figure had decreased to 26% (18% own and 8% both own and lease).

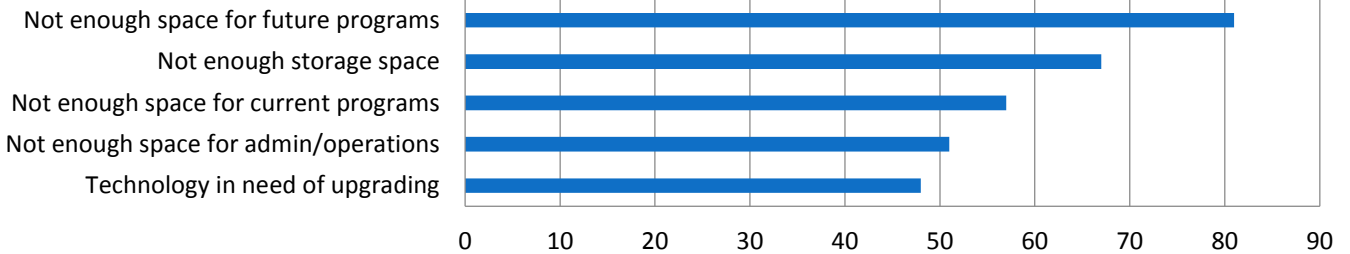
Currently, 53% of nonprofits lease their office space, up from 43% in 2001. 8% of 2014 respondents have no office and are looking for space.



Adequacy of Space

Nonprofits were asked if their current space will meet their needs in the next five years. Only 30% responded that their space would be adequate for their uses in the near future. Those who were unsatisfied with their space gave the following reasons, which mirror the 2001 results.

Why will your space not meet your organization's needs in the next five years?



We need light industrial space suitable for warehousing, distribution, and skilled labor-based production. Increasing cost of such space is forcing us to look for alternatives such as under-utilized commercial space.

– Education organization

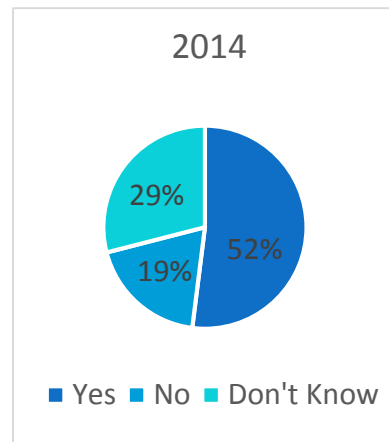
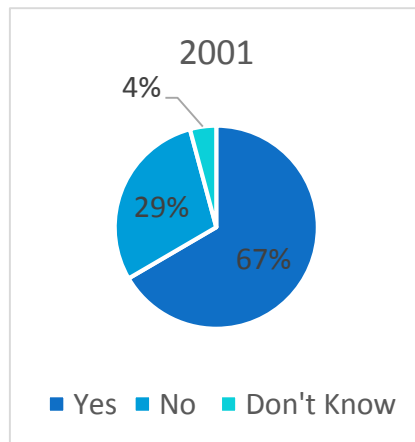
Desired Amenities

The survey also asked about amenities desired in new space. This provides an understanding of the gaps in current space usage. In demand were warehouse space, large training spaces, event space, commercial kitchens and performance space. Storage space, conference rooms and small meeting rooms were also highly desirable. It is important to note that many of these amenities could be obtained by sharing space since they are often not be utilized by a single organization all the time.

Shared Space

Attitudes towards sharing space have shifted since 2001 when nonprofit shared space was a novelty and few mission-driven models were familiar to nonprofits. NCN estimates there are currently 350 shared nonprofit centers in the U.S. and Canada. In 2014, 52% of nonprofits reported an interest in sharing space with others and 29% didn't know, while 19% said they would not share space. This compares with 70% interested in shared space in 2001, a negligible number who didn't know and 30% who said they wouldn't share space. We believe nonprofits are more familiar with the concept now, understand it has advantages and disadvantages and are more sophisticated about their understanding of how it would support their mission. We know that share space isn't for all organizations but support it being considered as an option to increase impact and efficiency.

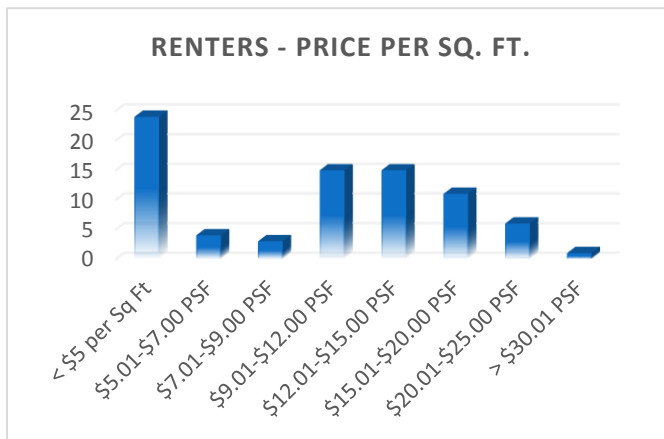
WILLINGNESS TO SHARE SPACE



KEY FINDINGS

LEASE EXPIRATIONS

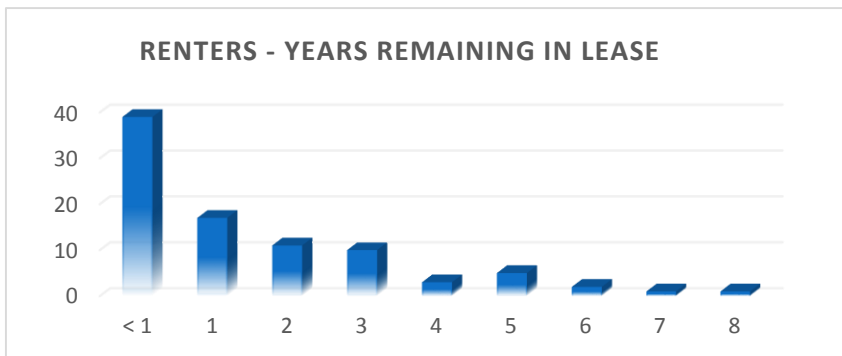
The 2014 survey showed a significantly larger percentage of nonprofits renting space rather than owning space. Examining lease rates and terms becomes central to understanding the environment facing these organizations. Nonprofits that lease space may be vulnerable to dramatic increases in rental rates, especially in the Denver metro area.



While leasing can be advantageous in down markets and preserves flexibility for growth, it can expose organizations to additional risk when high market demand increases rental rates. We found that our respondents who are renting space are paying on average approximately \$10.50 per square foot (excluding utilities and other occupancy expenses). In addition, over 50% of respondents reported that their leases are expiring within the next 12 months.

Current market rates in metro Denver are \$19 per square foot for Class B space and \$15 per square foot for Class C, implying that many nonprofits will encounter significantly higher rates when they renegotiate leases or look for new space. In fact, they could face an increase

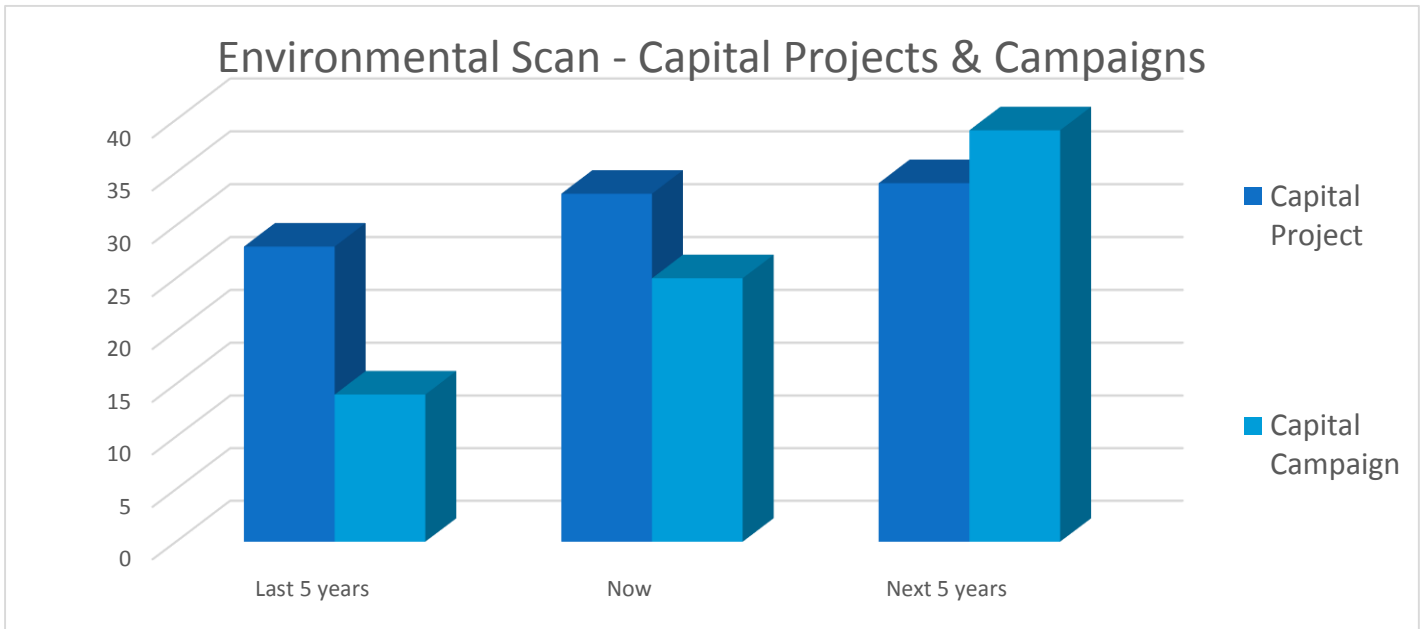
of at least 50%. For example, our average respondent has approximately 3,510 square feet of office space. If they were to renew their lease at current market rates, that organization will face an additional \$15,795 per year in operating expenses to simply maintain their offices.



CAPITAL PROJECTS AND CAPITAL CAMPAIGNS

The 2014 survey provides evidence of the prevailing belief that capital projects and capital campaigns have largely been curtailed since the 2008 economic downturn. However, nonprofits appear to be rebounding with respondents reporting an increase over the next five years.

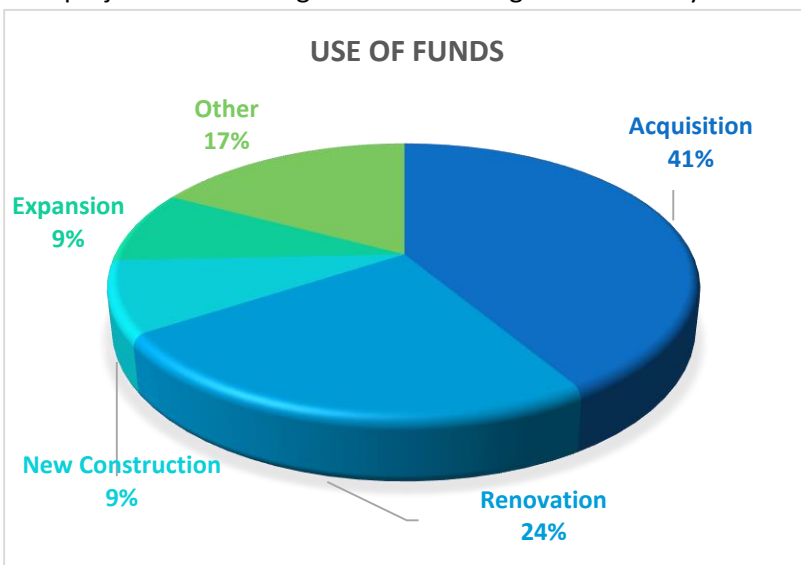
The number of capital projects completed from 2009-2014 was only 28, but respondents indicated that 33 new projects are currently underway and 34 are planned in the next five years.



On the fundraising side, only 14 of our 249 respondents reported completing capital campaigns in the last five years, but 25 indicated they are undertaking one now (an increase of 79%) and 34 are planning one in the next five years (a 36% increase).

From 2009-2014, survey respondents raised a total of \$22.7 million in their capital campaigns. These projects had total project costs of \$31.8 million. Our respondents skew toward smaller projects, with the average capital campaign totaling \$1.8 million. The largest capital campaign reported in this data set over the last five years was \$5 million. Respondents also shared their capital campaign goals and final results, with campaigns on average falling 3% short of goals. At the same time, organizations report project costs coming in 15% over budget. This survey did not collect information on how nonprofits

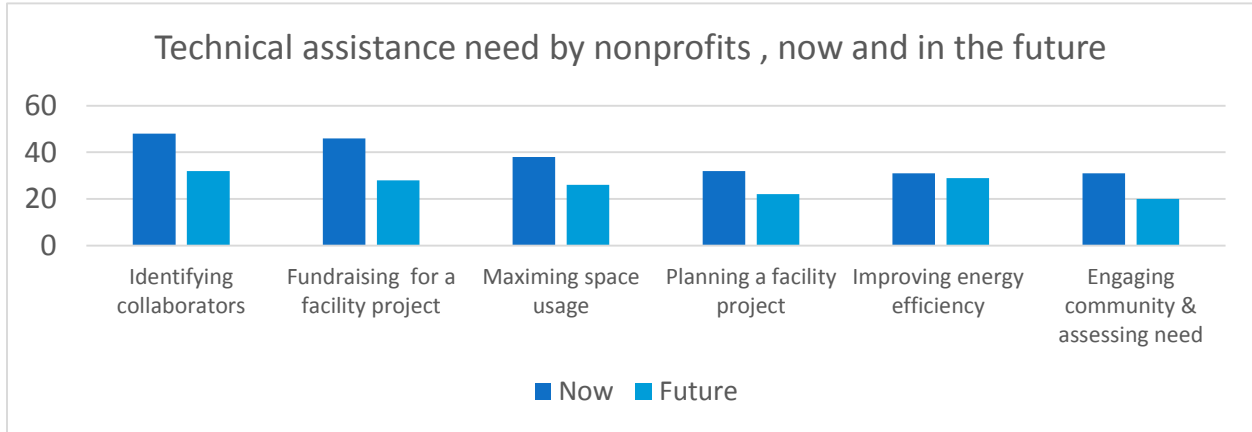
filled the gap.



Of our 249 respondents, 70 reported on the use of funds for their current or upcoming capital campaigns (there was some inconsistency in reporting, so these figures could include past campaigns as well). Forty-one percent of nonprofits report they will be raising capital for acquisition, and 41% report they will use the funds for renovations, new construction or expansion.

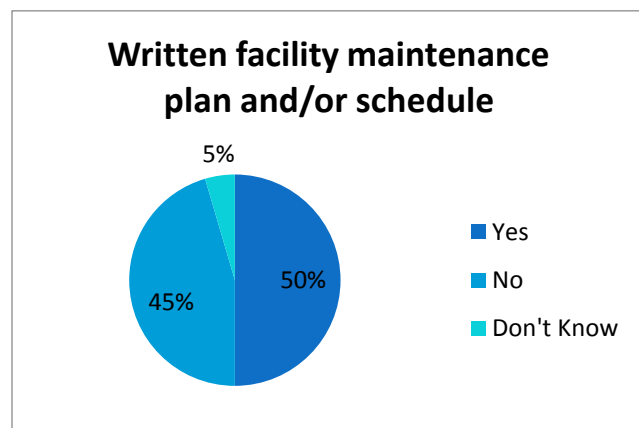
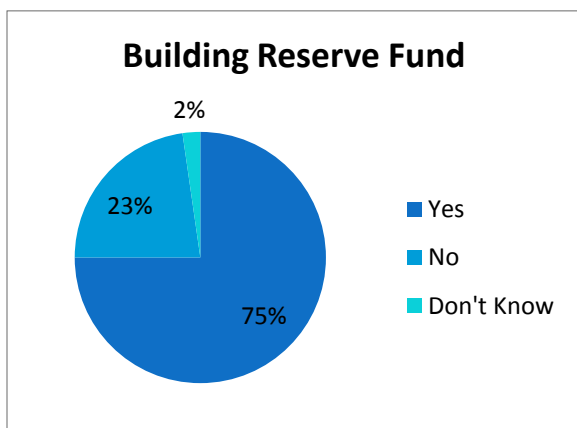
Technical Assistance

The 2014 survey also asked nonprofits about their technical assistance needs. Respondents reported their highest need was in identifying collaborators, followed by fundraising for facility projects, maximizing space usage and planning a facility project.



One area which saw marked improvement from the 2001 survey is around facilities planning and funding facility reserves. This has been the focus of much training over the last 13 years, and nonprofits have responded by proactively planning for facility projects and capital needs. In 2001, over half (56%) of nonprofits lacked a building reserve fund, but by 2014 that number was reduced to only 23% of nonprofit facility owners lacking a reserve fund. In addition, nonprofits report higher rates of planning for their facilities with less than half (45%) reporting that they do not have a written facility maintenance plans or schedules, compared to 64% in 2001. There is still room for improvement, but the trend appears to be toward more professional management of nonprofit facilities.

It would be great to connect with nonprofits doing similar work to see if we could come together not only on space but also on our work. Seems like we have so many nonprofits doing similar work that may be able to be combined.
- Education Organization



PRELIMINARY IMPLICATIONS

Our preliminary conclusions about the information gathered in the 2014 Colorado Nonprofit Facilities Survey include some reasons for optimism and some points of caution.

- Nonprofits successfully responded to the economic downturn of 2008 by shifting away from owning real estate and towards leasing. They proved to be highly resilient in the face of financial challenges.
- Nonprofits took advantage of favorable leasing terms and rates over the last five years while vacancies were high.
- Market forces are leading to increased rental rates in the metro Denver market and throughout Colorado, just as many nonprofit leases are expiring in the next 12 months.
- Nonprofit renters will face significant cost increases as they renegotiate leases or look for alternative space. Locations may need to shift to less accessible and programmatically desirable places.
- More nonprofits will try to control escalating costs by considering purchase options and capital campaigns will likely increase.

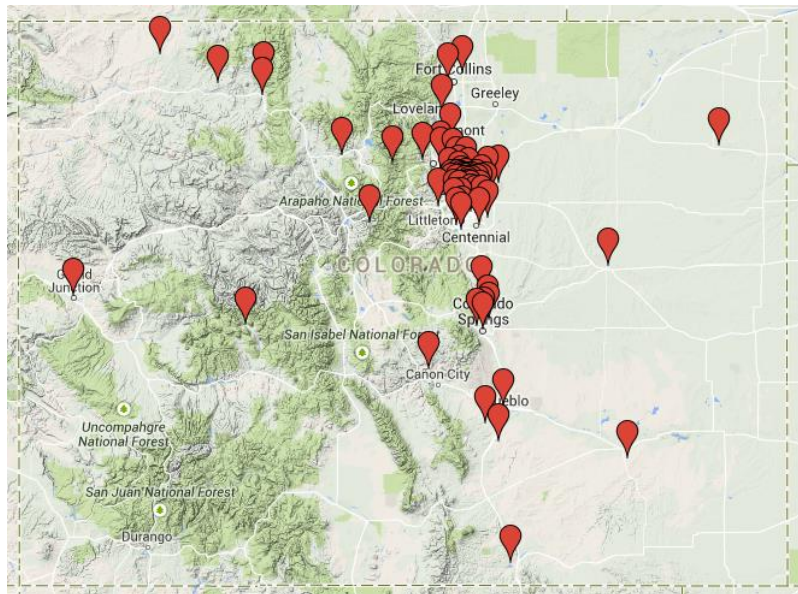
DATA GAPS

Despite being distributed via multiple channels and through many statewide partners, the survey had several limitations regarding the number of respondents, geographic representation, and subsector distribution.

Out of the 20,765 nonprofits recognized in the State of Colorado, our survey collected responses from 249 unique organizations. This represents 1% of the potential pool of eligible organizations. Ideally, we would like to have 2-3% of the total category, or a total of respondents between 500 and 750.

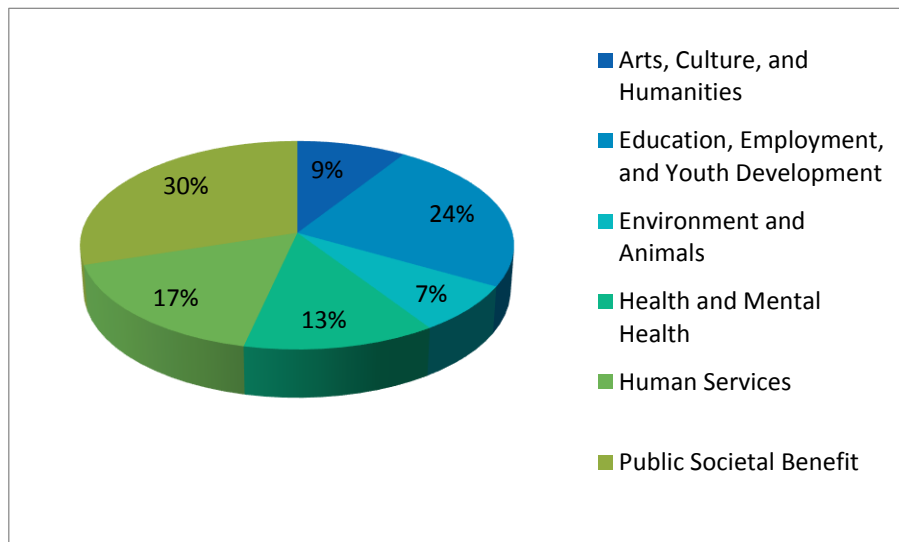
In addition, our sample is heavily concentrated in metro Denver. The map below shows the geographic distribution of respondents. Our results would be more robust if we had a stronger representation of nonprofits outside metro Denver. Having more geographic diversity would also allow us to compare data by county which would be an informative metric for nonprofit leaders.

The survey did not receive a proportionate response from all

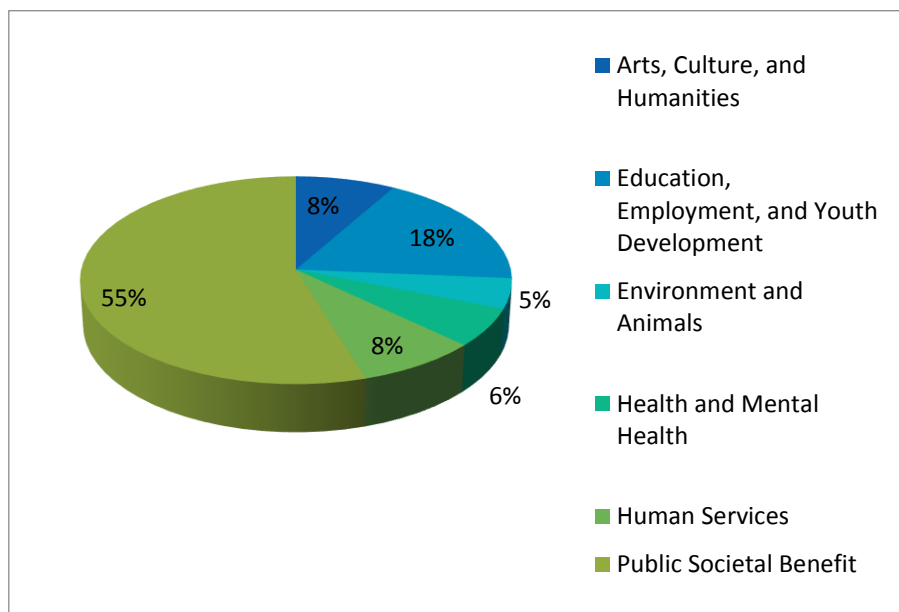


nonprofit subsectors in Colorado, based on an analysis of statewide 990 data. Organizations classified as Public Societal Benefit were under-represented, while human services, health and mental health, education and environment/animal organizations appear to be over-represented. A larger sample size would possibly reduce these discrepancies.

Survey Respondents By Subsector



Colorado Nonprofits By Subsector



NEXT STEPS

The data collected in the 2014 Colorado Nonprofit Space Survey is a good foundation for understanding the space resources and gaps nonprofits face today. However, we recognize there are critical limitations to the information gathered and we recommend a second phase for this project that would:

- Increase volume of responses
- Diversify type of data collected
- Address current gaps in data

In order to have a more robust data set that will yield conclusions with higher confidence, we would like to re-open the survey and initiate a listening tour to 11 to 13 locations to convene nonprofits on this topic and create a forum for discussion of space-related issues. These “summits” would be held in a diverse set of counties statewide selected to capture the fullest range of nonprofits.

Following the listening tour, we will analyze and publish a full report on our findings. Our goal would be to have at least 500 respondents or (2% of Colorado nonprofits) responding with a sector representation that better matches the overall sector representation in Colorado.

This more complete data set would enable us to have more detailed analyses (by county and sector) and more confidence in our results. We would be able to capture a less Denver-centric snapshot of nonprofit space usage and understand better the trends and norms statewide.

CONCLUSIONS

Nonprofits in Colorado continue to persevere through the ups and downs of the real estate market, with a shift over the last 13 years to leased space from ownership models. They took advantage of the economic downturn in 2008 and obtained favorable terms for their space, yielding savings they could apply to program related work. Many are now facing expiring leases at a time when market forces are driving up the cost of leasing or buying real estate in metro Denver and throughout Colorado. While these findings are interesting, the limitations of the data set indicate a need for additional research, including increased data collection and focus groups.

Nonprofit leaders, public and private sector decision-makers, philanthropists and the community-at-large will need to address how to allocate resources so that our nonprofit sector can continue to successfully meet the needs of our communities.

CONTACT INFORMATION

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Exhibit A: Survey Respondents

910Arts
A Child's Song
A.R. Mitchell Museum of Western Art
A+ Denver
Adoption Options
American Diabetes Association
Anchor Center for Blind Children
Art from Ashes
Art Students League of Denver
Asian Art Coordinating Council
Baby Bear Hugs
Bayaud Enterprises, Inc.
Beanstalk Foundation
Beth Ami - Colorado Congregation for Humanistic Judaism
Big Brothers Big Sisters of Colorado, Inc
Bike Depot
BikeDenver
Boomers Leading Change in Health
Boulder Jewish Community Center
Boys & Girls Clubs of Metro Denver
Brendle Group
Bridges to Prosperity
Brothers Redevelopment
BuCu West Development Association
CALPHO
CASA Voices for Children Boulder County
Catholic Charities
Catholic Charities and Community Services of the Archdiocese of Denver
Catholic Charities Early Childhood Education Programs
CBCA
Center for Work Education & Employment (CWEE)
Central City Opera House Association
Central Colorado Area Health Education Center
Cherry Creek Theatre
Child Advocates--Denver CASA
Children First of the Rockies
Children's Hospital Colorado
CKBCED.org
Clinica Colorado
Colorado Cross-Disability Coalition
Clothes To Kids of Denver
Colfax Community Network
College Track
Colo Ovarian Cancer Alliance
Colorado Alliance for Environmental Education
Colorado Alliance for Health Equity and Practice
Colorado Association for Recycling
Colorado Association of Local Public Health Officials
Colorado Center on Law and Policy
Colorado Children's Immunization Coalition
Colorado Coalition for the Medically Underserved
Colorado Community Land Trust
Colorado Dragon Boat Festival
Colorado Families for Hands & Voices
Colorado Fourteeners Initiative
Colorado Gerontological Society
Colorado Harmony Project
Colorado Health Institute
Colorado Housing Assistance Corporation
Colorado Meth Project Inc.
Colorado Neurological Institute
Colorado Organization for Latina Opportunity and Reproductive Rights
Colorado Organization for Victim Assistance
Colorado Organization for Victim Assistance (COVA)
Colorado PHysician Health Program
Colorado Progressive Coalition
Colorado Puppy Rescue
Colorado Refugee Services Program
Colorado Visiting Nurse Association
Colorado Water Trust
Colorado Youth at Risk
Colorado Youth Corps Association
Colorado Youth for a Change
Community Enterprise
Community Reentry Project
Community Resources Inc.
Community Shares of Colorado
Confluence Ministries
Cottonwood Institute
CPCD
Crested Butte Land Trust
CRHDC
Dash for Smiles
Deaf Overcoming Violence through Empowerment
Denver Asset Building Coalition
Denver dream center

Denver Human Services
 Denver Metro Fair Housing Center
 Denver Museum of Miniatures, Dolls and Toys
 Denver PFLAG
 Denver Philharmonic Orchestra
 Denver Public Library Friends Foundation
 Denver Public Schools
 Denver Urban Ministries
 Disciples Youth Sports
 Distinctive Mantle Designs inc
 Doctors Care
 Earth Force
 Earthlinks
 EarthLinks Inc
 eGo CarShare
 El Sistema Colorado
 Emergency Medical Services Association of Colorado
 FACES (Family Advocacy, Care, Education, Support)
 Family Development Center of Steamboat Springs
 Feed Denver, Inc.
 Feed Denver: Urban Farms & Markets
 Florence Crittenton Services of Colorado
 Focus Points Family Resource Center
 Foraged Feast
 FRESC
 FRIENDS FIRST, INC
 Friends of the Colorado Avalanche Information
 Center
 Funding Partners
 Geller Center
 Generation Schools Network
 Girls Inc. of Metro Denver
 GOAL Academy
 Goodwill Industries of Denver
 Grand County Rural Health Network
 Grand Futures Prevention Coalition
 Grand Valley Catholic Outreach
 Greater Metro Denver Ministerial Alliance
 GreenLeaf
 Growing Home
 Growing Home, Inc.
 Habitat for Humanity Metro Denver
 Harm Reduction Action Center
 Hazon
 Healing From The Heart
 Hep C Connection
 Historic Elitch Gardens Theatre Fdn
 Housing Colorado
 I Have a Dream Foundation of Boulder County
 ICAST
 Impact Empowerment Group
 Inside Out Youth Services
 Inside the Orchestra
 Inter Neighborhood Cooperation
 Inter-Faith Community Services
 Jefferson Center for Mental Health
 Jewish Genealogical Society of Colorado
 Junior Achievement Rocky Mountain, Inc.
 Karis Community
 Kim Robards Dance
 KIPP Colorado Schools
 Limon Chamber of Commerce
 Littleton Immigrant Integration Initiative
 LOCAL Theater Company
 Lutheran Family Services Rocky Mountains
 Metro CareRing
 Metro Denver Partners
 Mile high behavioral healthcare
 Mile High Bulldogs
 Mile High Business Alliance
 Mile High Community Loan Fund
 Moffat County Fuller Center for Housing
 Mount St Vincent Home
 MSEC
 National Native American AIDS Prevention Center
 National Sports Center for the Disabled
 NeighborWorks America - Rocky Mountain Office
 Newsed CDC
 North City Park Civic Association
 North West Family Assistance Center /Bienvenidos
 Food Bank
 Northeast Denver Housing Center Inc.
 Northwest Colorado Legal Services
 Northwest Rocky Mountain CASA
 Nurse-Family Partnership
 OED Youth Services
 Office of Economic Development Youth Services
 Open Media Foundation
 OpenWorld Learning
 Oral Health Colorado
 Oreg Foundation
 Our Savior's Lutheran Church
 Outreach United Resource Center, Inc
 Own Your Own Health

Palmer Land Trust
Parkinson
Parkinson Association of the Rockies
Penny Harvest
People House
Pikes Peak Workforce Center
Piton Foundation
Posner Center for International Development
Project C.U.R.E.
Project PAVE
Project VOYCE
Pueblo Community College Foundation
Pueblo Human Relations Commission
Pueblo Triple Aim Corporation
Qualistar Colorado
Reading Partners
Resolution Works
Robert E Loup JCC
Rock the Earth
Rocky Mountain Council, Boy Scouts of America
Rocky Mountain Wild
Rocky Mountain Youth Corps
Routt County Youth Services Coalition
Sacred Heart House of Denver
SafeShelter of St. Vrain Valley
See The Change USA
Senior Support Services
Sierra Club Rocky Mountain Chapter
Sister Mary Lucy Neighborhood Network Center
Social Venture Partners Boulder County
Southeast Colorado Creative Partnership
Spring Institute
St. Francis Center
St. Luke's Ministry Nurse Aide Training Program
Stepping Stones Adult Day Program
Stride
Team Evergreen Cycling
TEST
The Chanda Plan Foundation
The Community Foundation
The Consortium
The Delores Project
The Denver Center for Crime Victims
The Denver VOICE
The Early Childhood Council of Boulder County
The Empowerment Program
The Gathering Place

The Keystone Center
The Leukemia & Lymphoma Society - Rocky Mtn.
Think 360 Arts Complete Education
TLC Learning Center
Together Colorado
ULC
Upper Arkansas Area Council of Governments
Urban Colors Arts and Mentoring
Urban Servant Corps
Via Mobility Services
VOA Colorado
Volunteers for Outdoor Colorado
VSA Colorado/Access Gallery
W3 Global Consulting
West Colfax BID
Westside CARES
Westside Christian Fellowship
WildEarth Guardians
Wonderbound
Woodward Respite Care Fund
Ynpn Denver
Young Philanthropists Foundation
YouthBiz, Inc.