



**State of the 501(c)(3):
A Roundtable on the Current Nonprofit Landscape**
Follow-Up Report

Executive Summary	2
Live Notes	3
Current Realities	3
Barriers to Effective Response	3
Insights from the Banking Perspective	3
Opportunities for Action	3
Closing Reflection	4
Formal Analysis	5
Introduction	5
Key Themes & Insights	5
Power Dynamics in Philanthropy and Banking	5
Importance of Relationships and Collaboration	5
Data, Technology, and Infrastructure	6
Actionable Recommendations	6
Closing Reflection	7

Executive Summary

This session focused on how nonprofits can **strengthen resilience and funding strategies** amid climate events, displacement, and economic uncertainty. Nonprofits and banking partners shared lessons on balancing immediate response with long-term stability. **Panelists include Mariah Monique (The Sponsorship Catalyst), Eric Gutierrez (Preferred Bank), Katrina Williams (Changing the Faces of Homelessness), Eric DePalma (Haven Services), and Araceli Lopez-Andrade, MSW (LIFT-LA)**

Key Insights

- **Crisis vs. Sustainability:** Emergency response often undermines long-term service budgets.
- **Funding Challenges:** Nonprofits face “philanthropy drift,” while banks require CRA-aligned impact.
- **Relationships Matter:** Lasting partnerships drive funding decisions.
- **Data & Technology:** Strong infrastructure and CRMs improve grant competitiveness.
- **Structural Inequities:** Nonprofits of color, especially Black women-led organizations, face systemic underfunding.

Recommendations

1. Advocate for unrestricted/general operating funds.
2. Leverage CRA relationships and programs (e.g., FHLB AHEAD grants).
3. Invest early in technology and data systems.
4. Diversify revenue streams (donor-advised funds, social enterprise).
5. Collaborate across nonprofits to share data and resources.

Closing Note

The discussion reinforced that nonprofits must prepare not only for **emergencies** but for ongoing resilience. Building stronger relationships, infrastructure, and equity-centered funding models is essential.

Live Notes

Current Realities

- **Constant Crisis Response:** Nonprofits across sectors are in a continual state of *reactivity* instead of *proactivity*. Wildfires, housing instability, and economic uncertainty force organizations to shift resources toward immediate needs.
- **Rising Displacement:** Recent fires have increased the number of people experiencing homelessness, stretching limited funds and staff capacity.
- **Mission Drift:** Scarcity of resources and funder-driven priorities often push nonprofits to move away from original missions to address what appears most urgent in the moment.
- **Low Morale:** Nonprofits report a growing sense of being unsupported—dealing with both old and new problems without sufficient backing.

Barriers to Effective Response

- **Funding Misalignment:** Many funding streams don't fully align with community needs, creating restrictions that slow or limit impact.
- **Data Expectations:** Funders require extensive data analysis but rarely fund the capacity needed to produce it, forcing nonprofits into unsustainable cycles.
- **Power Dynamics:** Traditional funding channels favor institutions already in power, making it harder for grassroots organizations to access resources even when overall funding is available.
- **Grant Applications:** Application processes remain lengthy and burdensome, signaling a lack of trust in nonprofits' ability to use funds effectively.

Insights from the Banking Perspective

- **Be Direct:** Clearly define urgent needs, identify the groups impacted, and present data — “closed mouths don't get fed.”
- **Bank Engagement:** Ask banks for support directly; if they refuse, consider moving organizational accounts elsewhere.
- **CRA Opportunities:** Community Reinvestment Act (CRA) officers can be valuable partners. Build rapport, learn how CRA works, and advocate for community-centered funding.

Opportunities for Action

1. **Diversify Support**
 - Build relationships with local retailers and businesses — not only for sponsorship dollars, but also for time, expertise, and visibility at the table.
 - Engage donor-advised funds and empower boards of directors to serve as active fundraisers and advocates.
2. **Shift Funding Practices**

- Pay nonprofits directly for community data analysis instead of outsourcing to external firms.
 - Redefine allocation so resources reach those closest to the work.
 - Simplify grant applications and increase trust in nonprofit decision-making.
3. **Center Community, Not Case Studies**
- Stop treating communities as research subjects. Invest in their lived experiences and prioritize funding solutions led by the people most affected.
4. **Push for Innovation**
- Nonprofits cannot solve deep systemic issues alone. Collaboration across philanthropy, government, financial institutions, and communities is essential.
 - Funders must be willing to rethink traditional approaches to power, equity, and accountability.

Closing Reflection

“We can’t nonprofit our way out of deep social and systemic problems.”

Nonprofits remain critical first responders to urgent needs, but lasting solutions require **shared responsibility**. Philanthropy, banking, government, and communities must come together to ensure resources are accessible, equitable, and impactful.

Formal Analysis

Introduction

This session brought together nonprofit leaders, banking representatives, and sector experts to explore how small and mid-sized nonprofits can **build resilience during times of crisis**. The discussion addressed the economic implications of climate events and emergencies, challenges in accessing sustainable funding, and the evolving dynamics between nonprofits and philanthropic institutions.

Participants shared perspectives from both the nonprofit and banking sectors, highlighting the tension between **immediate crisis response** and **long-term organizational stability**.

Key Themes & Insights

1. Crisis Response vs. Long-Term Sustainability

- Nonprofits serving vulnerable populations reported being **stretched thin during recent crises** (wildfires, ICE raids, housing instability).
- Resources originally intended for long-term services were diverted to emergency response, creating **strain on already limited budgets**.
- Many leaders emphasized that while nonprofits are accustomed to operating in urgency, the **lack of unrestricted funds** undermines sustainability.

Takeaway: Nonprofits need **flexible, multi-year funding** to balance short-term responsiveness with long-term stability.

Power Dynamics in Philanthropy and Banking

- Bank representatives described the **Community Reinvestment Act (CRA)** framework, which prioritizes support for low-to-moderate income communities, affordable housing, and economic development.
- Nonprofits expressed concern over “**philanthropy drift**” — funders shifting priorities during crises, leaving organizations scrambling to adapt.
- Some participants called for greater **transparency and accountability** in philanthropic giving, citing examples where large crisis donations lacked public clarity on distribution.

Takeaway: Trust and transparency are crucial. Funders and nonprofits must build **mutual understanding of objectives** to avoid mission drift and ensure equitable resource distribution.

Importance of Relationships and Collaboration

- Both funders and nonprofits agreed that **relationships are the foundation** of sustainable funding partnerships.

- Banks highlighted that **clear data and storytelling** strengthen funding requests and CRA alignment.
- Nonprofit leaders stressed that **longstanding partnerships** often determine which organizations receive support during crises.
- Participants encouraged **collaboration among nonprofits** — sharing grant opportunities, data, and resources to strengthen collective bargaining power.

Takeaway: Investing in **relationship-building and inter-organizational collaboration** increases access to funding and amplifies impact.

Data, Technology, and Infrastructure

- Several participants raised the need for **better data systems**:
 - Nonprofits often lack staff capacity for data collection and analysis.
 - Grants rarely cover administrative infrastructure, leaving program staff responsible for technical work.
 - Banks underscored that **clear, accurate data** helps justify funding decisions to regulators.
- Technology solutions, such as CRM systems and AI-enabled data tools, were presented as potential **game-changers for efficiency and grant readiness**.

Takeaway: Investing in **technology and data capacity** is essential for nonprofits to demonstrate impact, secure funding, and prepare for crises.

5. Structural Challenges and Calls for Change

- Nonprofit leaders highlighted systemic inequities, including the **underfunding of Black women-led organizations** and the **expectation to “do more with less.”**
- Several participants challenged the sector to confront philanthropy’s **power imbalances**, noting that nonprofits are often reluctant to speak candidly for fear of losing funding.
- Others stressed that nonprofits alone cannot solve systemic social issues such as homelessness, poverty, and displacement — **multi-sector accountability** is needed.

Takeaway: Structural change requires **funders to pivot alongside nonprofits**, offering capacity-building support and addressing systemic inequities.

Actionable Recommendations

From the discussion, the following strategies emerged as critical for strengthening nonprofit crisis readiness and resilience:

1. **Secure Flexible Funding** – Advocate for general operating support and unrestricted grants to maintain stability.
2. **Strengthen Collaboration** – Build coalitions, share grant opportunities, and present collective data to funders.

3. **Leverage Banking Partnerships** – Develop relationships with CRA officers, request both financial and volunteer support, and explore programs such as **FHLB AHEAD grants**.
4. **Invest in Technology** – Adopt CRM and data systems early to streamline operations and improve grant competitiveness.
5. **Diversify Revenue Streams** – Explore donor-advised funds, individual giving, corporate sponsorships, and social enterprise models alongside traditional grants.
6. **Center Equity and Transparency** – Call for greater accountability from funders and ensure funding reaches the communities most affected by systemic crises.

Closing Reflection

The roundtable highlighted the **urgent need for resilience planning** within nonprofits, not just for emergencies but as part of day-to-day operations. While crises such as wildfires, enforcement raids, and economic instability expose organizational vulnerabilities, they also create opportunities for **innovation, collaboration, and structural change**.

Participants agreed that moving forward requires **deeper trust between funders and nonprofits**, stronger investments in infrastructure, and a willingness across sectors to address systemic inequities. Only through these efforts can nonprofits remain effective under pressure — without “running on fumes.”