



At the January 8 Brown Bag, leaders from diverse nonprofit sectors gathered to discuss Nonprofit Funding and Budgeting in today's economic world in the first of two NpDP events focused on the impact of the national recession on nonprofit funding. We would like to share this discussion with you.

Scroll down to find out how your nonprofit measures up against national and regional statistics on contributions.

Area nonprofits have experienced a decline in local business contributions, have been notified by foundations of future decreased funding, and have received an increase in donations from individuals.

At the same time, the request for services has increased. On a positive note, this has forced the nonprofits in attendance to become more efficient in delivering their programs and more strategic in finding sustainable funding.

Read more of their funding experiences below.

Expect a one year delay for the recovery of the national economy to extend to the nonprofit community.

This is the time to reach out to former donors, to find ways to make giving easier and to honor current donors for their continued financial commitment. A reference book, "Coping with Cutbacks," is available at the Kalispell branch of the Flathead County Library System.

Read more ideas for remaining strong during this recession below.

Past experience of recessions has shown that giving to charity remains around 2% of GDP with fluctuation from 1.8% to 2.4%.

There are opportunities to collaborate with fellow nonprofits. There is upcoming training in grant seeking on March 26. In the long term, the nonprofit community will play a vital role in our national economy.

Read more long term hopes below.

For a realistic, and uplifting article on surviving these economic times from the BlueAvocado.org, click on the following link:

<http://www.blueavocado.org/content/and-now-something-different-about-nonprofits-and-economy-1109>.

### **Economic Background:**

GuideStar.org completed their report, "Contributions Survey October 2008 for January - September 2008," finding that nationally 38% of nonprofits saw an increase in contributions; 25% saw the same level of contributions; 35% saw a decrease; and 2% of nonprofits did not know. In the Rocky Mountain Region, 40% of nonprofits saw increased contributions; 22% experienced the same level of funding; 36% a decrease; and 1% of nonprofits did not know their level of contributions. Both nationally and regionally, 64% of nonprofits reported an increase demand for services.

The following two links explore this further:

<http://www.councilofnonprofits.org/?q=economy/facts>

[http://philanthropy.com/financial\\_crisis/](http://philanthropy.com/financial_crisis/)

### **Reported Impact of the Economic Downturn by Nonprofits in Attendance:**

\*Expect a 1 year delay in recovery for the nonprofit community once the national economy revives due to the lag time in foundation grants and other contributions.

#### Foundation Funding:

\*Private foundations, including the Pacific Northwest foundations, have notified area nonprofits to expect level funding in 2009 and 10-25% reduction in grants for 2010.

#### Corporate Funding:

\*Donations from local major corporations and small businesses have declined. Businesses are pulling back in auction donations whether due to tightening budgets or a mental recession. One nonprofit has received only 1/4 of their previous corporate funding levels.

#### Government Funding:

\*The county is expecting additional dollars for infrastructure projects.

\*Federal funding of contracts with nonprofits may decline due to other national budget priorities.

\*One nonprofit lost some contracted work with schools and had to cut a staff position.

#### Individual Donors:

\*The size and number of membership renewals has decreased; whereas donations from major donors and foundations has maintained stable. There remains a need to demonstrate local support to foundations.

\*Yet, another nonprofit experienced a 50% increase in membership renewals by informing former (lapsed) donors of minimum membership dues. The focus on minimum membership dues did not affect the current members; they renewed at their previous levels.

\*Major donors have increased giving to projects with tangible results.

\*Giving gifts of stock to nonprofits has allowed donors to continue their funding commitments, while the donor's cash-flow remains tight.

\*On a positive note, this is the time to focus on more sustainable revenue and strategic thinking on programs.

#### **Demand for Services:**

\*Although the recession affected conservation bond vote, there are more opportunities due to the real estate downturn for conservation easements. However, donations are needed for those easements

\*In the arts and culture sector, more people are planning "stay"-vacations in the area as less expensive entertainment.

\*There is an increased need for pedestrian and bike path infrastructure due to the previous high gas prices and current budget concerns changing people's commuting habits.

\*The library has seen an increased number of visitors.

\*The clientele of the Northwest Montana's Veteran's Pantry has doubled. They have seen more grandparents raising grandkids and a 20% increase in homelessness.

\*There is caution in hiring full-time staff; however, with the recent Valley-wide layoffs, there is an expectation of a greater talent pool to applying for positions.

#### **Strategic Ideas for Coping with the Economic Downturn**

\*Reducing staff time from full-time to three-quarters time. Being more efficient with staff time, and reducing the time spent on process - for example, spending less time on collaborative editing of documents.

\*Finding ways to make it easier for people to give. For instance, 3 year memberships are being offered at 20% discount, which leads to less mailing costs and more upfront funds for the nonprofit.

\*Creating sliding scales for lifetime memberships based on age - for example, a \$75 membership is scaled to a \$0 cost for a 100 year old - to increase the total number of memberships.

\*Emphasizing gift memberships and gift donations at every opportunity - as birthday presents, memorial gifts, Christmas gifts, etc.

\*Focusing on conversations with major donors to honor their financial commitment to the nonprofit. Donors may become more selective in their giving; yet, they may also continue to give as their gifts are honored and appreciated.

\*Instituting longer term funding strategies, especially with major donor development, to create integral and sustainable funding practices.

\*Collaborating more with for-profit businesses as the for-profit community redefines itself. Nonprofits can leverage funding for projects that businesses cannot access.

\*From a Kalispell Library Reference Book - "Coping with Cutbacks" by Amherst Wilder Foundation

(1) Financial Strategies - cutting & controlling costs

(2) Structural Strategies - doing programs differently

(3) Engagement Strategies - without panic, having conversations with funders, clients, and community to share information about the effect of the recession.

### **How can NpDP and other organizations help?**

\*Encourage foundations to consider a small grant program that simplify grant applications, modeled after the Wilberforce Foundation.

\*Promoting greater awareness among nonprofits of collaborating on infrastructure; for example, 2 similar nonprofits sharing an accounting function.

\*Outreaching to financial planners with general information on charitable giving for their clients.

\*Hosting a workshop with the Montana Nonprofit Association on Principles and Practices in Nonprofit Excellence for Montana.

## **Long-term Hopes for the Nonprofit Community**

\*Leaner, meaner nonprofits

\*More meaningful legacies left by donors

\*More community dialogue

\*Better attitudes around the nonprofit community and its role in promoting community good

\*More charitable giving by donors needing a tax benefit

\*From the BlueAvocado.org, a summary on how to survive the current economic times:

Read the full article here: <http://www.blueavocado.org/content/and-now-something-different-about-nonprofits-and-economy-1109>

(1) If necessary, declare an emergency

(2) Schedule Worrying for Later

(3) Do Less with Less

(4) Ask for Help

(5) Call Community Summit

(1) Stand Up

(2) Pay Attention

(3) Let Go