



Greater Green Bay Community Foundation

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NON-PROFITS AND THE ECONOMY IN THE NEW NORTH *March 2009: Key Findings*

Economic tumult undermines Green Bay's social safety net

To get a more detailed picture of the status of Green Bay Area non-profits and the challenges they face in this economic environment, the Greater Green Bay Community Foundation emailed a 37-item questionnaire to one-hundred local non-profit organizations in January. The sample population included all members of the Non-Profit Resource Group and select non-profits serving Brown, Kewaunee, Oconto and Door counties. Together, these organizations form the meshwork of Green Bay's social safety net. Survey questions measured four dimensions of non-profit welfare, including: (1) overall financial health and future outlook; (2) fundraising and donor relations; (3) social capital – defined as a non-profit's ability to recruit and retain talent, including staff, board members and volunteers; and (4) demand for services and capacity to meet the community's needs.

Survey respondents represented a variety of sectors, including health and human services, youth and education, and arts and culture. Respondents' operating budgets ranged from less than \$250,000 to more than \$5 million, with small, medium and large organizations participating in the survey in equal numbers. Almost 90% serve Brown County and nearly half serve one or more neighboring counties (Kewaunee, Oconto, and Door). More than 85% of the surveys were completed by the organization's CEO or Executive Director.

20 percent of non-profits are nearing an economic breaking point

Highlights from the 2009 GGBCF Non-Profits and the Economy survey include the following key findings:

OVERALL FINANCIAL HEALTH & OUTLOOK

One-fifth of respondents – including several leading, bellwether charities – are experiencing chronic financial problems. Almost one-fifth, or 19% of the non-profits surveyed, said they will need to reduce key programs and services within the next three years. Across the board, the majority of organizations (nearly 70%) saw their expenses increase last year. Even non-profits who are not experiencing chronic financial problems are worried about their ability to keep pace with rising demand and falling revenue. Only 17.5% of non-profits said they do not feel financially vulnerable.

More than half of the non-profits surveyed operated at a loss in 2008. Fifty-five percent of respondents said total expenses exceeded total revenues during the last 12 months. Non-profits coped with the revenue shortage in a variety of ways:

- Half of those impacted by a budget shortfall or operating deficit tapped emergency cash reserves or borrowed money to make ends meet.
- Fifty-one percent of respondents had only three months or less of cash reserves available.
- Thirteen percent laid off staff to reduce overhead.
- Thirty-two percent increased fundraising efforts. More than 45% of non-profits who reported a negative cash flow in 2008 cited unmet fundraising needs as the reason for the shortfall.

Expectations for the future were also dampened. Approximately one-third of respondents expect revenue from individual donations to decrease in 2009. Forty-three percent are anticipating a drop in donations from businesses and corporate foundations.

FUNDRAISING & DONOR RELATIONS

The majority of non-profits (52%) said the U.S. economic downturn caused giving to be less generous than usual in 2008. More than one-third of respondents reported a decrease in individual donations and one-third observed a decline in business and corporate donations.

Non-profits are increasingly relying on fundraisers and special events to offset the loss of core revenue. Nearly 70% of respondents identified new donor recruitment as a major challenge and more than 60% indicated that obtaining funding was a significant challenge.

One-fourth of respondents currently rely on volunteers – either board members or community members – to perform fundraising efforts. For one-third of the non-profits surveyed, fundraisers are becoming more critical to sustaining income rather than supplementing it – comprising a larger share of total revenue in 2008 than in 2007. Communications and donor relations also ranked high on the list of concerns. Ninety-four percent of organizations cited a need to enhance their visibility and reputation and nearly three-fourths of non-profits identified donor communications as a challenge.

Non-profits are vying for fewer donor dollars in an increasingly competitive environment. As a result, they view competition and collaboration with other non-profits as a key challenge and potential setback to meeting the community’s needs. More than 60% of non-profits regard competition with other non-profits as a challenge while more than 40% of respondents listed collaboration with other non-profits as a concern.

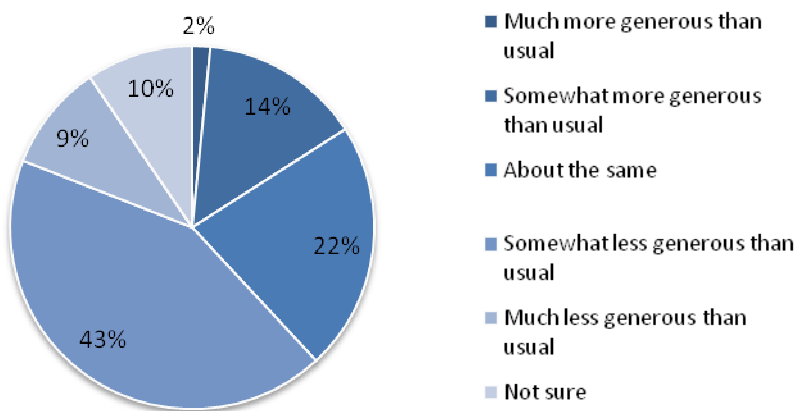


Figure 1. Green Bay Area non-profits’ perception of charitable giving trends since the U.S. economy weakened in the latter half of 2008 and early 2009. Only 2% described giving as “much more generous than usual.” By contrast, 52% of non-profits reported that charitable giving was less generous than usual (43% and 9%).

SOCIAL CAPITAL

More than a quarter of non-profits who provide direct services to clients said their staffing levels decreased in 2008. Two-thirds of non-profits said recruiting or keeping qualified volunteers is a challenge. All but eight percent of non-profits are worried about their ability to provide employee benefits or do not provide benefits.

Organizations also face obstacles to developing talent and leadership opportunities. Nearly two-thirds of the respondents consider strategic planning a challenge while 75% either do not offer training and professional development opportunities or face barriers to providing such opportunities.

DEMAND FOR SERVICES & CAPACITY

Close to one-fifth of organizations (18%) are not confident that they will be able to meet the demand for services in 2009. While nearly 80% of the non-profits surveyed said demand for services increased in 2008, one-fifth expect to reduce key programs and services in the coming years.

- 45 of the non-profits surveyed are direct service providers – organizations that provide high-demand services to indigent and needy community members.
- More than three-quarters of non-profits who provide direct services to clients witnessed an increase in demand last year.
- At the same time, more than a quarter of those organizations reduced staffing levels.
- Loss of revenue was cited as the number one reason why the non-profits cut staffing.
- 35% of non-profit providers reported a client backlog, with needy clients waiting anywhere between two weeks to a year or more to receive services.

Figure 2. Based on survey results from non-profit respondents, revenue sources that demonstrated the greatest decrease in 2008 compared to 2007 were income from investments and endowments (73%), individual donations (35%), donations from businesses and corporate foundations (33%), and foundation grants (29%). Special events/fundraisers and government grants and contracts were the only two revenue categories where more organizations observed an increase in the level of support than a decrease or no change. Percentages reflect the number of organizations that experienced a change in support levels from each revenue category.

