

NON-PROFITS AND THE ECONOMY IN NORTHEAST WISCONSIN 2010 Executive Summary

2010 Non-Profits and the Economy Survey

For almost a year and a half, we all have been living with economic uncertainty. Given the unique challenges facing non-profits in our community, the Greater Green Bay Community Foundation conducted its second annual survey of non-profits. The 46-item questionnaire—focusing on non-profit experiences in 2009 and expectations for 2010—was sent to local non-profit organizations in January 2010 as a follow-up to last year's survey. This year's survey was completed by 74 non-profits, including members of the Non-Profit Resource Group and others serving Brown, Kewaunee, Oconto, and Door counties.

Survey respondents represent a variety of sectors, including healthcare, human services, youth and education, and arts and culture. Respondents' operating budgets range from less than \$250,000 to more than \$5 million, with small, medium and large organizations participating in nearly equal numbers. Over 90% of non-profits completing the survey serve Brown County and nearly half serve one or more neighboring counties (Kewaunee, Oconto, and Door). Almost three quarters (72%) of the surveys were completed by the organization's CEO or Executive Director. Responding non-profit organizations are representative of Greater Green Bay's non-profit sector.

Survey questions asked non-profits to comment on their actual experience of 2009 and to project expectations for 2010 and beyond. The survey 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.

The following analysis compares and contrasts the 2008 and 2009 survey data to understand the impact of the recession that began in December 2007. The analysis also compares local experiences with national data and reports non-profit expectations for the future.

SUMMARY

In 2009, non-profits faced **complicated issues** and **made tough decisions**, but our data suggests that they made adjustments and are **better positioned** to move forward in 2010.

Overall as a group, they seem **more optimistic** despite some tough roads ahead.

Also, compared with national data, northeastern Wisconsin non-profits seem to be **faring the economic crisis** equally well or better in most key areas than nonprofits in other parts of the country.



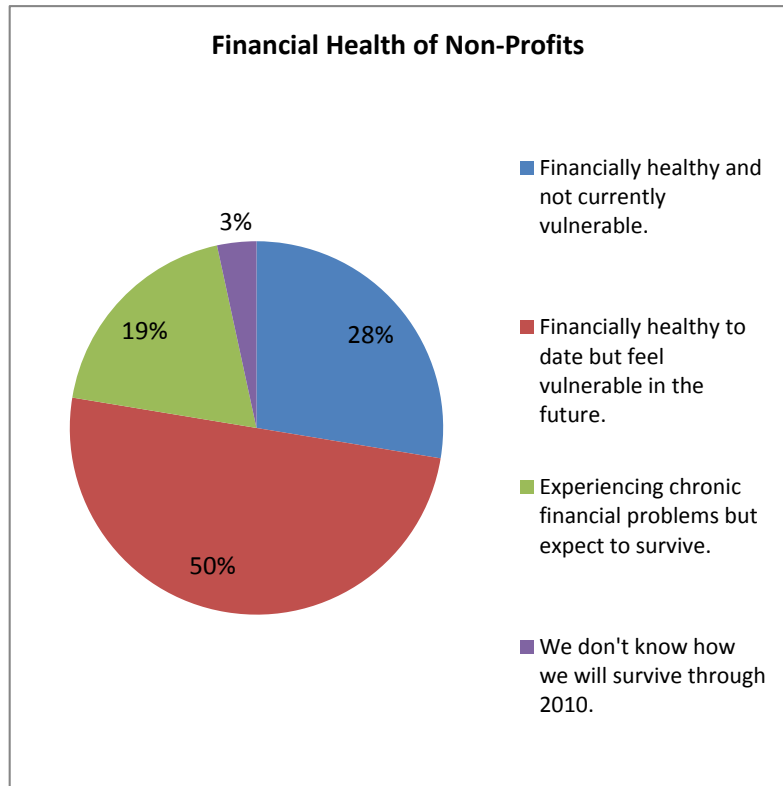
Key Findings

Highlights from the 2010 GGBCF Non-Profits and the Economy survey include the following key findings:

OVERALL FINANCIAL HEALTH & OUTLOOK

2009 was a stressful year for non-profits. In general, non-profits were asked to do more with less, as demand for their services increased and revenue decreased or stayed the same from previous years.

- Sixty five percent (65%) of non-profits responding to the survey report an increased demand for their services, echoing national trends.
- The majority of organizations (58%) continued to see their expenses increase from the prior year.
- Forty six percent (46%) report a decrease in total revenue from donations.
- Nearly a fifth (19%) of non-profits – the same percentage of non-profits responding in 2009 – continue to experience chronic financial problems.
- 45% of respondents had three months or less of cash reserves available. A national survey by the Nonprofit Finance Fund found that 61% of their non-profit respondents had three months or less of cash reserves available.¹



Nearly seventy percent (69%) of non-profits operated at a loss in 2009, fifteen percent more than reported a loss in the previous year. Non-profits tried to cope with the revenue shortage in a variety of ways:

- Forty-three percent (43%) of respondents tapped emergency cash reserves or borrowed money in 2009.
- Twenty six percent (26%) cut staff in 2009, a 7% increase from the prior year.
- Twenty-three percent (23%) increased their fundraising efforts.
- A larger percentage of organizations nationally (56%) tapped emergency reserves or borrowed money and more (35%) reduced staff than those reporting in Northeast Wisconsin.²

¹ "2010 State of the Nonprofit Sector Survey," Nonprofit Finance Fund, Mar. 2010
<<http://www.nonprofitfinancefund.org/details.php?autoID=199>>

² "2010 State of the Nonprofit Sector Survey"



Non-profits are adapting to the economic conditions that they are facing. The volatility of the economy and its impact on programs and services are apparent as local non-profits plan to re-examine their organization and programming—either to become more strategic or for mere survival.

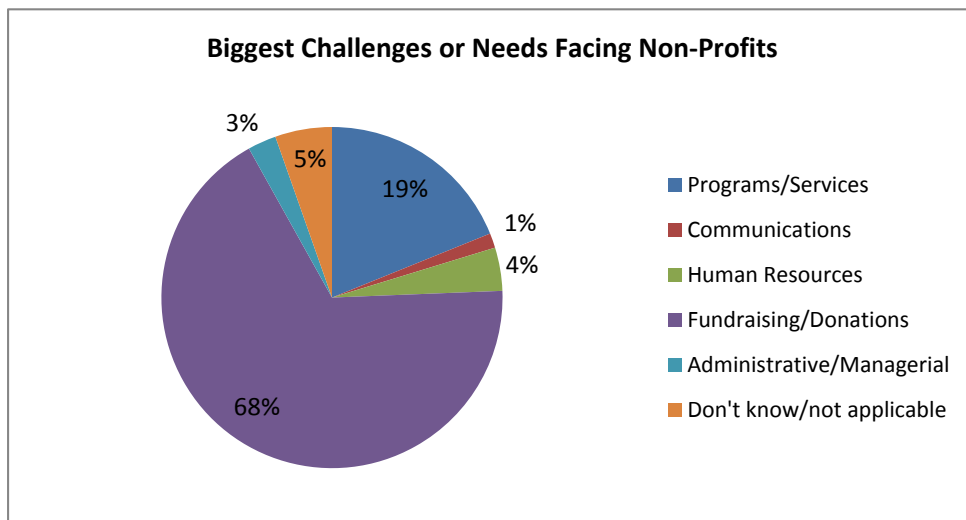
- Eighty percent (80%) of local non-profit organizations are reinventing and adapting because of budget, increased demand, or other factors.
- Sixty percent (60%) expect to expand services in the next three years.
- Fourteen percent (14%) are reexamining their offerings and will likely emerge as new organizations.
- Seven percent (7%) expect to reduce key programs in the next three years.

However, non-profits are expressing more optimism about the future, which is a change in their thinking from the beginning of 2009. By making tough decisions in 2009, such as adjusting their balance sheets, non-profit expenses are more aligned with their revenue. Fewer non-profits than last year believe they will need to reduce programs and services in the next three years and a larger percentage report that they are not vulnerable financially.

- Today, only 7% of respondents say they will need to reduce key programs and services in the next three years, while 19% believed they would need to reduce key programs and services at the beginning of 2009.
- Twenty-eight percent (28%) of non-profits report they are financially healthy and not currently vulnerable, as compared to the 19% of non-profits that indicated they were financially healthy in last year’s survey.
- About one third (32%) of non-profits expect their income from investments and endowments to increase in 2010.

FUNDRAISING & DONOR RELATIONS

Non-profits continue to struggle with fundraising, with 68% identifying this issue as the greatest challenge or need currently facing their organization. Current donors continue to support them, but non-profits face the difficulty of attracting new donors. The data suggests that current or existing donors are giving more and will be asked to do more in the future.



- The majority (60%) said individual donations either stayed the same or decreased in 2009, which is



comparable to national data.³

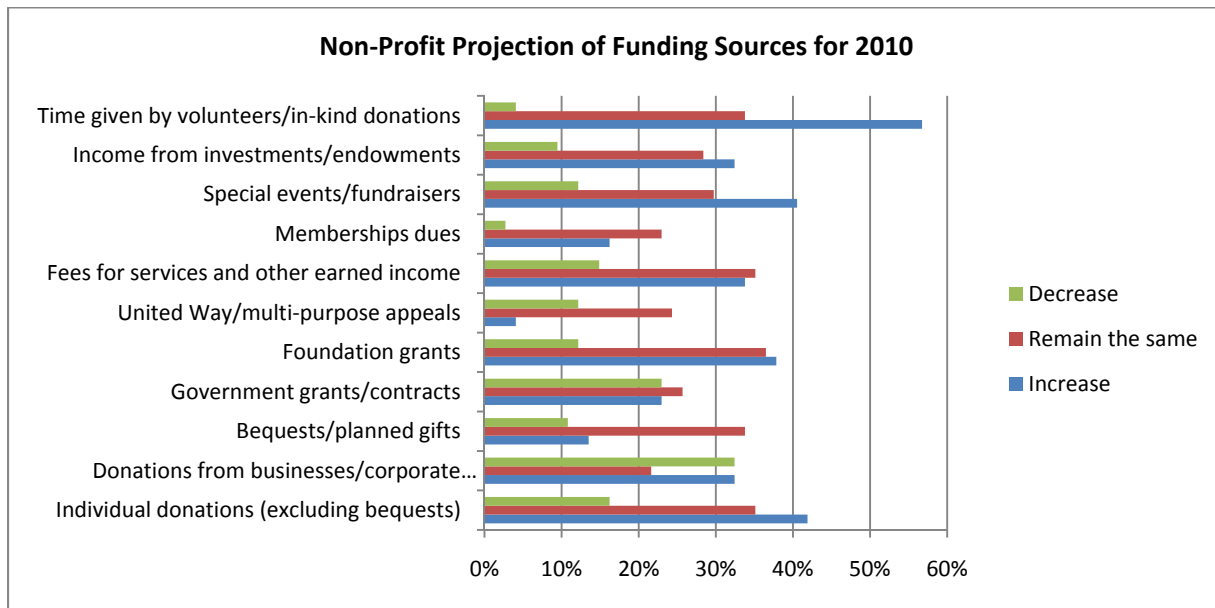
- Over 70% of respondents identified both new donor recruitment and obtaining funding as more of a challenge than in the past, while about half report that retaining current donors is a challenge. This local experience mirrors national data. According to a Dunham and Company survey of 1000 adults, nearly 40% of Americans have reduced charitable giving and about a quarter gave nothing at all in 2009.⁴
- Forty-two percent (42%) of reporting non-profits expect individual donations to increase from 2009 to 2010.

Many non-profits did not anticipate a drop in giving from other funding sources:

- Sixty percent (60%) report a drop in corporate and business foundation giving in 2009.
- Only 43% predicted a drop in business and corporate foundation giving at the beginning of 2009

Non-profits are more optimistic about donations and fundraising in 2010 as compared to 2009.

- The Community Foundation survey asked non-profits if support would increase or decrease in several different categories of giving in 2010 compared to actual experience in 2009. On average, two-thirds of non-profits (60%) predict that support will stay the same or increase in these categories.*



*Certain donation and support categories were not applicable to many survey respondents.

- About one-third (32%) of Northeast Wisconsin non-profits surveyed this year anticipate a drop in donations from business and corporate foundations in calendar year 2010, ten percent less than the prior year. This aligns with trends reported in surveys of grantmakers nationally. According to a Foundation Center Survey, twenty-six percent (26%) of grantmakers nationally plan to decrease their giving in 2010 and 50% plan to give only as much as they did in 2009.⁵

³ "2010 State of the Nonprofit Sector Survey"

⁴ Holly Hall, "Fund Raisers See Glimmers of Hope, But Tough Challenges in 2010," The Chronicle of Philanthropy, 11 Feb. 2010, 11-12

⁵ Noelle Barton and Ian Wilhelm, "Foundations Remain Cautious Despite Modest Asset Gains," The Chronicle of Philanthropy, 25 March 2010: 1, 7.



Non-profits increasingly rely on fundraisers and special events to offset the loss of core revenue that they had not anticipated at the beginning of 2009.

- For more than one-third (35%) of the non-profits surveyed, fundraisers are becoming critical to sustaining income rather than supplementing it.
- Forty-one percent (41%) of non-profits anticipate an increase in special event fundraising support in 2010.

SOCIAL CAPITAL AND THE ROLE OF NON-PROFITS

Twenty-six percent (26%) of all non-profit respondents report a decrease in staffing; all those reporting decreases in staffing were direct service providers. A direct service provider is defined as any non-profit that delivers services directly to the public. Loss of revenue was cited as the number one reason why direct service providers cut staffing both in 2008 and 2009.

Providing employees with benefits and training continues to be challenging for most non-profits.

- Covering employee benefit and insurance costs remains the greatest challenge for non-profit employers.
- Fifty-three percent (53%) report covering employee benefits to be more challenging than in the past.
- Twenty-three percent (23%) indicate that covering these costs is just as challenging as it has been in the past.
- Over 40% of the respondents consider strategic planning more of a challenge.
- Forty-five percent (45%) face barriers to providing training and professional development opportunities for their staff.

The majority of non-profit organizations expect an increase in volunteer hours in 2010, although non-profits indicate that the primary responsibilities for fundraising in 2009 shifted from volunteers to staff.

- Thirteen percent (13%) of respondents currently rely on volunteers – either board members or community members – for their fundraising efforts, down from over 28% of non-profits that relied primarily on volunteers for their fundraising efforts last year.
- Fifty-seven percent (57%) of local non-profits expect volunteer time to increase in 2010.

DEMAND FOR SERVICES & CAPACITY

Throughout the nation, the year 2009 saw increasing pressure on non-profits to provide more services with less funding, but local non-profits seem to be better positioned than organizations in other areas of the country to meet the need. However, local non-profits identify competition with other non-profits as a growing challenge.

- Total organizational expenses rose for 39% of reporting organizations at the same time revenue and donations dropped or remained unchanged for 61% of organizations.
- Seventeen percent (17%) of Northeast Wisconsin organizations are not confident that they will be able to meet the demand for services in 2010. Nationally, more than half of 1,300 non-profits surveyed believe they will not be able to meet the growing need for services.⁶

⁶ “2010 State of the Nonprofit Sector Survey”



- Thirty-seven percent (37%) of non-profit organizations say competition with other non-profits in the delivery of programs and services is increasing.

This situation has been especially taxing for the 58 direct service providers that responded to the survey. Many direct service providers reduced staff, while the waitlists for services increased.

- Sixty-seven percent (67%) of direct service providers report an increased demand for their services last year. This follows the 76% of non-profits who reported a rise in demand in 2008.
- Forty-five percent (45%) of non-profits report that meeting the needs and interests of current clients or members is more challenging than in the past.
- 50% of non-profit providers report a client backlog and 34% of non-profits said they have waitlists of six months or more for services.

Conclusion

Non-profits lived through a lot of turmoil in 2009 due to economic conditions. They faced complicated issues and made tough decisions, but our data suggests that they made adjustments and are better positioned to move forward in 2010. Overall as a group, they seem more optimistic despite some tough roads ahead. Also, compared with national data, northeastern Wisconsin non-profits seem to be faring the economic crisis equally well or better in most key areas than non-profits in other parts of the country.

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