Introduction

Primary Questions:

- How has the economy affected nonprofit organizations and foundations in San Diego?
- What are nonprofit leaders doing to manage in uncertain times?
- What are the consequences for the nonprofit sector and for the San Diego community?
Research Methods

- Survey conducted December 2009
- Nonprofits with assets over 100K
- Nonprofit and Foundation executives in San Diego
Results from Nonprofit Responses
Profile of Respondents

Nonprofit Sub-Sectors Represented

- Religious: 3%
- Performing arts/Museums & Cultural: 22%
- Human services: 33%
- Housing and economic development: 4%
- Health care: 11%
- Environment: 7%
- Education: 17%
- Animal/animal rights: 3%
"In the past 12 months, please tell us how you believe that the economy has affected your organization."

![Pie chart showing the impact of the economy on nonprofits.](chart.png)
“In the past 12 months, has there been any change in the demand for your organization’s services?”

*Percentages add to 99% due to rounding.
“Thinking about the same time last year, how have your organization’s revenues changed?”

The majority report increases from 1-30%

The majority report decreases from 1-30%
"How much, if any, in unrestricted operating reserves does your organization currently have set aside?"

*Percentages add to 101% due to rounding.
“To what extent has income from the following funding sources changed for your organization over the last 12 months?”

<table>
<thead>
<tr>
<th>Funding Sources</th>
<th>% of Organizations Reporting Funding Decreased</th>
<th>% of Organizations Reporting Funding Stayed the Same</th>
<th>% of Organizations Reporting Funding Increased</th>
</tr>
</thead>
<tbody>
<tr>
<td>Individuals</td>
<td>65</td>
<td>22</td>
<td>13</td>
</tr>
<tr>
<td>Corporations</td>
<td>65</td>
<td>20</td>
<td>15</td>
</tr>
<tr>
<td>Foundations</td>
<td>54</td>
<td>28</td>
<td>18</td>
</tr>
<tr>
<td>Federal Government</td>
<td>27</td>
<td>46</td>
<td>27</td>
</tr>
<tr>
<td>State Government</td>
<td>50</td>
<td>34</td>
<td>16</td>
</tr>
<tr>
<td>Local Government</td>
<td>54</td>
<td>30</td>
<td>16</td>
</tr>
</tbody>
</table>
“To what extent has income from the following funding sources changed for your organization over the last 12 months?”

<table>
<thead>
<tr>
<th>Funding Sources</th>
<th>% of Organizations Reporting Funding Decreased</th>
<th>% of Organizations Reporting Funding Stayed the Same</th>
<th>% of Organizations Reporting Funding Increased</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fees for Services</td>
<td>32</td>
<td>41</td>
<td>27</td>
</tr>
<tr>
<td>Investment/Endowment Income</td>
<td>72</td>
<td>22</td>
<td>6</td>
</tr>
<tr>
<td>Bequests</td>
<td>26</td>
<td>51</td>
<td>23</td>
</tr>
<tr>
<td>Special Events</td>
<td>43</td>
<td>23</td>
<td>34</td>
</tr>
<tr>
<td>Earned Income (Related or Unrelated Ventures)</td>
<td>34</td>
<td>39</td>
<td>27</td>
</tr>
</tbody>
</table>
“In the past 12 months please indicate how, if at all, federal stimulus attempts have affected the ability of your organization to deliver programs or services.”

- 40% of respondents received federal funding

*Percentages add to 101% due to rounding.*
“In the past 12 months please indicate how, if at all, the California state budget crisis has affected the ability of your organization to deliver programs or services.”

- 33% received state funding
“For your organization, how have the total number of volunteers changed over the past 12 months?”

- 82% of nonprofits surveyed rely on volunteers to achieve their missions
Approaches Taken

- Doing more with less

Actions nonprofits have taken:
  - Changes to Programs/Services
  - Administrative
  - Operational
  - Fiscal
“Please describe any changes that have been made to your organization’s programs/services that you believe have occurred as a result of current economic conditions.”
“In the past 12 months, has your nonprofit taken any of the following ADMINISTRATIVE actions in order to achieve a balanced budget?”

*Percentages do not add to 100% across categories because multiple responses were allowed.
"In the past 12 months, has your organization taken any of the following OPERATIONAL actions in order to achieve a balanced budget?"

*Percentages do not add to 100% across categories because multiple responses were allowed.
“In the past 12 months, has your organization taken any of the following FISCAL actions in order to achieve a balanced budget?”

*Percentages do not add to 100% across categories because multiple responses were allowed.

“We moved $300,000 from investments to a money market account so there was more cash available if needed.”
Results from Foundation Responses
Geographical Grantmaking

Foundation Sample:
- 28% private independent foundations
- 24% private family foundations
- 20% community foundations
- 28% other

n = 25
Economic Impact

Smaller Foundations (<$10 million in net assets)
Net Assets

Value of Foundation Assets

- Greatly Decreased: 26%
- Moderately Decreased: 52%
- Stayed the Same: 4%
- Moderately Increased: 17%
- Greatly Increased: 0%
Net Assets

Overall % of Asset Decline

<table>
<thead>
<tr>
<th>% by which assets have declined</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>1-10%</td>
<td>24%</td>
</tr>
<tr>
<td>11-20%</td>
<td>41%</td>
</tr>
<tr>
<td>21-30%</td>
<td>24%</td>
</tr>
<tr>
<td>31-40%</td>
<td>0%</td>
</tr>
<tr>
<td>41-50%</td>
<td>12%</td>
</tr>
</tbody>
</table>
Net Assets

Reasons for Asset Declines

- Loses on Investment/Endowment/Revenue: 26%
- Decreased Donations/Contributions: 74%

Overall % of Asset Decline

<table>
<thead>
<tr>
<th>Percent</th>
<th>1-10%</th>
<th>11-20%</th>
<th>21-30%</th>
<th>31-40%</th>
<th>41-50%</th>
</tr>
</thead>
<tbody>
<tr>
<td>% by which assets have declined</td>
<td>24%</td>
<td>41%</td>
<td>24%</td>
<td>0%</td>
<td>12%</td>
</tr>
</tbody>
</table>

Net Assets
Operating Budgets

Annual Operating Budget

- Greatly Decreased: 9%
- Moderately Decreased: 29%
- Stayed the Same: 57%
- Moderately Increased: 5%
- Greatly Increased: 0%
Program Changes

Changes in Programs and/or Services

Percent

- Added: 12%
- Expanded: 0%
- Scaled Back: 68%
- Eliminated: 8%
- No Changes: 16%

Programs/Services Programs/Services Programs/Services Programs/Services Programs/Services
Administrative Actions

- Dedicated More Time to Fundraising: 24%
- Reduced Amenity Expenses: 0%
- Reduced Hours of Operation: 0%
- Merged with Another Organization: 0%
- Collaborated with Another Organization: 40%
- Requested Employees Take Unpaid Time Off: 4%
- Reduced Staff Hours: 8%
- Salary Freezes: 28%
- Layoffs: 16%
- Hiring Freezes: 28%
Fiscal Actions

- Took Out an Additional Line of Credit: 0%
- Used Reserves to Cover Budget: 24%
- Reviewed or Reallocated Financial Assets and Investments: 72%
- Accessed Funds From Endowment Principal: 17%
How will all of this affect grantmaking?
## Forecasting Grantmaking Priorities

<table>
<thead>
<tr>
<th>Grantmakers that Support the Following Issue Areas:</th>
<th>% Expecting to DECREASE Funding Levels</th>
<th>% Expecting to INCREASE Funding Levels</th>
</tr>
</thead>
<tbody>
<tr>
<td>Animals</td>
<td>33</td>
<td>0</td>
</tr>
<tr>
<td>Philanthropy &amp; Volunteerism</td>
<td>20</td>
<td>0</td>
</tr>
<tr>
<td>Religious/Faith Based</td>
<td>50</td>
<td>0</td>
</tr>
<tr>
<td>Scientific Research</td>
<td>100</td>
<td>0</td>
</tr>
<tr>
<td>Arts, Culture, &amp; Humanities</td>
<td>36</td>
<td>9</td>
</tr>
<tr>
<td>k-12 Education</td>
<td>44</td>
<td>11</td>
</tr>
<tr>
<td>Environment</td>
<td>67</td>
<td>17</td>
</tr>
<tr>
<td>Higher Education</td>
<td>30</td>
<td>20</td>
</tr>
<tr>
<td>Health</td>
<td>23</td>
<td>23</td>
</tr>
<tr>
<td>Human Services</td>
<td>14</td>
<td>29</td>
</tr>
<tr>
<td>Community Improvement/Development</td>
<td>20</td>
<td>33</td>
</tr>
<tr>
<td>Children &amp; Youth</td>
<td>17</td>
<td>42</td>
</tr>
</tbody>
</table>
## Forecasting Grantmaking Priorities

<table>
<thead>
<tr>
<th>Grantmakers that Support the Following Issue Areas:</th>
<th>% Expecting to DECREASE Funding Levels</th>
<th>% Expecting to INCREASE Funding Levels</th>
</tr>
</thead>
<tbody>
<tr>
<td>Animals</td>
<td>33</td>
<td>0</td>
</tr>
<tr>
<td>Philanthropy &amp; Volunteerism</td>
<td>20</td>
<td>0</td>
</tr>
<tr>
<td>Religious/Faith Based</td>
<td>50</td>
<td>0</td>
</tr>
<tr>
<td>Scientific Research</td>
<td>100</td>
<td>0</td>
</tr>
<tr>
<td>Arts, Culture, &amp; Humanities</td>
<td>36</td>
<td>9</td>
</tr>
<tr>
<td>k-12 Education</td>
<td>44</td>
<td>11</td>
</tr>
<tr>
<td>Environment</td>
<td>67</td>
<td>17</td>
</tr>
<tr>
<td>Higher Education</td>
<td>30</td>
<td>20</td>
</tr>
<tr>
<td>Health</td>
<td>23</td>
<td>23</td>
</tr>
<tr>
<td>Human Services</td>
<td>14</td>
<td>29</td>
</tr>
<tr>
<td>Community Improvement/Development</td>
<td>20</td>
<td>33</td>
</tr>
<tr>
<td>Children &amp; Youth</td>
<td>17</td>
<td>42</td>
</tr>
</tbody>
</table>
Conclusions & Next Steps
Conclusions & Next Steps

- In these challenging times, we are seeing increasing demand, fewer resources

- Some successes have been reported

- The sector remains in a fragile state
Reasons for Concern

- San Diego nonprofits are stretched almost to the breaking point
- A workforce at risk
- Shifting funding priorities for San Diego foundations
Looking Forward

- Making the move back to strategic thinking
- Understand that for some the economic recovery in the nonprofit sector may lag that of the overall economy
- We need ways to capture and discuss the lessons learned
The Future

- Despite these tough times, respondents remain hopeful

- 62% reported that they are either somewhat or very optimistic about the future
Thank you!