

## **Survey of Nonprofits and the Economy**

### **Key Findings**

The community relies on a broad range of nonprofit organizations. The nonprofit sector impacts the most critical aspects of our lives, from meeting essential needs for food, shelter and health care to improving quality of life through recreation, the arts and community betterment projects.

As part of the Community Foundation's leadership work, we are committed to strengthening the capacity of nonprofit organizations. Our Endowment Partners program includes training for nonprofit board and staff members. As economic conditions worsened in late 2008, we became increasingly concerned about how the economy is affecting our local charitable organizations.

In February 2009, the Community Foundation conducted an online survey to measure the economic health of charitable organizations in the Quad Cities area. Over 65 nonprofit organizations representing the arts, health, human services, the environment, education and community betterment completed the survey. The survey results provide insight into challenges, areas of concern and future opportunities.

We are sharing key findings of this survey to spark meaningful conversations and thoughtful charitable giving that will support and strengthen the nonprofit sector, allowing it to respond to our community's needs – with sustainable operations and the benefit of an understanding and supportive community.

### **Nonprofits are facing funding challenges:**

Nonprofits were asked to report on the challenges they face in planning their activities and managing their operations. Obtaining funding and recruiting new donors were identified as major challenges for over 68% of respondents. While identifying sustainable funding sources is a major concern, 57% of respondents noted concern about retaining donors and 65% felt they were in competition with other nonprofits. Here are what respondents had to say:

*‘Since our foundation and corporate giving is less, we are preparing to increase proposals to individuals this year. Having donors postpone decisions is difficult. This year we are making three times the number of requests for each donation needed.’*

*“While I think raising funds will be challenging during this recession, as long as we stay focused on our mission and our donors we’ll not only weather the current storm but emerge stronger for the future.”*

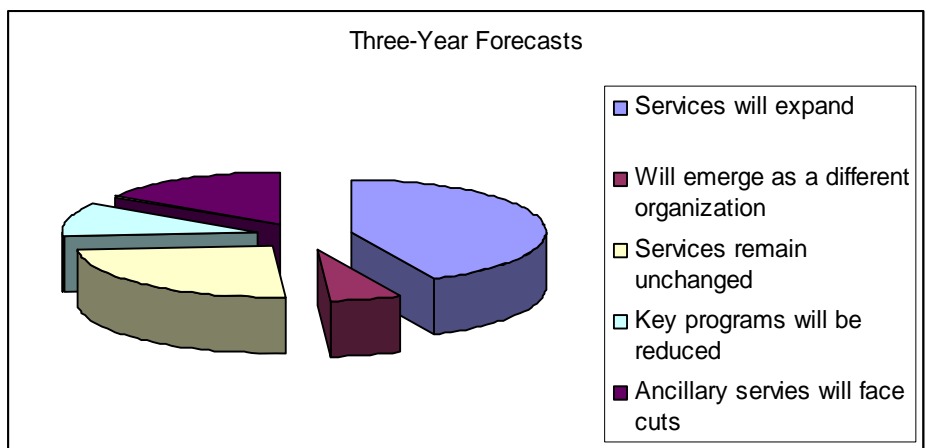
### **Nonprofits are feeling vulnerable:**

More than 66% of respondents said they have been financially healthy to date but feel vulnerable in the future. Nineteen percent shared they are financially healthy and are not feeling vulnerable, while 14 % shared they are experiencing chronic financial problems but expect to survive.

### **Demand for services is increasing:**

Despite financial challenges, nonprofits continue to demonstrate a strong commitment to the people they serve. Nearly half of the survey participants said they would expand services in key areas in the next three years. Another 25% said their services will remain unchanged.

Some nonprofits, however, acknowledge they will make some tough choices in the next three years. Six percent said they will be forced to examine existing structure and will likely emerge as a different organization. More than 10% said they will need to reduce key program budgets and services, and 16% stated their key services would remain unchanged but ancillary services would face cuts.



### **Deficits and Cash Reserves:**

When responding to operating deficits in the past 12 months, nonprofits rarely cut programs or turned away clients. Instead, they cut nonessential expenses, used prior-year cash reserves and increased their fundraising activities and efforts.

Maintaining a cash reserve is one strategy for ensuring financial health in an uncertain economic environment. Half of the respondents reported having four or more months of cash in reserves, 27 % reported having two to three months, 12% reported having one month or less and 12% reported having no cash reserves.

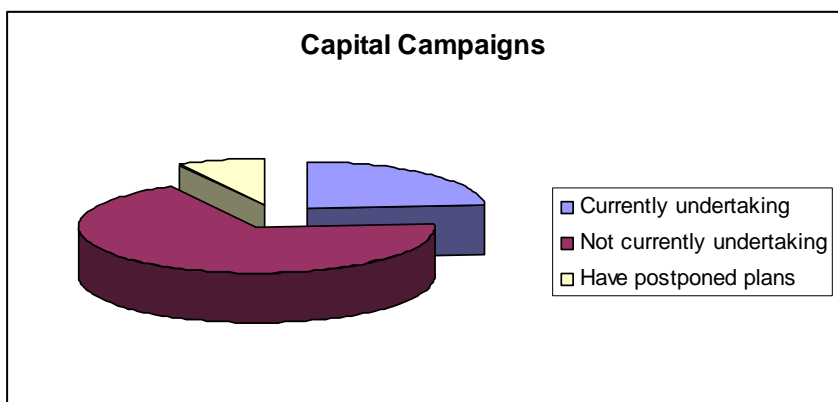
#### *Cash Flow*

Over 48% of respondents indicated their total expenses have not exceeded their total revenue in the past 12 months. Another 18% said they have collaborated with other nonprofits or borrowed money to prevent from exceeding their total revenue. However, 18% of nonprofits have laid off staff and 12% said they continued operating in a deficit. Here are what survey respondents had to say:

*“We have always been on a cash basis and watch our monthly expenses carefully. We try and get two or three-year pledges from donors so that if we ever had to get a line of credit, we could. In 25 years, we have never had to do this.”*

### **Capital campaigns have been affected by the economy:**

Eight percent of nonprofits identified they have postponed their plans to launch a capital campaign while 24% are currently undertaking a capital campaign. Approximately 68% of respondents have decided not to launch a capital campaign, but may consider doing so in the future.



Community Foundation  
of the Great River Bend

852 Middle Rd., Ste. 100  
Bettendorf, IA 52722  
P 563-326-2840  
F 563-326-2870  
www.cfgrb.org



**Now is the time to support our nonprofit community.**

The Community Foundation believes in the importance of a strong, vibrant nonprofit community, and we realize that providing technical assistance and trainings to build capacity is critical in 2009 and beyond. To that end, we will continue to offer relevant training opportunities for nonprofit staff and board members in 2009. Training opportunities help staff lead organizations to a strong and sustainable future, and the Community Foundation is committed to making that training affordable. Trainings slated for 2009 focus on Board training and building endowment.

The Community Foundation conducted this survey to give our community some measure of how the troubled economy is affecting our charitable organizations. We are extremely grateful to the nonprofits that completed our survey. Our mission includes sharing our knowledge of the needs of our community and convening people around opportunities to address those needs.

The Community Foundation will use these survey results to advise our community, its donors, and funding organizations who want guidance on how to connect with causes and organizations meaningful to them and critical to our community.