

## Current Impact of the Recession as of February 2009

- Nearly 40 percent of survey respondents reported that their organizations fell short or significantly short of their 2008 revenue goals.
- Overall 60 percent of respondents consider themselves healthy currently but vulnerable about the future.
- More than half of respondents (51.4 percent) have already experienced the reduction or elimination of funding from a major supporter due to the current economy.

## Nonprofits' Immediate Response

- Organizations responded to cash flow challenges in various ways: 27.4 percent cut nonessential expenses; 22.8 percent accessed prior year cash reserves; 21.5 percent increased fundraising activities; 15.9 percent cut back programs; 13.8 percent cut staff pay or hours.
- The majority of respondents report that their organizations will engage in more fundraising activities during 2009: 68.4 percent anticipate increased outreach to foundations; 61.8 percent anticipate growth in face-to-face solicitations; and 48 percent anticipate growth in e-philanthropy.
- More than 35 percent reported that the economy has had a positive effect on their ability to build collaborative relationships with other organizations to reduce expenses or share costs.
- More than 43 percent of those surveyed reported that the economy has had a negative impact on their ability to keep on track with program plans and more than 38 percent were unable to meet the needs of their current clients.

## Outlook for Next Three Years

- Approximately one third of respondents (33.2 percent) expect to examine their current operating assumptions in response to the economy, possibly emerging as a fundamentally different organization over the next three years.
- Nearly 22 percent believe their services will remain unchanged over the next three years.

## Looking Forward – Strategies to Address Issues

- A majority of respondents reported that they expect the demand for services to increase or significantly increase during 2009.
- Nearly half (46.8 percent) of respondents are optimistic or very optimistic in their outlook for 2009.

## Key Findings by Geographic Setting

- There were no significant differences between rural and urban nonprofits in regards to effects of the economy.

Rural nonprofits had not been impacted as dramatically as their urban counterparts at the time of the survey, which resulted in fewer changes to fundraising or management strategies.

- While cash flow was reported as less of an issue, rural organizations did dip into reserves more readily (10.9 percent as compared to 7.9 percent).
- Rural organizations are already collaborating at a higher level than their urban counterparts.

## Key Findings by Mission Area

- Arts and culture organizations were more likely to report falling short or significantly short of their goals (43.6 percent compared to 39.8 percent of the total group of respondents).
- Youth organizations experienced more decline in corporate gifts (44.4 percent compared to 37.2 percent for total respondents) and greater decline in overall revenues than the total pool respondents.
- Human services organizations reported difficulties in meeting the needs of current clients (47.9 percent compared to 38.5 percent of the total).
- More than 35 percent of human service organizations have reduced staff hours, 38 percent have not filled positions through attrition and nearly 20 percent have laid off staff or plan to.
- Health care organizations expect significant increases in demand for services (38.2 percent compared to 29.8 percent of total respondents).

## Call to Action

### For Nonprofits

- Now more than ever, boards need to rigorously exercise their responsibility for financial oversight.
- Be careful that actions taken to address immediate challenges do not jeopardize future growth and impact.
- Diversify revenue sources to be less vulnerable in any economic climate, but especially during a downturn.
- Find creative ways to bolster staff morale.
- Consider using volunteers to fill gaps created by staff reductions or to meet increased program demands.
- Meet with your city council, county commissioners and state and federal legislators so that they are aware of your needs.
- Use partnerships to fill gaps created by increased demand and diminished funding.

### For the Funding Community

- Increase communications about changes in funding levels, grantmaking and other funder activities.
- Consider increasing grants to support general operations so that grantees have optimal flexibility.