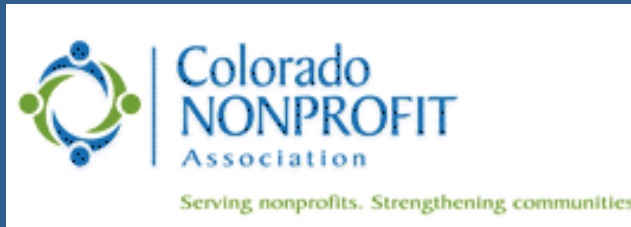


Weathering the Storm:

Challenges and Opportunities Facing Colorado's Nonprofits
During Recession

Presented at
Our3 Nonprofit Economic Summit
March 2, 2009



Project Overview

□ Purpose:

- Quantify data about the impact of the economy on nonprofits from last quarter 2008 through January 2009
- Ascertain what nonprofits have done in response to changes
- Identify what they are prepared to do in 2009 and beyond
- Uncover:
 - the tools and resources that individual nonprofit organizations need in order to thrive
 - ways that organizations like the Association and CRC can use the economic downturn as an opportunity to help strengthen the nonprofit sector

Process

- Comprehensive online survey administered in February 2009
 - 762 responses
 - Very broad range of representation
 - Geography/organizational setting
 - Experience in the nonprofit sector
 - Budget size
 - Mission focus
- Focus groups
 - Denver (2), Pueblo, and Northeast Colorado (teleconference)
- Informational interviews

Summary of Key Findings

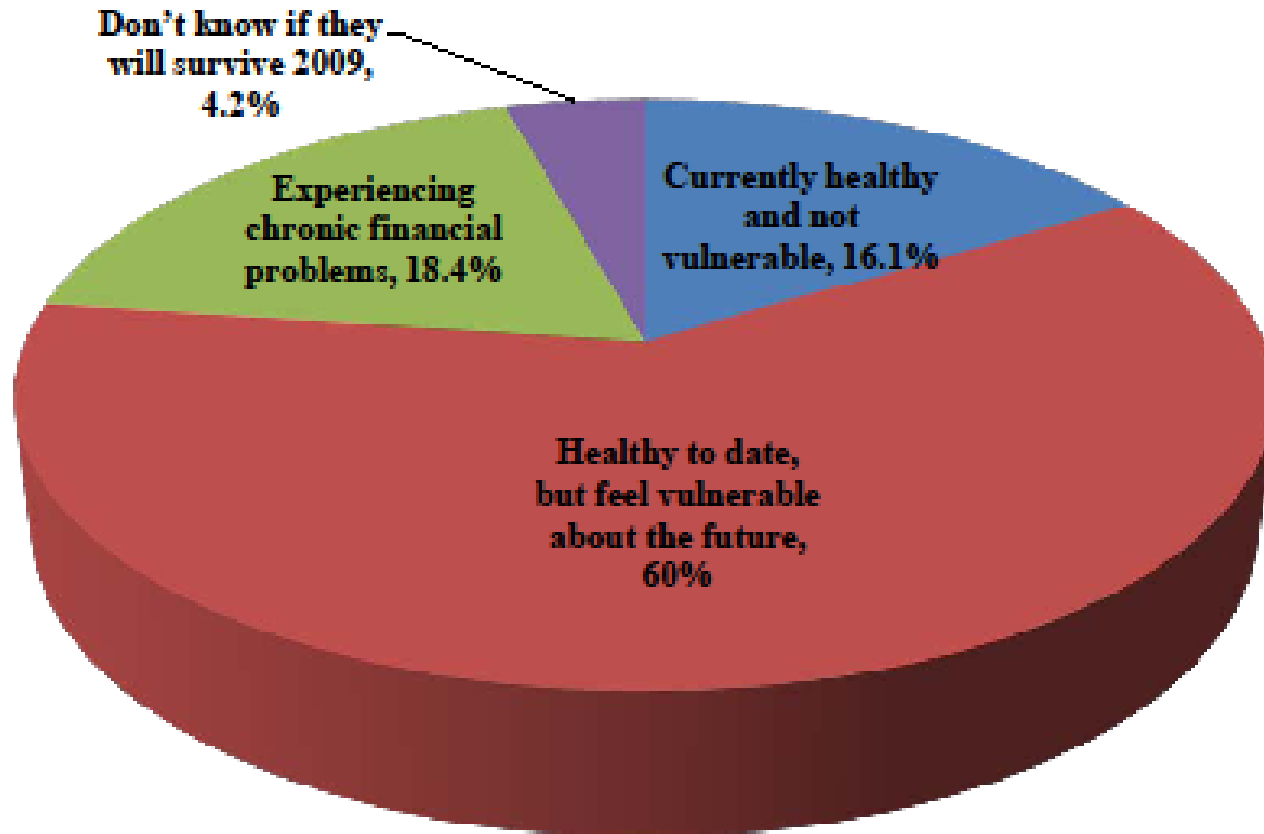


Impact of the Downturn During 2008

- 40 % of respondents reported that their organization fell short or significantly short of their 2008 revenue goals

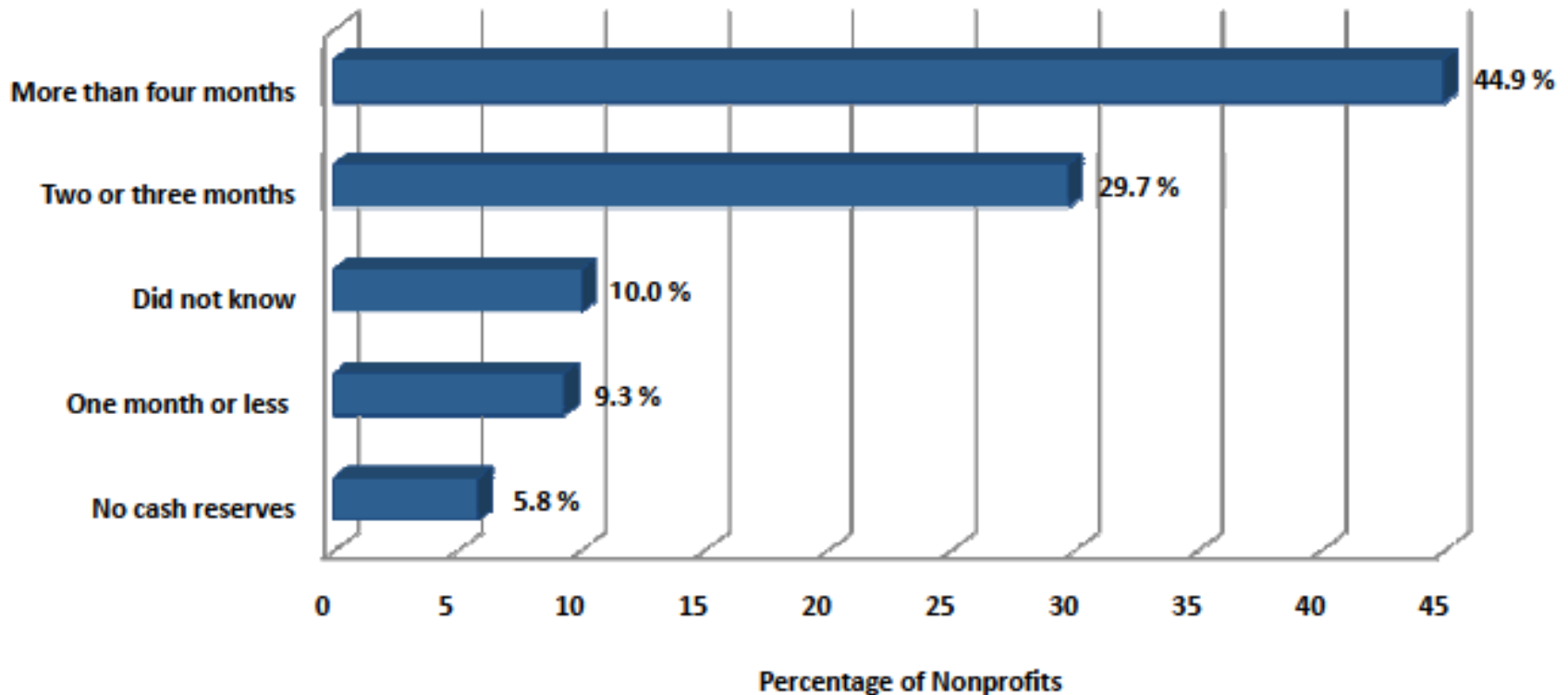
Summary of Key Findings

Financial Health of Organizations Across the State



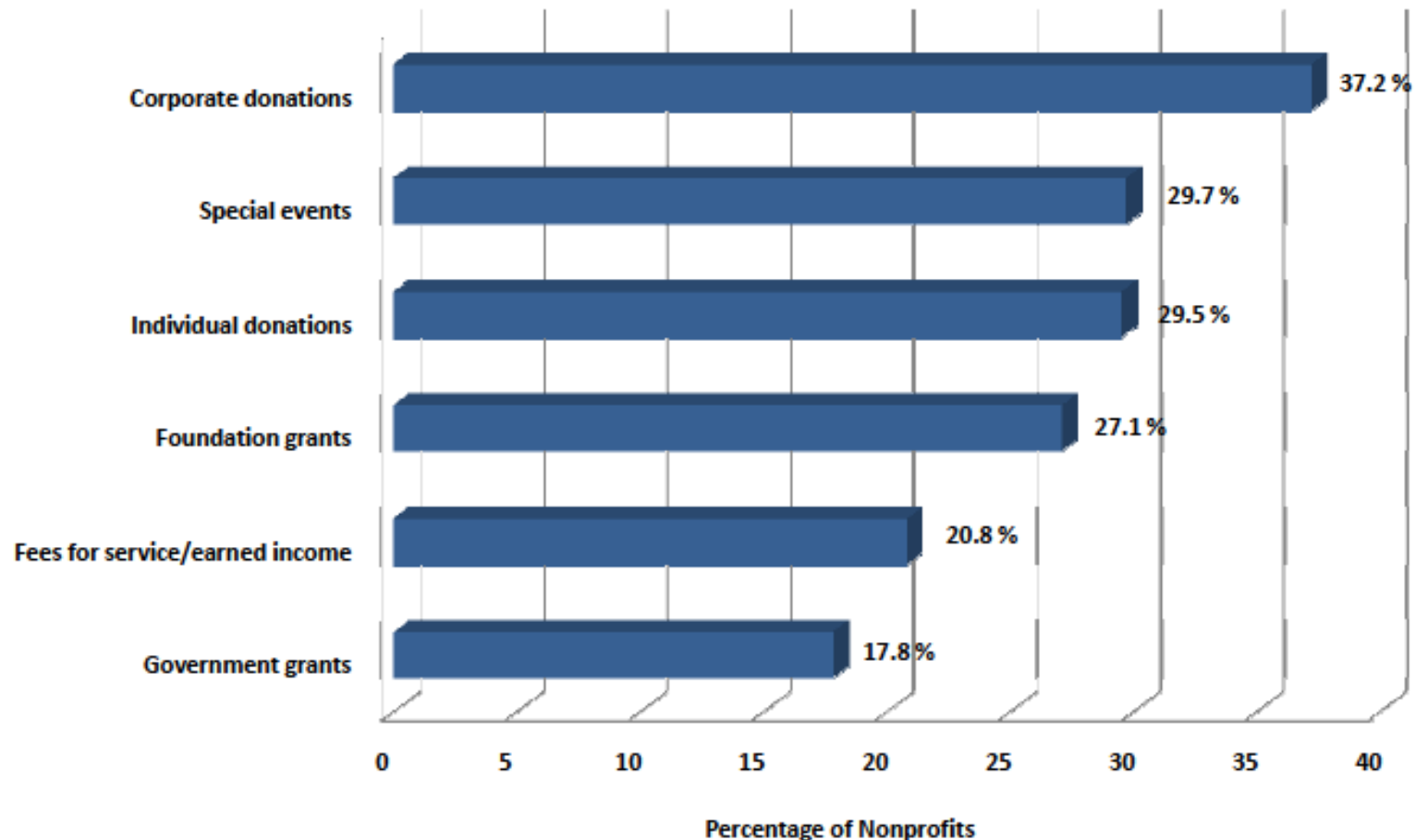
Summary of Key Findings

Levels of Cash Reserves



Fundraising Trends for 2008- Declines

Declines in Revenue by Funding Source



Fundraising Trends

- 51.4 % of respondents have experienced the reduction or elimination of a major funding source
- An additional 37.1 % have not yet experienced this, but expect to in 2009
- 11.5 % expect all major funders to sustain funding during 2009

Overall, respondents reported that the economic climate has had a somewhat negative or significant negative effect on fundraising activities. Many of them are already trying new fundraising strategies

Financial Management

- 45.9 % of respondents reported that their organization experienced cash flow issues during 2008
- Organizations responded in these ways (top 10):
 - 27.4 % cut nonessential expenses
 - 22.8 % accessed prior year cash reserves
 - 21.5 % increased fundraising activities
 - 20.5 % tried different fundraising strategies
 - 17.7 % restructured staff responsibilities
 - 15.9 % cut back programs
 - 15.4 % did not fill open positions
 - 13.8% cut staff pay or hours
 - 11.5 % collaborated with other organizations on programming
 - 10.8 % continued operating in a deficit
- Additionally, 8.5 % laid off staff

Findings from Focus Groups

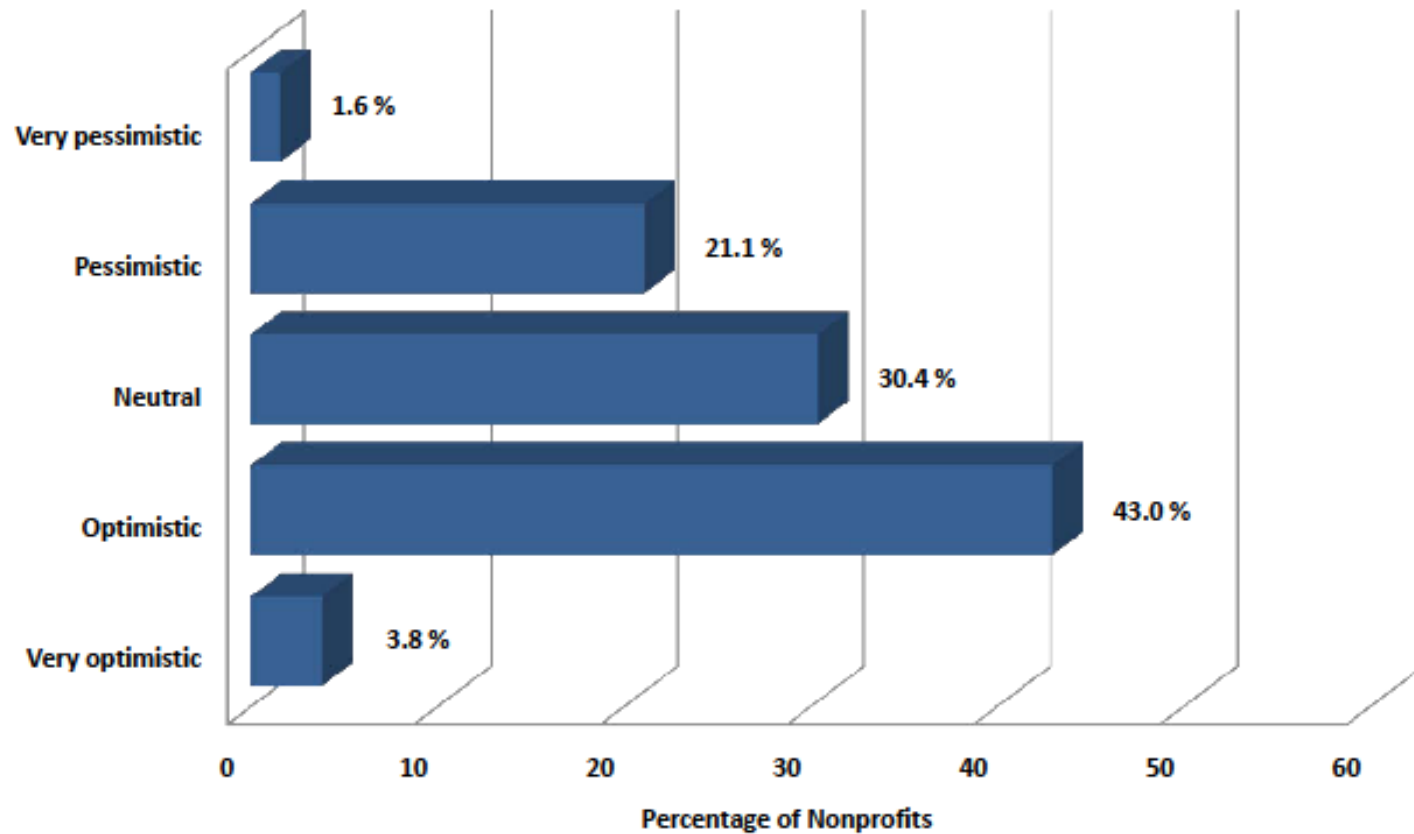
- There is great anxiety across the sector – about lack of funding, increases in demand for service, and mostly the *unknown*
- Similar findings to those highlighted in the online survey
- Individual giving is down significantly – some as much as 42%
- There is a great deal of concern about the lack of information regarding foundation funding amounts and criteria for selection
- There is a strong belief in rural areas that more training is needed
- Networking opportunities to share information are vital now
- There is a perceived lack of board awareness of the issues

Other Key Trends for 2009

- Cutting expenses, especially administrative expenses
- Increasing and diversifying fundraising activities
- Some cutting or freezing staff-related expenses (including layoffs, furloughs, cutting benefits, etc)
- Mixed messages on collaboration
- Utilizing more volunteers and interns
- Keeping a closer eye on cash flow and financial management activities

Looking Forward

What do Nonprofits Expect in the Next Three Years?



Looking Forward



Level of Preparation for 2009

- 58.1 % are somewhat prepared
- 20.3 % are well prepared
- 16.3 % are somewhat unprepared
- 4.2 % are very unprepared

Recommendations To Nonprofits

- Take opportunities to try new things, challenge standard approaches, and innovate
- Join forces with other nonprofits to deliver compelling messages to our communities and policy makers
- Find ways to collaborate with other organizations for efficiencies, effectiveness, and influence
- Take the long view. Be careful that actions taken to address immediate challenges don't jeopardize future growth and impact

Opportunities for Foundations

- Communicate foundation realities to nonprofits – the nonprofit sector needs to be prepared
- Provide more general operating funds – to allow more adaptable organizations
- Endorse demonstration of best practices and offer resources for technical assistance to organizations
- Help to create and support collaboration by which nonprofits share resources (personnel, space, collateral) easily and effectively

To Consider Today & Tomorrow

- What do I want to learn from and offer my peers over the next two days?
- What can we do together that we have not been able to do apart?
- How different does our sector need to look and how do we make that happen?
- What actions can my organization take immediately?

Full Report

- Full report to be released week of March 9
 - Media release
 - Electronic release through nonprofit and foundation partners
 - Report will include detailed information about:
 - Differences and similarities in perceptions of board members, executive staff leadership, and other staff members
 - Comparisons between suburban/urban and rural organizations
 - Comparisons based upon budget size
 - Mission focus comparisons (healthcare, youth, education, arts/culture, and human services)

Next Steps



- Toolkit development
- Trainings
- Other capacity building support for outcomes of Our3 Summit and feedback on report

Many thanks to
The Colorado Health Foundation
for supporting this important survey

