

Engaging in the business of giving back

Arizona nonprofit groups find new challenges as well as opportunities during recession

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With revenues falling as quickly as the hopes of everyday citizens, nonprofit organizations also are experiencing dwindling funds and mounting concerns.

"Nonprofits are really struggling, especially with decreased government funding coming down the pike," said Patricia Lewis, senior professional in residence at the Lodestar Center for Philanthropy and Nonprofit Innovation at Arizona State University.

In 2007, the 13,196 charities with 501(c)3 status in Arizona generated \$2.3 billion in donations and accumulated 316.9 million volunteer hours. But those numbers belie a more serious trend.

A February 2009 survey by the Alliance of Arizona Nonprofits found that of the 87 groups responding, 50 percent saw an average revenue decrease of 18 percent in 2008 and 64 percent expected cuts in funding for operations this year.

The declines come as the organizations report a 75 increase in demand for their services.

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Cindy Hallman
Desert Mission

"The surprising thing is, we had an expectation there would be some negative impact, but we are heartened to see that our nonprofits are still looking at ways to (be creative) even when they have to cut stuff," said Jill Bernstein, the alliance's director of communications.

The bad news may be easier to take with a bit of perspective.

"In the last 29 years or so, we've had three or four recessions," Lewis said. "In 1981, philanthropy increased by 13.8 percent. In 2001 — a significant recession — it still increased 0.6 percent. We'll see a flattening of philanthropy, but we have no fear that we'll see a huge decline."

Social Venture Partners, which connects philanthropists with nonprofits, has not seen a huge drop-off in the number of investors who contribute the group's minimum of \$5,500 each year.

"It struck me how upbeat and positive (nonprofits) remained, but nonprofits have always been in the culture of fundraising and being creative," said Terri Wogan, executive director of Social Venture Partners. "We've seen more of



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Employees from David and Sam PR take a day to work at St. Mary's Food Bank in Phoenix.

a dip with our partners, whose value of time we put at 2.5 times more than the \$3 million we've given out."

The nonprofit has decided to increase face time with its investors, so they understand "it's more important to find leverage for time and talent."

Arizona Autism United is doing whatever is necessary to meet its objectives. Its mission is to provide support and services for those living with or affected by autism. The group is funded through donations and state reimbursements.

Executive Director Aaron Blocher-Rubin said even after a 10 percent cut to the organization's \$180,000 monthly expenses, mostly for therapy for autistic youth, the group plans to keep wages competitive to ensure it keeps employees. The group, a vendor for the Arizona Department of Economic Security developmental disabilities division, also plans to look for interns and will keep a line of credit until the state reimburses it.

"The flipside to all of this is we'll have a culture of change where we are all re-evaluating what is important," Blocher-Rubin said.

FOOD BANKS UPDATE

The Association of Arizona Food Banks, which represents five facilities, is growing where others are hurting. The average donation per organization has almost doubled, to \$22,745, with the number of donors increasing by 12 percent.

"We've tried to add a dimension of collaboration and make the best of every use," said Executive Director Ginny Hildebrand.

The organization is focused on "reducing costs while increasing donations

and increasing the public message using its full-time communications department," she said. "These are weighty decisions, and people need to understand cuts and how they affect us."

Like many nonprofits stuck between their resources and the demand, Hildebrand said she fears "our sustainability may be in danger."

Cindy Hallman, executive director of Desert Mission, said she is dealing with staff burnout. The group, which works in everything from food banks to urban renewal, has seen a 30 percent loss of income, and there is little money left to pull from reserves.

Although donations are down, the number of those wanting to help has increased, largely because of the unemployment rate.

"Some people are not working, and we're getting more and more calls that people want to help," Hallman said. "It helps the person feel better and lets us do more with less."

St. Joseph the Worker has maintained its annual budget of \$600,000, and Executive Director Amy Caffarello thinks that may be in part because of the group's work with the homeless and former prison inmates.

"The bottom line is it just makes economic sense to just get them off the street," she said.

And with stimulus funds on the collective minds of Americans, many in the industry advocate the crucial role of nonprofits in the trying times ahead.

"Nonprofits are a conduit, and with the stimulus going forward, that money will go through things like nonprofits," Bernstein said.

ARIZONA GIVING

There are more than 13,000 501(c)3 charitable organizations in Arizona. A recent Arizona State University study showed 58.2 percent of Arizonans had made financial contributions to charitable organizations during the past year. The average donation was \$2,018 a year. Those who donated gave, on average, about 3 percent of their annual household income.

\$2,283: Average giving reported by white, non-Hispanic households

\$1,012: Average giving reported by Hispanic households

The percentage within each age group who give:

18-30: 40.6 percent

31-45: 62.8 percent

46-60: 71.1 percent

61-70: 65.9 percent

70-PLUS: 49.7 percent

Arizonans make contributions to both religious organizations and secular groups. Of the households that gave:

40.6 PERCENT made religious contributions, with a median donation of \$600

55.6 PERCENT made secular contributions, with a median donation of \$525

Top motivations for giving (percentage who said it was a major motivation):

64.2 PERCENT: Religious beliefs

61.7 PERCENT: The belief that those with more should help those with less

54.7 PERCENT: Identifying with a cause; donating to a cancer organization because of a loss of a loved one to the disease, for example

48.5 PERCENT: The belief that a charity is more efficient in providing public services than government or private business

35.5 PERCENT: Helping individuals meet their material needs

22.9 PERCENT: Tax benefits

Top reasons for stopping support of a nonprofit (percentage who agreed with the statement):

47.2 PERCENT: Didn't feel connected to the organization anymore

44.1 PERCENT: Stopped involvement with the organization

41.1 PERCENT: The organization misled the public about its operations

40 PERCENT: Finances did not permit it

Source: 2008 Arizona Giving and Volunteering Study, Lodestar Center for Philanthropy and Nonprofit Innovation at Arizona State University