

NON-PROFIT Know-How

Sagging economy muddies future for nonprofits

Fundraising by major U.S. nonprofits has not been adversely affected by fears of an economic recession, The New York Times reported March 14. Yet for some organizations clouds seem to be massing on the horizon.

■ According to the newspaper, 64% of the nonprofits taking part in the latest annual survey by the Association of Fundraising Professionals said that they raised more money in 2007 than in the year before.

■ Though Ohio, for example, is suffering from high unemployment, surging home foreclosures, and a gloomy economic future, Christina Walker, the director of development of the Cleveland Orchestra, told the Times, "We're doing fine. We haven't seen any effect yet."

■ Nationally, "Our surveys tell us fundraising has been holding steady," the Times quoted Paulette V. Maehara, chief executive of the AFP, as saying.

She cautioned, according to the Times, that "the environment could change over the course of 2008."

■ Stephen R. Birrell, development veep of Williams College in Massachusetts, told the Times that the college's annual fundraising program was "doing well." However, he added, the number of donors was down somewhat from earlier years.

He said that a special Williams fundraising drive, which started in 2003, to raise \$400 million by the end of 2008 so far has exceeded the goal by more than \$50 million – but that it "may have drawn donors away from the annual fund."

■ Contributions to the March of Dimes rose about 4.5% in 2007, according to senior vice president Carol Portale. She added that the organization's average gift size had declined slightly, but that gifts to its annual March for Babies, which provides about half of the March of Dimes' annual revenues, are solidly on track.

■ Chief Executive Darell Hammond of KaBOOM! – a 12-year-old nonprofit that raises funds, largely from corporate donations, to build and maintain playgrounds – says that he and his associates are watching the economy warily, since declines in corporate gifts tend to fall sharply during hard times.

However, he reported, so far corporate donations have remained strong. Yet many foundations are not making new funding commitments.

KaBOOM's first attempt at a direct-mail promotion last fall, he admitted, was something less than a howling success. It pulled in \$50,000 – 25% of what the organization, perhaps overoptimistically, had expected.

■ A just-released Target Analysis Group survey of 72 nonprofits indicates that their number of donors fell by a median 1.4% through September, 2007, and that first-time donors ebbed by 6.2%. Yet, money raised per contributor rose by a median 3.9% over 2006.

Animal-rights nonprofits bucked the trend. From January through September, 2007, they enjoyed a median 7.4% increase in donations and a phenomenal 63.5% increase in new donors.

Environmental organizations also did well. Though their acquisitions of new donors fell by a median 5.9%, their contribution income rose by 3.5%, and their total number of contributors held steady.

Big losers: health-oriented and international-relief organizations and–worst of all – issue-advocacy groups. They recruited a median 21.8% fewer new donors in the January-September period, and their total number of donors plunged by 12%.



On average, a first-time donor gives again twice in the next 12 months.

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