

# Nonprofit Current Conditions Report

## Activity Area Reports: Community Building, Volunteerism and Philanthropy

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This report presents selected results of the third Current Conditions survey designed to provide quick, real-time analysis of the challenges nonprofits were experiencing at the end of 2009. In Minnesota, community building, volunteerism and philanthropy organizations make up 9.8 percent of all nonprofits. For this Current Conditions Report, 8.1 percent of respondents were community building, volunteerism and philanthropy nonprofits, representing approximately 591 staff and total budget of \$88,590,412. Seventy-five percent of these organizations were located in the Twin Cities Metro and 25 percent were in Greater Minnesota.

### What challenges have community building, volunteerism and philanthropy organizations faced?

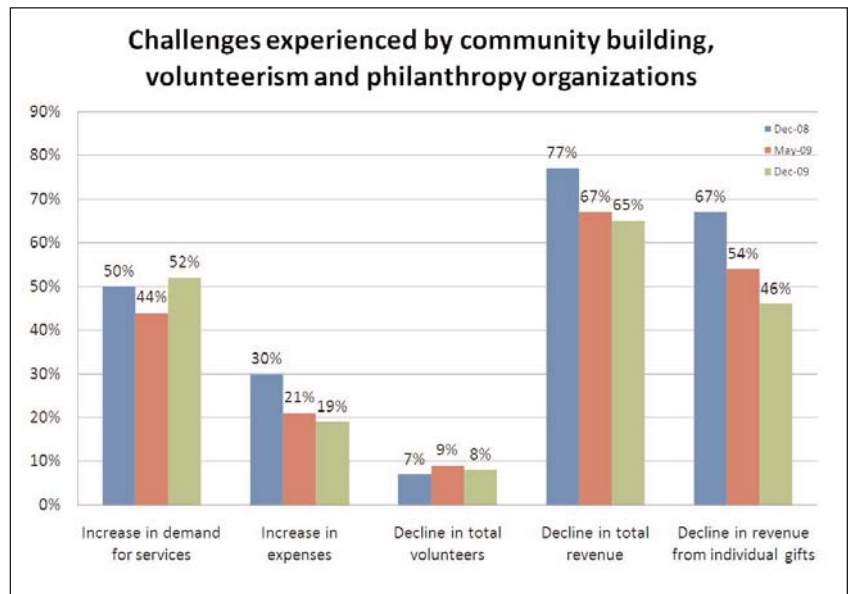
A primary goal of the Current Conditions report was to shed light on how Minnesota's nonprofits have been affected by the recession.

By the end of 2009 community building, volunteerism and philanthropy nonprofits had experienced:

- Increased in demand for services (52%)
- Increase in expenses (19%)
- Decline in total volunteers (8%)
- Decline in total revenue (65%)
- Decline in revenue from individual gifts (46%)

In 2009, community building, volunteerism and philanthropy nonprofits reduced operating expenses in the following ways:

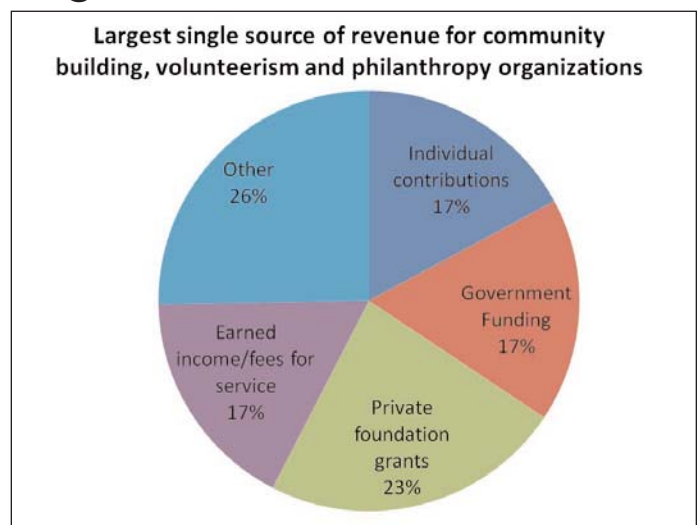
- Eliminating staff (31%)
- Hiring freeze/salary freeze (48%)
- Cutting salary and/or benefits (33%)
- Reduction in budget (60%)
- Reduction in programs (23%)



### Financial health of community building, volunteerism and philanthropy organizations

Financial reserves and access to a line of credit are valuable tools for organizations during an economic downturn.

Seventy-one percent of community building, volunteerism and philanthropy nonprofits reported having an operating reserve and of these, 33 percent anticipate using it in 2010. Thirty-five percent reported cash flow problems in 2009. Twenty-nine percent had access to a line of credit in 2009. The problems experienced by organizations varied based on their sources of revenue. The largest percentage of community building, volunteerism and philanthropy, organizations relied most on other sources of revenue, such as endowments, bequests, special events and membership fees (26 percent).



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## The health of the revenue sources varies

### Government Funding

Thirty-five percent of nonprofits reported receiving government funding and 33 percent reported a delay in government payments this year. Cash flow problems for some organizations have been exacerbated by delays in receiving payments from government.

Twenty-seven percent of community building, volunteerism and philanthropy nonprofits applied for stimulus funds and 29 percent of these were successful in obtaining the funds. With the funds received, organizations have:

- Retained staff (0%)
- Hired new staff (100%)
- Increased existing staff's hours (0%)
- Increased programs (100%)

### Earned Income

Fifty percent of community building, volunteerism and philanthropy organizations report earned income as a substantial source of revenue (defined here as self generated revenue from a service, sale of tickets, facility rental or product, not from a government source). Thirty-five percent reported a decline in earned income in 2009's 4th Quarter when compared to 4th Quarter of 2008, 19 percent reported an increase and 35 percent reported that earned income has stayed the same.

Forty-six percent anticipated meeting 91 percent or more of their total earned income goal by the end of 2009.

### Individual Contributions

Individual contributions are some of the most flexible dollars that nonprofit organizations receive but the number and amount of contributions can suffer in a recession.

Seventy-nine percent of community building, volunteerism and philanthropy organizations regularly receive individual contributions. Thirty-seven percent of these community building, volunteerism and philanthropy nonprofits reported a decline in contributions in 2009's 4th Quarter compared to 4th Quarter of 2008, 15 percent reported an increase and 34 percent reported that contributions stayed the same.

Twenty-seven percent anticipated meeting 91 percent or more of their total individual contributions goal by the end of 2009.

Fifty-six percent participated in GiveMN.org's Give to the Max Day.

### Foundations and Corporate-Giving Programs

Eighty-five percent of community building, volunteerism and philanthropy organizations receive grants from foundations and/or corporate-giving programs. Fifty-seven percent reported a decline in grants and/or commitments from foundations and/or corporations during the 2009 4th Quarter when compared to 4th Quarter of 2008, 2 percent reported an increase and 30 percent reported that grants and/or commitments stayed the same.

Twenty percent anticipated meeting 91 percent or more of their total private grants goal by the end of 2009.

## 2010 projections for community building, volunteerism and philanthropy organizations

Although 2009 was a challenging year, 2010 has at least as many cautions for community building, volunteerism and philanthropy organizations.

The survey asked respondents to think about 2010, and to report the challenges they expect to face. In 2010, community building, volunteerism and philanthropy nonprofits anticipate:

- Increase in expenses (33%)
- Increase in demand for services (37%)
- Decline in volunteers (12%)
- Decline in total revenue (67%)
- Decline in revenue from individual gifts (56%)
- Decline in revenue from foundations and corporate giving programs (64%)
- No effects from the recession (4%)

For the complete text of the overall Current Conditions Report and Nonprofit Economy Report, see [www.mncn.org/outlook.htm](http://www.mncn.org/outlook.htm).