

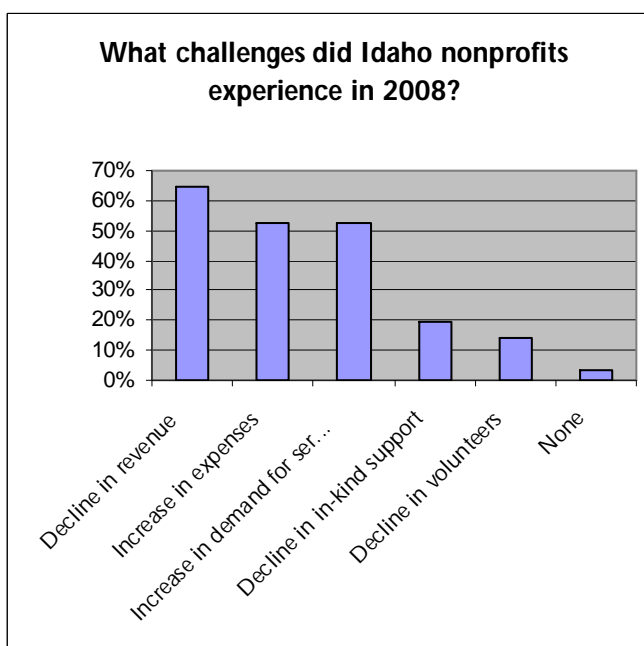
Nonprofit Current Conditions Report February 2009

To better understand the impact of the current financial crisis on Idaho's nonprofits, the Idaho Nonprofit Center conducted an online survey of nonprofits in the state during the month of January 2009. This Current Conditions Survey was designed to provide a quick, real-time analysis of nonprofit challenges as we enter 2009. Although not statistically valid, the 270 responses represented nonprofits from every area of the state and a wide variety of missions and budget sizes.

Recession Hits Idaho's Nonprofits

By year's end 2008, pundits were still debating whether the economy was in for a real "recession", but to Idaho's nonprofit sector, it was clear. Of the nonprofits responding to our survey:

- Almost two-thirds (64%) reported a decline in total revenue.
- Over half (52%) reported an increase in demand for services
- Over half (52%) reported an increase in expenses.



State [association] lost funding and fell apart, leaving local groups to function alone.

~Survey respondent

This drastic reduction in funding will require a reduction in staff, developing waiting lists for our seniors eligible for meals on wheels, reducing hours of availability and there's a strong possibility that we may have to eliminate services completely in some areas.

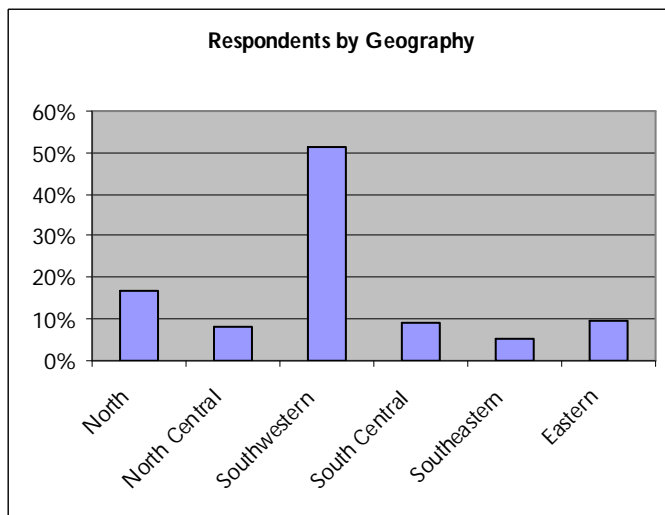
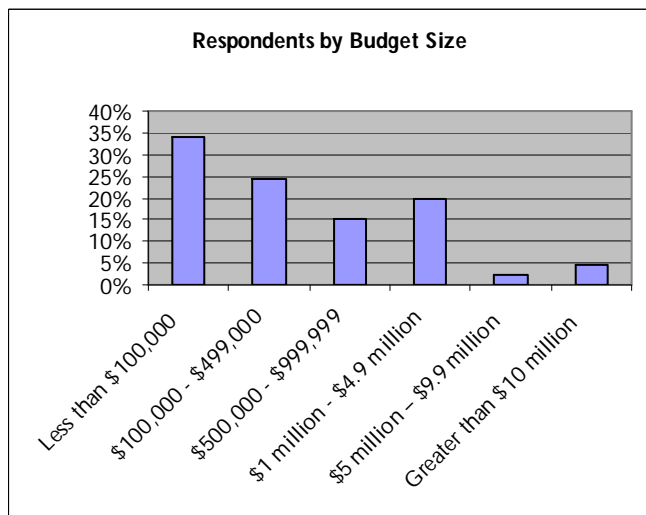
~ Survey Respondent

Idaho communities count on their nonprofits to be partners in public service sheltering the homeless, training the unemployed, educating our youth, building affordable housing, delivering health care, lifting spirits with arts and culture, and serving as vehicles for citizen initiative in support of the common good. That almost one quarter of nonprofits have already cut staffing and programming is a key indicator of the impact in store for communities relying on those nonprofits for services.

About the Survey

270 organizations completed the survey, representing a wide range of missions, budget sizes, and geographic distribution. A little more than 50% were from southwest Idaho, which approximately matches the overall distribution of nonprofits across the state. In terms of budget, 93% were less than \$5M in annual expenditures, which is similar to Idaho's nonprofit profile.

We are maintaining but are prepared to cut budgets and programming where it will do the least amount of harm. We are of the opinion that things may get worse before they get better. We need to prepare for all contingencies. ~ Survey Respondent

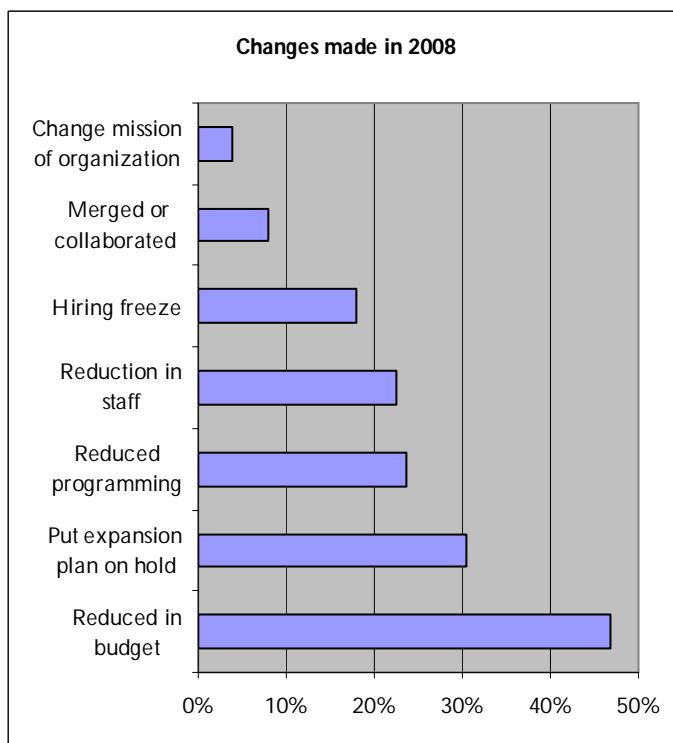


So, how did nonprofits respond to these challenges?

47% of the responding nonprofits reported that they have reduced their budgets, 30% have put their expansion plans on hold, 24% have reduced their programs and services, 23% have reduced staffing and 18% reported a hiring freeze.

But just at a time when revenue is decreasing, demand for services is on the rise. This is especially true in human services organizations and those serving animal needs. And those hit doubly hard are human service organizations which receive their primary funding from government agencies (67% decrease in government funding and an 85% rise in demand).

Do not panic. Try to function as efficiently as possible and do not abandon your mission. Make sure that you have a strong, engaged board. ~ Community Philanthropist



Nonprofit Dilemma: Demand for Services Up, Revenues Down

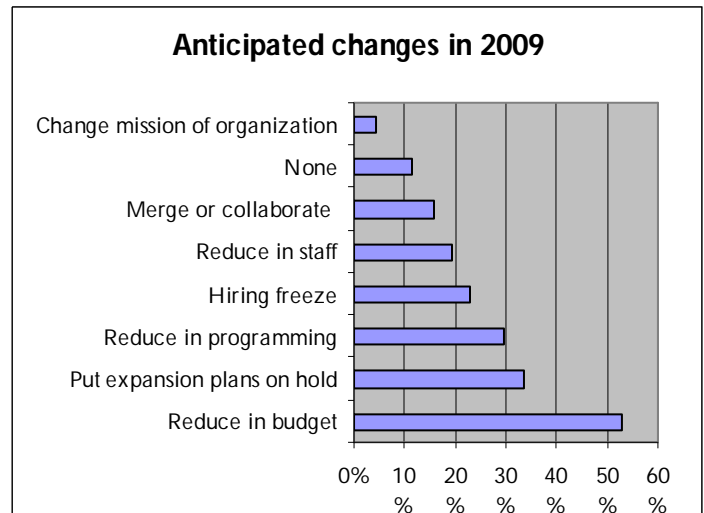
	Increase in expenses	Increase in demand for services	Decline in volunteers	Decline in revenue	Decline in in-kind	None
Animal related	71%	71%	14%	86%	27%	0%
Arts	45%	27%	9%	68%	4%	4%
Educational	45%	60%	0%	70%	10%	0%
Health	48%	54%	9%	67%	12%	3%
Human Services	68%	82%	12%	60%	22%	0%

Several foundations have expressed they want to "spread the wealth" and focus more on crisis needs like food and shelter. Creates challenges when long time supporter - foundations remove their support without notice. ~Survey Respondent

What does it look like for 2009?

Organizations across regions, sizes, and service sectors are all anticipating a tough go in 2009. However one small bright spot appears: organizations for which individual contributions are the major funding source are anticipating that revenue stream to stay strong (59% expect it to increase or stay the same). That emphasizes the point that having close relationships with organizational supporters is the best way to weather challenging times.

We live in a small town, 2/3 of our membership have 7 employees are less. Those are the first businesses to close.
~Survey respondent



Conclusions and Recommendations

Nonprofit organizations all around the state are working hard to meet the needs of their communities. However unlike other recessions in past decades that left individual donations, government grants and contracts and foundation giving largely unchanged, the severity of this decline has impacted revenue from all sources and to all sectors. Our state nonprofits are making intelligent choices to reduce expenses and manage programs more efficiently while increasing focus on their missions, but it's a difficult and challenging task.

We also know it [GDP] has dropped 8.4% during the current downturn, which is already triple the decline of the mid-1980s. Unfortunately, it is likely to drop further. What remains unknown is how much longer it will drop and by how much it will fall.

~ Idaho Outlook Report, Jan 2009

Yet, the strength and value of the nonprofit sector in Idaho comes from the resourcefulness of our people, the ability to rally citizens and volunteers to address the most urgent needs in our communities, the inventiveness of solutions despite the paucity of resources, the energy to commit to doing together what cannot be done alone. Our sector will change in perhaps some significant ways, but the dedication, perseverance and nimbleness shown by nonprofits in all regions of the state builds confidence on the parts of elected officials, community leaders and funders

that we will effectively address issues and find solutions together.

Listen to what nonprofits are already doing:

We are currently rebuilding our membership and donor base.

We are identifying a list of challenges and then will work to find sustainable solutions.

We have cut three staff positions from 8 to 4 hours, 5 days per week. Board members and volunteers pick up the slack.

...sharing our story with as many people as we can brings in more volunteers, business partners and donations.

We are using the barter system for some of the work that needs to be done.

Nonprofits can assist government in developing solutions if they are invited to the table. Our agency is constantly striving to become more efficient without losing our effectiveness.

...looking into a for-profit subsidiary

~Survey Respondents

What the Nonprofit Center is Doing

We have taken to heart both what we have been hearing from nonprofits across Idaho and Jan's sage advice (below), and are convening Nonprofit Town Hall meetings in cities across the state starting in February. It is time to get ourselves together, explore new and innovative ways to leverage each others' strengths, talents and resources, and come up with solutions to the most pressing issues we are all facing.

In Part I of the half-day Town Halls, we will ask participants to engage in an open discussion of the Current Conditions findings and how the recession is impacting their community. Part II introduces a financial assessment and contingency planning exercise to help set the stage for Part III, a facilitated discussion on needs, sharable assets, partnerships and process.

Our preliminary schedule is as follows:

March 3: Ketchum
March 13: Boise
March 16: Twin Falls
March 17: Pocatello
March 18: Idaho Falls

Check our website for details on locations and registration. Help us make this an worthwhile experience for your city. Call (208) 424-2229 to get involved.

About the Idaho Nonprofit Center

The Idaho Nonprofit Center is the only statewide association of nonprofit organizations dedicated to the success of Idaho's important nonprofit sector. We believe that nonprofits play a vital role in all of life's experiences and are instrumental to the health of our communities.

The Nonprofit Center trains nonprofit organizations on effective management practices, works to increase public awareness of the social sector's contributions and issues, and creates opportunities for collaboration between the nonprofit, private, and public sectors. More information about the Nonprofit Center's services is available at www.idahononprofits.org or 208.424.2229.

And Now for Something Different About Nonprofits and the Economy

Words of advice from Jan Masaoka

1. **Declare an emergency.** When people have permission to think and act out of the normal grooves, they can be bolder, more creative, energized, or at least more ready to accept changes. An emergency doesn't mean people should panic . . . an emergency means considering the bold and wacky ideas that are either brand new or used to be off the table.
2. **Schedule worrying for later.** . . .for many people, it's smarter not to make decisions until, for instance, you hear from the county agency that funds you or you see what the February dinner brings in. Instead of worrying, try a few scenario exercises.
3. **Do less with less.** Of course there is more need, more demand, and we probably have less money. The best decision may be to be open fewer days a week, hold fewer performances, or stop taking children over 5.
4. **Ask for help, even if you don't know what would help.** Yes, I'm talking about you executive directors. Especially you. I realized that as executives we only like to tell the board about a problem if we already have a solution in mind. It's much harder to go and say, "Help. I don't know what to do."
5. **Call a community summit on your behalf,** and see if they can support you. In the end, we can only do what our constituents will support us to do.

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