

QUARTERLY PHILANTHROPY REPORT

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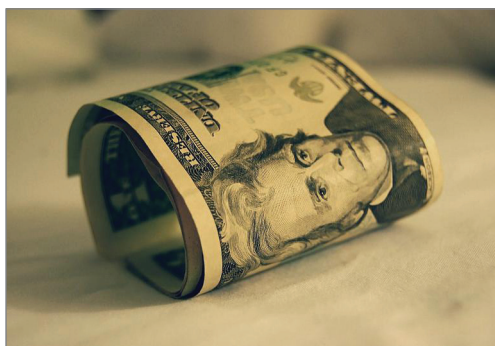
Donors Respond to Crisis

Against a backdrop of troubled economic times, donors' assets have endured double-digit drops while the demand for charities' services has soared in the face of shrinking budgets. Yet despite the financial blow, some donors are stretching to meet the increased need by setting up community relief funds, establishing partnerships with other funders and looking to the government for support.

Challenging Times

The pot of philanthropic dollars continues to shrink as investments across the board suffer from the economy's decline. Foundation endowments have lost an **estimated** 30 percent since the stock market's peak in October 2007. To stay afloat, many have had to enact hiring freezes, reduce operating costs, and even lay off employees. The recent Madoff scandal further dampened giving this season. **Several foundations** with assets managed by Madoff including the nation's 71st largest were forced to close up shop entirely.

Nonprofits have endured a double blow; the declining economy has restricted their funding and increased the need for their services at the same time. Over 50 percent of the nonprofits **surveyed** by the Bridgespan Group in November reported cuts to their budget, with one quarter of them experiencing cuts of 21 percent or more. Even organizations tra-



Source: Faung

ditionally immune to economic fluctuations, such as universities, arts institutions and churches, have been deeply affected. **Harvard University's** endowment fell 22 percent in four months.

Donors Respond to the Growing Need

Despite the dramatic endowment losses, many donors are striving to honor their outstanding commitments. To do so, some foundations intend to raise their spending rate above the five percent required by law. The **Packard Foundation**, for instance, expects to pay out as much as seven percent of its assets in 2009. Yet even with the increased spending percentage, the foundation's giving in absolute terms will drop \$59 million from its 2008 level. Like other foundations, Packard will compensate by cutting operating costs and limiting new grant awards.

Some donors have taken additional steps to extend support in this time of need. Foundations nationwide have established community relief funds to provide social service organizations with immediate funding to meet the rising demand for their services. **The Piper Charitable Trust** in Phoenix, for example, has set aside \$1 million for local nonprofits providing direct assistance to the community's residents. Others are using partnerships and matching gifts to leverage their impact. Five leading **philanthropic organizations** in Indiana have come together to award \$3.2 million in emergency grants to social service agencies. The Chicago Community Trust has launched **The Unity Challenge**, pledging to match donations on a two-to-one basis for a total of \$3 million to help expand the capacity of local nonprofits.

The **MacArthur Foundation** has taken community relief efforts to the next level with its recent announcement to commit

Nonprofits Try New Ways to Raise Funds

Faced with increased competition for a shrinking pie of philanthropic dollars, nonprofits are experimenting with new approaches to fundraising. To attract more donors, many are launching ad campaigns and testing out digital marketing strategies including blogs and mobile marketing. **Forge**, a California-based charity, has successfully appealed to new donors by blogging about its financial challenges. Other nonprofits have strengthened relationships with their major funders by hosting special events and retreats. **The Navigators**, a Christian charity, ramped up its contributions from high-end donors by inviting them to an all-expenses paid retreat where they could relax and learn more about the organization's work.

\$68 million toward foreclosure prevention and relief in Chicago. Seen as the largest effort by a private foundation to address the foreclosure crisis, the project will help 10,000 households over the next two years.

Recognizing nonprofits' need for flexibility in uncertain times, the **Weingart Foundation** expanded its general operating support program to provide nonprofits with up to \$150,000 in unrestricted funds.

Affinity groups such as the Foundation Center have also stepped up their support by building new toolkits, hosting forums and developing online resource centers to help donors engage the nonprofit sector more effectively. Other groups have turned to the government for assistance. A coalition of charities and foundations called **Independent Sector** will lobby Congress for a revolving-loan fund to help struggling nonprofits access government funding as private dollars dwindle. Taking a different approach, the **Council on Foundations** has pushed to increase philanthropic giving by promoting the passage of new tax-break incentives.

Consumers Demand Socially Responsible Companies

While many cost-cutting corporations this quarter cut their philanthropic giving, consumer demand for cause-related products and responsible companies is growing. A recent study by Cone LLC found that consumer loyalty to a brand is a thing of the past, with nearly 90 percent of participants reporting that they are

more likely to switch from one brand to another if the other is associated to a good cause. The Boston College Center for Corporate Citizenship reached a similar conclusion in its **study** of corporate reputation, finding that consumers measure companies against their community involvement, employee relations and business ethics. Stock market trends this season show the tangible effects of these preferences, as **socially responsible investment funds** fared better than most during the downturn.

BRIEFLY

Struggling Los Angeles contemporary art museum gets help

Los Angeles Times, Nov. 12, 2008
Los Angeles Museum of Contemporary Art, Dec. 23, 2008

Online tool to help foundation board members is launched

Philanthropy Journal, Oct. 7, 2008

A new Tony award for philanthropy

Los Angeles Times, Oct. 8, 2008

Social entrepreneurship grows in popularity

Washington Post, Oct. 9, 2009

Philanthropic travel on the rise

New York Times, Nov. 10, 2008

Donor-advised funds become increasingly popular

San Francisco Chronicle, Oct. 14, 2008

Salvation Army experiments with debit and credit cards

New York Times, Nov. 14, 2008

COMING UP

Family Philanthropy conference, **Council on Foundations**

Indianapolis, February 1-3

Annual conference, **Jewish Funders Network**

St. Petersburg, FL, March 22-24

"Corporate Citizenship: Leading Change, Managing Ambiguity" conference, **Center for Corporate Citizenship at Boston College**

San Francisco, March 29-31

"Aligning for Impact: Connecting the Dots" conference, **Center for Effective Philanthropy**

Los Angeles, March 31-April 1

Interest in Service Remains Strong

A mix of corporate job losses and a growing desire to do good has strengthened the nonprofit sector's large and dynamic workforce. Although the economic climate has forced many nonprofits to cut staff, interest in service organizations remains strong. This year, applications to **Teach for America** by college seniors rose by 50 percent, reports the Washington Post. Other national service programs, such as AmeriCorps and the Peace Corps, have also reported steady rises in applications, according to the newspaper. **Higher education institutions** are catching up to this trend, with more than 230 institutions across the country offering courses in nonprofit management and leadership, up from 179 a decade ago, reports the New York Times.

Encouraged by President-Elect Obama's message of change, interest in national service has not only grown among those entering the labor force, but also those leaving it. The Center for Nonprofits at the University of Wisconsin at Madison announced that it will offer undergraduate and doctoral degrees in nonprofit studies targeted to government and corporate **retirees**, reports the Wisconsin State Journal. At the same time, those out of a job on Wall Street due to financial crisis are increasing the pool of people switching from the corporate to the nonprofit sector.

The message of change has inspired the Case Foundation to launch the Change

TAKING THE INITIATIVE

Global Fund to Fight AIDS, TB, and Malaria awards record \$2.75 billion

Google.org awards \$14 million to predict and prevent next pandemic

Harvard gets \$125 million in largest one-time gift from Hansjörg Wyss

Nonprofit Finance Fund, funded by the Doris Duke Charitable Foundation, boosts 15 arts groups

Dubai philanthropy gives money to American charity

Beings With Me campaign, which calls on people across the country to submit ideas on how they will be part of the change for a chance to win a trip to the 2009 Presidential Inauguration. Entries can be submitted until January 12, 2009 at 3pm EST at **casefoundation.org/change**.

Philanthropy for the People, by the People

A social networking application called "Lend Me Some Sugar" will allow individuals to determine where certain corporations place their philanthropic dollars. The project will be launched by **Virgance**, which has already backed CarrotMob, a competition that rewards corporations' environmental business practices by organizing consumer "boycotts," according to the New York Times. Another program has donors becoming "shareholders" in philanthropy, reports the Ottawa Citizen. The emerging concept of the nonprofit **immediate public opportunity (IPO)** encourages donors to buy shares in nonprofits. The idea taps into the increasing number of donors who view their giving as an investment rather than a gift.

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