

QUARTERLY PHILANTHROPY REPORT

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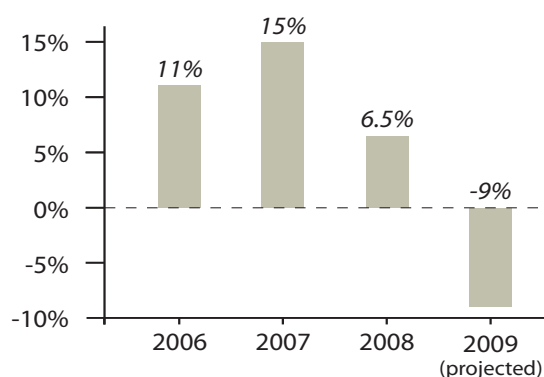
New Year Brings Lingering Problems, Hopeful Signs

Last year was a difficult one for philanthropists and the non-profit organizations they support, and the new year looks likely to deliver little relief. Still, signs of brighter days to come have begun to show through.

First, the bad news. America's biggest charities expect that final giving tallies for 2009 will decline by a median of 9 percent compared to the previous year and will recover little, if at all, in 2010. So says the *Chronicle of Philanthropy's* annual "**Philanthropy 400**," an index of the 400 charities in America that raise the most money each year. Already, many charities are responding to the anticipated decline by cutting costs and ramping up fundraising efforts in hopes of bringing in just 1 to 2 percent more than they did in 2009.

Median Percentage Increase or Decrease in Fundraising by Top 400 Charities

Source: The Chronicle of Philanthropy



Nonprofits that rely on government grants and contracts could be especially hard pressed in the new year, as the lingering effects of the recession continue to tighten government purse strings even as they unleash new demand for nonprofits' services. Many states now face budget shortfalls in the billions, while unemployment rolls continue to swell and food banks scramble to feed those in need.

Mixed Signals

Of course, the recent return of positive economic news, and the stock market's related rise, bring some hope. Growing stock values could help lift gifts from individual donors in 2010, and some fundraisers are already reporting an uptick in gifts of stocks themselves – a welcome change from a year ago. Yet increases in individual giving this year could be offset by declines

in gifts from corporations and foundations, which are still trying to recover from long-term financial losses.

A recent study by the **Foundation Center** indicates that foundation giving declined by more than 10 percent in 2009 and will continue to fall this year. According to the study, more than a quarter of the nation's leading funders expect their giving to be lower in 2010 than it was in 2009, while only 17 percent anticipate an increase in giving. Here, the recent stock market rise will have little immediate impact. Many foundations calculate their grant budgets based on a three- to five-year rolling average of asset values, so steep investment losses in 2008-2009 will continue to weigh on their giving for the next few years.

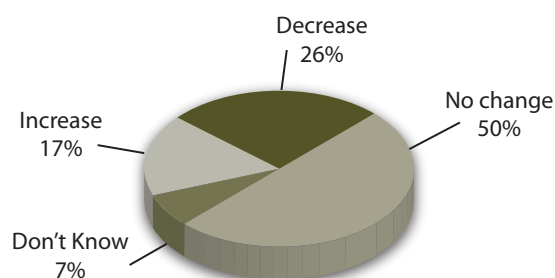
Hopeful Signs

Still, the news isn't all bad. Nor do all of the trends point downward. As a recent *New York Times* article noted, giving hasn't declined as much as individuals' net worth during the recession, suggesting that many people prioritize giving. Two **recent surveys**, by American Express and the American Red Cross, confirm that suggestion, showing that holiday shoppers were more likely to cut back on travel or gift budgets than to reduce their giving in December.

Other trends point to possible long-term changes in how individuals and foundations pursue their philanthropic goals. Donor advised funds, which enable philanthropists to support chosen charities without forming their own foundations, are growing in popularity. One of the largest such funds, the **Fidelity Charitable Gift Fund**, recently announced that, despite difficult economic times, its donors recommended more than \$1 billion in grants last year for the third consecutive year. Meanwhile, both the number of **online gifts** and the total amount given online continued to rise in 2009.

Anticipated Changes in 2010 Foundation Giving Compared to 2009

Source: The Foundation Center



Social Networking Booms, but Might Not Work

Social media use is skyrocketing among nonprofits, according to several recent reports. The **Center for Marketing Research** at the University of Massachusetts in Dartmouth revealed that 89 percent of the nation's 200 largest charities used social media in 2008, up from 75 percent in 2007.

Fifty-seven percent of those charities have a presence in the blogosphere, compared to just 16 percent of Fortune 500 companies. Meanwhile, a survey of 200 nonprofit executives by **Weber Shandwick** found that 85 percent plan to increase their organization's social media use in the next two years.

Yet the majority of respondents said they still have yet to gauge social media's true value for their organization. The value of social media for fundraising has certainly been questioned. A survey

of mid-size nonprofits by **Philanthropy Action** found that 35 percent of respondents raised \$100 or less from social networking. Forty-five percent also reported that social media brought in 25 or fewer volunteers, while 30 percent remained unaware of how many volunteers their social networks had attracted.

The survey's authors advise mid-size nonprofits to develop metrics to track their social-networking success—and remind nonprofit leaders that effective social networking demands sufficient time and staff capacity.

Philanthropists Respond to Hunger High

Hunger in the U.S. has reached a 14-year high, according to a recent survey from the **Department of Agriculture**. Last year, 49 million Americans struggled to get enough to eat, relying more on food pantries and soup kitchens. For their part, food pantries and soup kitchens across the country are **struggling** to keep up with the unprecedented demand, placing an increased importance on donations to food charities.

Donors are responding to the record high with gifts big and small. **Feeding America**, an umbrella organization for about 200 food banks, recently reported an increase in donations—including a \$1 million award from the **Bank of America Charitable Foundation**.

Meanwhile, the **Wal-Mart Foundation** allocated \$32 million of its U.S. holiday donation for hunger relief. Charity lead-

TAKING THE INITIATIVE

Global economic think tank launched by multibillionaire **George Soros** with \$50 million pledge

Goldman Sachs pledges \$500 million to help small business owners

Robert Wood Johnson Foundation awards \$1.85 million to study how video games can improve players' health

Ford Foundation commits \$80 million to help America's workers

ers are also responding by calling on **Congress** to offer a tax incentive for businesses that donate food.

Corporate Philanthropy Slowly Finds Foothold in China

Corporate philanthropy is growing across China—a rise many attribute to the \$11 billion disaster relief response prompted by the May 2008 Sichuan earthquake. The government's "harmonious society" drive to narrow the rich-poor gap has also been credited for a general increase in philanthropy in the world's most populous country.

A major corporate step in this direction includes a \$5 million investment by **Jack Ma**, CEO of China's Alibaba Group, as seed money for China's own Grameen Bank. The bank will be modeled after the original microfinance institution pioneered by Muhammed Yunus in Bangladesh.

Despite such strides, corporate philanthropy still lags in China, according to the **Corporate Social Responsibility Blue Book 2009**. Ninety-four of the 100 largest Chinese companies surveyed earned an average of just 31.7 points for social responsibility on a scale of 100.

A nonprofit sector hampered by government regulations has been blamed for this slow CSR growth, as has a lack of precedent for establishing private foundations. Still, with several corporate philanthropists pushing for change within the system, the sector looks likely to grow.

BRIEFLY

Bank of America cuts minimum for donor-advised funds to \$5,000

Bloomberg.com, November 4

Twitter campaign to raise money for four cancer charities sets Guinness World Record

Chronicle of Philanthropy, October 29

Boys and Girls Club strike partnership with Big Brothers, Big Sisters to share resources

Chronicle of Philanthropy, October 15

Artist Sting funds development of indestructible soccer ball for youth in war torn nations

ABCNews.com, December 4

COMING UP

2010 Family Philanthropy Conference,
Council on Foundations
San Diego, CA, January 31-February 2

Semi-Annual Conference,
International Human Rights Funders Group
San Francisco, CA, January 25-26

Association of Small Foundations, Arabella Advisors,
and other partners
Katrina @ Five Conference
New Orleans, LA, March 22-24



Photo by AFL-CIO