

FlashPoint Research Report

A Quick Response Study from CompassPoint Nonprofit Services

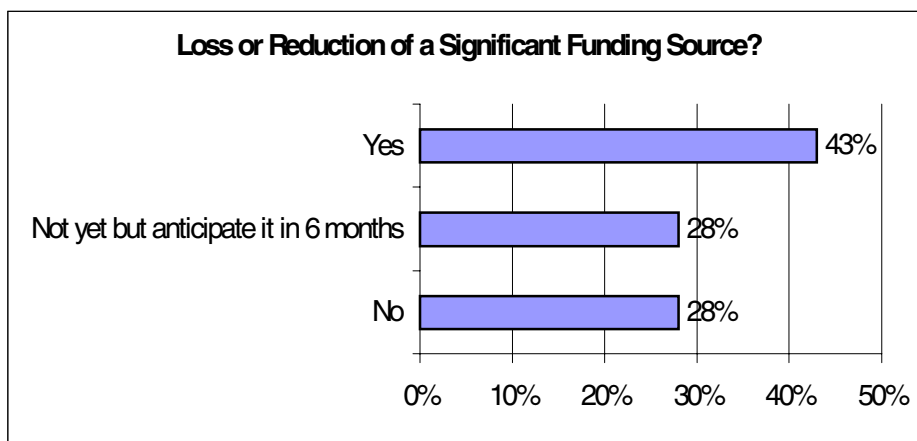
March 2002

Loss of Expected Funds Forces Bay Area Nonprofits to Change Programming, Fundraising Strategies

In a continuing effort to monitor the impact of the economic slowdown and September 11th aftermath on nonprofit fundraising efforts, CompassPoint surveyed participants at its East Bay Funders Fair held on February 20, 2002. Three hundred and fifty executive directors and development staff attended the conference held at the Oakland Marriott. Patti Chang, President and CEO of The Women's Foundation delivered the keynote address, describing this as a "confusing" and "uncertain" period in which "private sector losses are taking a heavy toll on nonprofits."

Key findings:

- 43% of respondents had experienced the loss or reduction of a significant funding source because of the economic slowdown. Half of these groups have been forced to change programming plans for this year because of these funding cutbacks.
- Another 29% anticipate such a loss or reduction within the next 6 months.
- 58% have changed their fundraising strategies because of the economic climate.



In response to the economy, many nonprofits have been forced to alter their fundraising strategies. Respondents mentioned putting corporate fundraising on hold, increasing collaboration with other community organizations, and hiring additional development staff to generate more asks as among the tactics they have employed. Focusing on individual giving has been a frequent response to the

Many nonprofits have heard from foundations, including ours, that they would only be able to give single year funding instead of multi-year grants, or that they simply aren't able to accept new applications.

-Patti Chang
The Women's Foundation
Keynote Address

corporate and foundation reductions. One development associate claimed, "Our direct mail campaign was unexpectedly successful—regular donors gave generously." In fact, 7% of respondents even reported that their fundraising was *up* because of the economic slowdown.

Still, the degree of programmatic shifting and cancellation reported is sobering; 49% of those who had lost or experienced a reduction in support from a major funding source reported that program outcomes have already been changed because of the loss. Many of

those who anticipate loss or reduction of a significant source within the next 6 months are awaiting State budget cuts. All indications are that human service organizations with State funding can expect as much as 15% reductions in their service contract awards.

Despite the uncertainty, respondents overall remained guardedly optimistic that they would be able to meet their fundraising goals for 2002. Eight percent (8%) were pessimistic that they would meet the target; 37% rated their chances as average; and 55% were optimistic or very optimistic.

Related CompassPoint Report:

Help Wanted: Turnover and Vacancy in Bay Area Nonprofits. See www.compasspoint.org/research.

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CompassPoint Nonprofit Services is a leading management consulting and training firm for nonprofits. Each year CompassPoint consults to more than 300 nonprofits, conducts and publishes research studies, publishes *Food for Thought* and *Board Café*, offers workshops & seminars, and works with collaborative ventures linking nonprofits, government, and private philanthropy. The organization maintains offices in San Francisco and San José.

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