

MARTHAS' VINEYARD DONORS COLLABORATIVE

The Effect of the Recession on Vineyard Non-Profits

Summer 2009

(April 1, 2009 – September 7, 2009)

A Confidential Survey

The Survey

We conducted a survey of Martha's Vineyard public charities (private foundations were excluded) on-line in September and October 2009, the second survey this year. Specific results are contained in Appendix I (page 4). The purpose of the survey was to try to gauge the effect of the downturn in the economy on the Vineyard's non-profit community during the period from April 1, 2009 – September 7, 2009, compared to the same period a year earlier. There were 48 total responses. Thirty Three (33) of these were organizations that have over \$25,000 of annual revenue and file form 990 with the IRS (representing 44% of those that file a Form 990). This group includes 9 of the Vineyard's 11 largest non-profits. The other 15 were non-profits with revenues under \$25,000 (representing 27% of the most significant small NPOs). The response rate decreased in part because one non-profit announced it was going out of business and some smaller non-profits don't fundraise in the summer. Due to the reduced sample size, especially with smaller/non-reporting organizations, we have not broken the data down as far as in the last report. There was no comparable national data this time but the National Council of Nonprofits reports that in the spring and early summer, "contributions and grants from all sources decreased dramatically from the prior year." We also asked open ended confidential questions about the effect of the recession on the Vineyard.

Summary

The Vineyard continues to struggle like the rest of the nation as the recession takes its toll and this summer things got worse. Contributions were flat or down for most while demand for services grew. One third will run deficits this year eating into limited reserves and one third had to make additional budget cuts to manage the bottom line. Fortunately, it was not as bad as many had feared but the consensus is that things will continue like this for at least another year.

According to our survey, 53% of Vineyard non-profits experienced a decrease in contributions this summer compared to last summer and 22% saw them decrease greatly. This is essentially the same percent that saw a decrease in our winter survey but whereas 26% saw increases in their year end contributions only 17% saw increases this summer; more nonprofits have been affected. "Fewer individuals giving" and "smaller gifts from individuals" were the primary reasons for the declines.

Compounding the problem of decreased contributions, 65% of Vineyard non-profits saw the demand for their services increase and 26% saw them increase greatly. This is a significant increase compared to the winter when only 46% were experiencing an increase. For some non-profits, increased demand brings in additional ticket or fee revenue that offsets some of the decrease in contributions but for many it puts more pressure on the bottom line. 35% of

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non-profits expect to run a deficit this year and 28% expect to do so next year (both percentages are up slightly) eating into limited reserves.

On the bright side, island non-profits prepared for the downturn and took steps to help themselves stay viable with contingency plans and budget cuts including staff and salary reductions and these efforts appear to have worked. 93% still feel there is no imminent danger of folding for financial reasons. The big casualties here this summer are few: Bridge Housing announced they would be going out of business for financial reasons and the Island Affordable Housing Fund had cash flow problems due to decreased contributions and was unable to meet several months' worth of rental assistance payments (approximately \$25,000 a month) to 45 island landlords. Fortunately, the Dukes County Housing Authority was able to use a line of credit and several towns stepped up to provide funds to cover the shortfall for a few months while the Island Affordable Housing Fund regroupes and tries to raise funds to meet their obligation.

We continue to see islanders struggling in record numbers. While the summer workforce declined 2% due to the economy, the number of people unemployed in July and August was up over 70% compared to 2008. To put this in perspective with our seasonal economy, there were more people unemployed in July and August 2009 than in January and February 2008. For the first time the Helping Hands food distribution to the needy operated through the summer. With our high cost of living many are not able to afford the basics; food, heat and housing. Our health and human services agencies are seeing the human toll this takes in the form of increased alcohol/drug abuse and a record increase in reports of domestic violence. The caseload at the Island Counseling Center (part of Community Services) is up 70% vs. 3 years ago and number of people receiving services at CONNECT to End Violence this October is up 22% from last October.

The safety net is not big enough. Some people are leaving the island: between June and October, 65 households dropped off the waiting list for rental assistance and the Housing Authority says that many of these have left the island. Others are joining our growing homeless population; there are 14 known homeless people here, up from 10 last winter and it could have been much more if the County hadn't been able to help 4 families, that were about to be foreclosed, by renegotiate their mortgages. The island has no programs or facilities to help these people, some of whom have drug or mental health problems, so there is still a real need here.

The impact of the economy on our Health and Human Service agencies has been heavier than on the rest of our non-profit community. They've seen a greater increase in demand for services and almost 50% of them expect to run a deficit this year as they spend to meet demand despite decreased revenues/contributions. This can't continue indefinitely, however, and 46% of them had to make additional budget cuts during the year to stem losses. Community Services for example had a \$243,000 deficit for the year ending June 30, 2009 and has significantly reduced its reserves to the point that they have to cut more programs in 2010 and aim for a balanced budget.

The final thing our survey found was that the non-profit community had more cash on hand in September than in April, but that's to be expected at the end of the summer fundraising season.

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The good news is that the community and the non-profits continue to have a positive attitude and aren't about to let the economy damage this place we all love. The "when the going gets tough, the tough get going" attitude they've adopted has paid off. They have been collaborating, cutting costs, reducing salaries, laying people off and living within their means but their foremost objective has been to protect important programs and increase services where needed; even if it means running at a deficit for several years.

The spirit is willing but the needs are greater than ever. Reserves are dwindling and key programs are under funded. The non-profit community needs our help as donors and volunteers more than ever.

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Martha's Vineyard Donors Collaborative Survey of Non-Profits

APPENDIX I

Complete Survey (48 responses)

Did total contributions to your organization increase, decrease, or stay about the same between October 2008 and March 2009, compared to the same period a year earlier?

	March National %	March Vineyard %	Sept Vineyard %	March		Sept	
				Vineyard		Vineyard	
				H & HS	H & HS	H & HS	H & HS
Total contributions increased modestly	16	21	13	29	15		
Total contributions increased greatly	4	5	4	0	8		
Total increased	20	26	17	29	23		
Total contributions decreased modestly	31	36	31	21	23		
Total contributions decreased greatly	21	20	22	43	31		
Total decreased	52	56	53	64	54		
Total contributions stayed about the same	27	16	25	7	23		
Don't know	1	1	4	0	0		
Total	100	99	99	100	100		

What factors caused total contributions to decrease? (Select all that apply)

	March	March	Sept
	National %	Vineyard %	Vineyard %
Gifts from individuals were smaller	71	59	63
Fewer individuals gave	71	56	58
Government grants were smaller	13	26	5
Government grants were discontinued	8	12	11
Private foundation grants were smaller	34	29	16
Private foundation grants were discontinued	23	15	11
Corporate gifts were smaller or discontinued	64	21	11
Other	7	0	16
Don't Know	1	3	5

Did demand for your organization's services increase, decrease, or stay about the same between October 2008 and March 2009, compared to the same period a year earlier?

	March National %	March Vineyard %	Sept Vineyard %	March		Sept	
				Vineyard		Vineyard	
				H & HS	H & HS	H & HS	H & HS
Demand for our services increased modestly	32	30	39	50	38		
Demand for our services increased greatly	27	16	26	21	31		
Total increased	59	46	65	71	69		
Demand for our services decreased modestly	4	7	7	0	8		
Demand for our services decreased greatly	2	0	0	0	0		
Total decreased	6	7	7	0	8		
Demand for services stayed about the same	34	45	24	29	23		
Don't know	1	2	4	0	0		
Total	100	100	100	100	100		

Have you revised your operating budget/expenses for the rest of the year in light of the results of your summer fundraising activities?

	March National %	March Vineyard %	Sept Vineyard %	Sept	
				Vineyard	
				H & HS	H & HS
Expenses increased modestly vs. budget			13	15	

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Have you revised your operating budget/expenses for the rest of the year in light of the results of your summer fundraising activities?

	March National %	March Vineyard %	Sept Vineyard %	Sept Vineyard H & HS
Expenses increased modestly vs. budget			13	15
Expenses increased greatly vs. budget			0	0
Total increased			13	15
Expenses decreased modestly vs. budget			28	46
Expenses decreased greatly vs. budget			4	0
Total decreased			32	46
Expenses are on budget			43	31
Don't know			12	8
Total			100	100

Over the last few years what is the trend in new donor activity for your organization?

	March National %	March Vineyard %	Sept Vineyard %	Sept Vineyard H & HS
New Donors increased modestly			41	38
New Donors increased greatly			9	8
Total increased			50	46
New Donors decreased modestly			15	23
New Donors decreased greatly			2	0
Total decreased			17	23
New Donors stayed about the same			24	23
Don't know			9	8
Total			100	100

Is your organization in imminent danger of folding due to financial reasons?

	March National %	March Vineyard %	Sept Vineyard %	March Vineyard H & HS	Sept Vineyard H & HS
Yes	8	2	4	0	0
No	86	93	93	100	100
Don't Know	6	5	3	0	0
Total	100	100	100	100	100

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Do you expect to operate at or above break even:

	March National %	March Vineyard %	Sept Vineyard %	March	Sept
				Vineyard	Vineyard
				H & HS	H & HS
This Year?	12	68	65	50	54
Next Year?	16	75	72	57	62
Have 1 mo. or less cash for op. exp.	31	23	18	14	8
Have 2-3 mos. ash for op. exp.	31	22	17	35	8
Have 4 or more mos. cash for op. exp.	38	46	58	43	69
Have 6 or more mos.cash for op. exp.	?	39	38	36	54