Dimensions of Philanthropy in Hampton Roads

Eighth Annual Study

Sponsored by

The Norfolk Foundation,
Association of Fundraising
Professionals Hampton Roads
and Bonney & Company

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Introduction

It has been another tough year for Hampton Roads' bellwether nonprofit organizations. Few staff members believe philanthropic conditions are improving, but on a more positive note fewer people than last year also believe conditions are worsening. This leaves most organizations trying to hold their own at a time when the future is prescribed by uncertainty.

There are few bright spots in Hampton Roads nonprofit's funding expectations. Some nonprofits that get federal support expect a slight improvement in such funding. But for nonprofits almost all other sources of revenue are expected to be down or, at best, no better than today.

The issue of declining gifts from individuals continues to concern most Hampton Roads nonprofits. Half of study participants believe the number of individual donors has decreased over the past year. Four-in-ten respondents believe support from individual donors is decreasing.

When asked how they are coping with continuing economic challenges, most study participants said they are concentrating on being smarter and more inclusive in their development efforts. They are enlarging their contact lists and becoming more customized in their approach to fundraising.

A few study participants believe they have used up all their "new" and "creative" ideas. Fewer participants in the 2009 study could name nonprofits they believe are using innovative techniques to see their way through the current times. These perceptions make it clear that nonprofits not only need new ideas, but perhaps need to think about working together to find solutions to their shared challenges and, in doing so, create new compelling messages and new models for shaping the future of philanthropy in Hampton Roads.

The good news is that while challenges have been many and at times unrelenting, Hampton Roads bellwether nonprofits remain steadfast in both their passion for their causes and in their resolve to survive and meet the needs of the region.

Methodology

This it the eighth annual *Report on Charitable Giving in Hampton Roads*. The study reflects charitable giving conditions across the years.

The basis of this study continues to be a survey — specifically, a self-administered questionnaire — conducted among representatives of a group of bellwether nonprofits throughout the Hampton Roads region. The 2009 survey questionnaire is basically the same as it was in 2008. As in the prior year, the 2009 survey was conducted online.

The survey included questions about current philanthropic conditions and expectations for the future.

Fifty-seven nonprofit organizations took part in the study. Participating organizations are listed on the last page of this report.

The roster of bellwether organizations included in this study continues to be divided into two groups: service-providers and funding organizations. Service-providers are further segmented into five categories:

- **Arts and Culture**: This group includes providers of visual and performing arts, as well as cultural resources such as museums and libraries.
- **Education:** This group includes colleges, universities and private schools. Additionally, organizations are included that support education, scholarships and educational endeavors not associated with a specific school.
- **Environment/Nature:** This group includes organizations that support the improvement of the physical environment and nature, as well as groups that take advantage of environmental resources for recreational and aesthetic purposes.
- **Animal Welfare:** This group includes organizations that support the care of animals.
- **Health:** This group includes hospital foundations, clinics and organizations that serve the public and address the region's health-related issues.
- **Human Service:** This group is the most diverse of the bellwether categories. Its members provide service to and advocacy for individuals and groups involved with children, families, nutrition, housing, neighborhoods and the homeless.

Aside from continuing national anxiety about the economy, we are not aware of any conditions that we believe may have biased the outcome of this study.

Perceptions

The past several years have been tough for most Hampton Roads nonprofits. Optimism that things were looking up peaked in 2005 and hit relative bottom in 2008. By then roughly a third of the nonprofits taking part in this study expressed the belief that conditions were getting worse.

In 2009, both optimism and pessimism are tempered. Fewer nonprofits believe conditions are improving and fewer believe they are getting worse.

Roughly six-in-10 (58%) of the nonprofits participating in this year's study believe the state of philanthropy in Hampton Roads is "staying about the same."

The reader should not take this as a sign that all is under control. Though they are fewer in number than in 2008, fully a quarter (27%) of nonprofits participating in this study believe that the state of philanthropy in Hampton Roads is "somewhat worse."

Table 1.
Feelings about the State of Philanthropy
In Hampton Roads

	2002	2003	2004	2005	2006	2007	2008	2009
Improving a great deal	-	2%	2%	55%	5%	4%	-	-
Improving somewhat	24%	27	52	28	44	42	20%	15%
Staying the same	40	42	36	13	46	44	48	58
Somewhat worse	28	29	10	2	5	8	32	27
A great deal worse 4	-	-	2	-	2	-		-
Base = 100%	25	52	63	67	63	67	50	57

Expectations

There are few bright spots in Hampton Roads nonprofits' revenue expectations. Table 2, below and on the following pages, shows that out of 10 revenue sources, the only possible increases are in two categories: multipurpose appeals and government contracts.

Hampton Roads nonprofits expect financial support to end up being less in 2009 than it was in 2008. A few nonprofits believe that donations from individuals may increase in 2009. The majority, however, believe they will amount to less this year than in 2008.

Some nonprofits expect that time given by volunteers will increase slightly this year.

Table 2.
Expectation of Support by Source

	Increase A lot	Increase Somewhat	Stay The same	Decrease Somewhat	Decrease A lot
Government grants:					
2002	-	44%	38%	12%	6%
2003	-	23	40	23	14
2004	5%	23	43	27	2
2005	5	42	42	11	-
2006	8	45	38	5	5
2007	13	24	48	15	-
2008	-	6	46	36	12
2009	-	19	26	41	14
Membership dues:					
2002	13%	53%	27%	7%	-
2003	4	64	32	-	-
2004	7	45	48	-	-
2005	3	61	33	3	-
2006	4	48	44	4	-
2007	6	55	35	3	-
2008	-	48	28	24	-
2009	4	27	38	27	4
Multi-purpose appeals:					
2002	-	22%	64%	14%	-
2003	4%	21	71	4	-
2004	-	39	58	3	-
2005	-	45	38	17	-
2006	-	47	34	18	-
2007	-	29	41	29	-
2008	-	3	57	40	-
2009	3	16	33	42	7

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Table 2, continued.
Expectation of Support by Source

	Increase A lot	Increase Somewhat	Stay The same	Decrease Somewhat	Decrease A lot
Fund raising events:					
2002	15%	40%	40%	5%	-
2003	9	58	30	2	-
2004	13	60	26	1	-
2005	7	56	29	3	5
2006	5	60	26	9	-
2007	8	64	19	8	-
2008	-	41	39	20	-
2009	-	37	28	28	7
Program service revenues:					
2002	6%	50%	33%	11%	-
2003	6	53	41	-	-
2004	7	52	41	-	-
2005	4	59	31	6	-
2006	-	55	45	-	-
2007	4	53	39	4	-
2008	5	41	37	18	-
2009	-	34	32	34	-
Corporate and corporate foundation gifts:					
2002	4%	46%	29%	12%	8%
2003	6	43	39	12	-
2004	8	63	22	5	2
2005	6	57	28	6	-
2006	12	58	27	2	2
2007	8	56	29	6	2
2008	-	29	45	22	4
2009	-	21	26	41	12
Time given by volunteers:					
2002	12%	17%	62%	2%	-
2003	12	62	25	-	-
2004	20	52	28	-	-
2005	12	57	31	-	-
2006	15	43	39	3	-
2007	8	38	52	2	-
2008	6	35	53	6	-
2009	5	43	43	9	-
Government contracts:					
2002	-	29%	43%	14%	14%
2003	7%	33	53	7	-
2004	5	33	43	19	-
2005	-	36	41	14	9
2006	-	47	41	12	-
2007	-	42	58	-	-
2008	-	12	69	19	-
2009	13	13	41	33	-

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Table 2, continued.
Expectation of Support by Source

	Increase A lot	Increase Somewhat	Stay The same	Decrease Somewhat	Decrease A lot
Foundation grants:					
2002	-	61%	13%	17%	9%
2003	-	48	26	22	2
2004	9%	49	30	9	3
2005	3	53	32	10	2
2006	13	55	27	2	3
2007	11	51	29	8	2
2008	4	25	48	23	-
2009	-	17	42	29	12
Special events:					
2002	21%	37%	42%	-	-
2003	2	54	37	7%	-
2004	18	48	30	4	-
2005	9	47	36	5	3
2006	8	50	40	2	-
2007	4	60	26	11	-
2008	-	42	42	16	-
2009	-	33	35	27	5
Individual donor gifts					
2002	-	52%	26%	17%	4%
2003	10%	69	12	10	-
2004	17	62	17	4	-
2005	8	70	10	10	2
2006	13	69	10	8	-
2007	15	59	18	6	2
2008	2	43	22	27	6
2009	2	41	16	34	7

It is of concern that individual donors, the stalwarts of the philanthropic scene, are not proving to be as supportive in 2009 as they were the previous year. Table 3, on the following page, provides further dimension.

Fully half (51%) of the nonprofits taking part in this study believe the number of individual donors will have decreased over the past 12 months. The percentage of respondents who believe individual donors will increase in number declined slightly from 45% in 2008 to 43% in 2009. Those who believe there will have been no change in their number decreased from 22% in 2008 to 16% in 2009.

Table 3.
Changes in the Number of Individual
Donors – Last 12 Months

	2002	2003	2004	2005	2006	2007	2008	2009
Increase	46%	62%	64%	56%	63%	61%	45%	31%
Decrease	29	29	15	28	22	15	31	51
No change	17	6	15	13	14	23	22	18
DNA	8	2	6	3	2	2	2	-
Base = 100%	25	52	63	67	63	67	50	57

Asked whether the economy has had any impact on their donations, some 2009 study participants were optimistic their supporters will see them through whatever conditions occur. Others were more cautious, saying that it is too early to tell the impact on their organizations. Still others said that the shifting economy is already affecting them:

"The economy has had a negative impact on corporate giving."

"There are fewer individual donors."

"Our donations are *up* 2%."

"We've seen a decrease in funding support."

"We met our funding goal, but it was difficult."

"Average donations are down. We're making more contacts."

"We had *no* stock donations in December."

"Sponsorships are harder to get, even at lower levels."

"Individual donations have increased over the year."

"It has been a very tough year."

"There's been a marked decline in the number or amount of donations."

"Giving continues, in general, but at lower amounts."

"Donations have, and are expected to continue to decrease."

"We had a good 2009. We're very worried about 2010."

"We had to modify some of our programs."

"Donations are down. People don't have the funds."

"We withheld a major capital campaign."

"Large donations have been deferred."

Asked whether they anticipate making changes in response to reductions in giving, the majority of respondents said they will seek to balance their books as best as possible without reducing program services.

Many said they expect 2010 to be another rough year, perhaps even worse than 2009. Some have closed branch offices and either reduced staff or left staff vacancies unfilled.

Asked to describe some of the more creative measures they are taking to ensure their financial stability, study participants commented tended to describe steps they have taken to become more lean in their staff and more productive and far-reaching in their development efforts:

"We're looking at our investments differently."

"Donor letters are being customized on a monthly basis."

"There are few *new* ideas left. We've been using them up the last few years."

"We're expanding our market reach in order to expand the geographic scope of our fundraising."

"We're trying to use more viral techniques for spreading the word."

When study participants were asked to identify nonprofits whose use of "best practices" they believe is helping to ensure their financial stability, most study participants could not name one. Those mentioned were:

- Virginia Arts Festival
- Louise Eggleston Center
- Lackey Free Clinic
- Virginia Living Museum
- AIDS Access

For now, however, Table 4, below, indicates that full-time staffing remains somewhat stable, compared to 2008, and that full- and part-time staffing may actually have increased.

Table 4.
Organizational Staffing

	2002	2003	2004	2005	2006	2007	2008	2009
Full-time equivalents								
2 or fewer	21%	24%	28%	26%	26%	23%	18%	15%
3 – 15	33	26	16	20	23	20	20	24
16- 59	25	26	33	27	30	34	38	31
60 or more	21	24	23	27	21	23	24	30
Part-time staff								
None	25%	22%	16%	14%	18%	10%	8%	12%
1 – 2	25	16	22	24	23	33	32	13
3 - 30	25	42	28	42	44	36	46	54
31 or more	25	20	34	20	15	21	14	21
Base = 100%	25	52	63	67	63	67	50	57

Table 5 shows that shift in the fiscal years observed by participating Hampton Roads nonprofits has rebounded, with fully two-thirds saying they observe a July-to-June fiscal year. Just under one-in-five (18%) observe calendar years for their financial operations. Far fewer have June-to-May, August-to-July or September-to-August fiscal years.

Table 5.
End of Fiscal Year

	2002	2003	2004	2005	2006	2007	2008	2009
June 30	60%	75%	79%	69%	68%	74%	58%	69%
December 31	12	14	13	19	22	18	32	18
September 30	16	8	3	6	3	3	2	4
July 31	8	2	3	5	2	-	-	4
May 31	4	2	2	1	2	2	2	1
August 31	-	-	-	-	3	3	6	4
Base = 100%	25	52	63	67	63	67	50	57

Comments

Asked whether they had additional observations about their current situation, study participants shared these thoughts:

"Fortunately, we kicked off our capital campaign in 2004!"

"People are still giving to organizations where they have a relationship."

"It's critical to keep building awareness."

"Donors are concerned about economic issues."

"Individual donors are up, but corporate donors are down."

"The past two years were tough. This year is, too."

"We're nervous about the next few years. Who will survive?"

"We live in challenging times."

"Very generous people in the area are scared right now."

"Donations from the real estate and car dealer categories are down."

"Overall, the community is dedicated to giving what it can."

"There needs to be more funding for capacity-building."

"This area mirrors the nation. We must press on."

"We would like to get more support."

"We are confident that stability will return."

"We haven't experienced a significant change because of the economy."

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PARTICIPATING BELLWETHER ORGANIZATIONS – 2009

The Academy of Music
ACCESS College Foundation
The Alzheimer's Foundation
American Red Cross of Southeastern VA
Business Consortium for Arts Support
Catholic Charities of Eastern Virginia
Cerebral Palsy of Virginia
Chesapeake Bay Academy
Chesapeake Care Free Clinic
Chesapeake Humane Society
Children's Harbor
Children's Hospital of The King's Daughters
The Chrysler Museum of Art
Contemporary Art Center of Virginia
d'Art Center
The Dwelling Place
EDMARC Hospice for Children
Elizabeth River Project
Foodbank of Southeastern Virginia
For Kids
Girl Scout Council of Colonial Coast
Hoffler Creek Wildlife Foundation
Hope House Foundation
Jewish Family Services of Tidewater
Judeo-Christian Outreach Center
Lynnhaven River NOW
Nauticus
Norfolk Academy
Norfolk Botanical Garden
Norfolk Collegiate School
The Norfolk Foundation
Norfolk SPCA
Norfolk State University
Old Dominion University Educational Foundation
Planned Parenthood of Southeastern Virginia
Portsmouth Museums Foundation
St. Mary's Home for Disabled Children
Southside Boys & Girls Club
Tidewater AIDS Community Taskforce
Tidewater Youth Services Foundation
United Way of South Hampton Roads
United Way of the Virginia Peninsula
The UP Center
Virginia Aquarium
Virginia Arts Festival
Virginia Beach SPCA
Virginia Living Museum
Virginia Opera Association
Virginia Stage Company
Virginia Symphony
Virginia Wesleyan College
Virginia Zoological Society
VOLUNTEER Hampton Roads
WHRO
YMCA of South Hampton Roads
Young Audiences of Virginia

Sponsors

The Norfolk Foundation – a regional community foundation that is merging with the Virginia Beach Foundation to form the Hampton Roads Community Foundation. It is Hampton Roads' largest grant and scholarship provider. Since 1950 it has awarded more than $110 million in grants and scholarships to help people in southeastern Virginia. www.norfolkfoundation.org.

Association of Fundraising Professionals Hampton Roads – an organization of professionals who generate philanthropic support for nonprofits in Hampton Roads. AFP provides ongoing training for fundraising professionals. http://afphr.afpnet.org.

Bonney & Company – a national marketing research firm based in Virginia Beach that helps organizations achieve marketing success with help from research. www.bonneyresearch.com

Additional copies of this study are available at www.norfolkfoundation.org and http://afphr.afpnet.org.