

MORE FINANCIAL WOES: THOUGHTS FOR 2011 BUDGETS

By Bob Young

According to the Philanthropy 400 report released this month (October 2010) top charities in the U.S. experienced an 11% decline in contributions last year. The report is based on surveys of nation's 400 biggest charities and accounts for \$68.6 billion in charitable contributions. The decline is the worst in the 20 years since the *Chronicle of Philanthropy* began keeping a tally. Only four of the top ten charities (by size) reported increased contributions over the previous year. An earlier report by the Giving USA Foundation found overall charitable giving declined 3.6% last year. The Giving USA report included giving to private foundations and to smaller charities, while the *Chronicle's* survey only includes the largest charities.

Chronicle Editor Stacy Palmer said of the results, "It shows that charities are really having a tough time, and this is some of the most successful charities in the United States. Usually bigger charities are more resilient, so that's the part that is still surprising." Larger charities may have received less due to shifts in giving to smaller, local groups, but the overall results likely reflect difficult economic times with high unemployment, level or declining paychecks, and economic uncertainty.

Several possible lessons emerge.

- Organizations that depend on contributions must consider the possibility of decreased contributions in the near future as budgets and plans are developed. Many charitable organizations are pleased to be able to "hold their own." Few charitable organizations are in a position to raise budgets in the coming year.
- Organizations must deal with near level or very small inflation. While the lack of inflation may make goods cost less, it also translates to smaller paychecks that seem to buy less.
- Organizations must consider how to identify additional donors, especially younger donors who seek information through social networking and are more likely to giving digitally or online than by writing checks.
- Organizations dependent on a graying population for the majority of their contributions (including those organizations heavily dependent on churches for their support) must be cautious in view of the second straight year of no increase in Social Security payments. Many of the most dependable donors give smaller gifts, and many are anticipating giving the same amount or less in the face of level or decreasing retirement incomes. Many churches are struggling to meet budgets. Often the first items that are cut are outside mission and benevolent organizations.

Note: I have written a blog, dated October 20, about the bankruptcy of Crystal Cathedral. You can access the blog and related article at www.bobyongresources.com/blog