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PHILANTHROPY'S CHANGING LANDSCAPE: ONLINE RESOURCES FOR TRACKING RECENT TRENDS

For many arts and cultural organizations, the end of summer brings the closing months of the fiscal year. It is a natural time to celebrate recent successes, evaluate missed opportunities, and review recent financial performance in preparation for the year ahead. Accessing current information on recent philanthropic trends can be an important component of such a review, allowing organizations to place their financial results within a broader, national context. Two reports, both available on the web, present important new findings allowing organizations to consider real-world benchmark data from across the country. This provides a unique resource for organizations to analyze their past results and assess future strategic opportunities toward achieving their long-term goals.

CHARITABLE GIVING INCREASES

Giving USA 2011: The Annual Report on Philanthropy for the Year 2010, a publication of the Giving USA Foundation researched and written by the Center on Philanthropy at Indiana University, provides an excellent overview of philanthropy nationwide. It estimates that total charitable giving **from all sources** for 2010 was \$290.89 billion, an increase of 3.8% from revised totals for 2009. Individual donor gifts accounted for 73% of the total (down from 75% in 2009). Foundation giving accounted for 14% of the total while corporations were 5% (both up 1%). Bequests (including individual bequests) represented 8% of the total. Combined charitable giving by family foundations, individuals, and bequests totaled 87% of total giving.

The report estimates that the arts and culture sector received an estimated \$13.28 billion in contributions in 2010. This figure is an increase of 5.7% in inflation-adjusted dollars from contributions to the sector in 2009 and represents 4.6% of total charitable giving from all sources (up from 4% in 2009).

One of the ten recipient sectors tracked by the report, Environment and Animals, showed a decrease in received funds last year. Two others, Giving to Individuals and Giving to Human Services, remained flat. All other sectors showed increased levels of giving. Despite minor changes in the percentage of the total given to each of the sectors, their rankings relative to each other were unchanged from 2009. The other sectors are: Foundations, Religion, Education, Health, Public Society Benefit, and International Affairs.

As mentioned above, Giving USA has revised its previously published estimates for giving in 2009. These new figures show that between 2008 and 2009 giving to the Arts declined 1.8% (previously thought to have been a 3.6% decline). Because figures are often revised in the year following published reports, Giving USA often highlights two-year trends for each sector. The two-year trend for the 2008-2010 period was an increase of 3.8% in inflation-adjusted giving to the arts.

A well-organized Executive Summary of the report is found at: www.givingusareports.org/free.php. The complete report, released on August 2, 2011, provides additional insight into declines in philanthropic giving during previous recessions and may be ordered by visiting: www.givingusareports.org/storeestimates.php

FOCUS ON FOUNDATIONS

As noted above, Giving USA reports that foundations represent only 14% of nationwide giving, but for many arts organizations they represent a critical source of support. Two reports recently released by *The Foundation Center* provide valuable insight into the recent giving patterns of the more than 76,000 grant making foundations in the United States.

Foundation Growth and Giving Estimates: Current Outlook (2011 Edition), provides an overview of preliminary data on foundation giving in 2010. It estimates that total foundation giving was almost unchanged from the previous year, falling only 0.2% to \$45.7 billion. It is clear from this figure that all three foundation categories (corporate, individual and community) made and kept serious commitments to maintain funding levels during the period following the recent recession (which “officially” ended in June of 2009 despite sluggish growth thereafter). Indeed, many foundations reported laying off staff and tapping endowments rather than reduce levels of giving.

Corporate foundation gifts in 2010 were almost unchanged from 2009, decreasing by only 0.2%. Independent foundations were also able to more or less maintain their prior levels of giving with only a 0.8% decline from the previous year.

Giving by community foundations (who are likely to support the arts) fell a bit more, posting a decline of 2.1% which in itself is modest, but follows a decline of 7.1% in 2009. This is the first time since 1981, the year that the Foundation Center began tracking community foundations, that giving by this category has declined two years in a row. Even so, half of all community foundations responding to the survey expected to increase giving in 2011.

FOUNDATIONS OUTLOOK

Included in the Foundation Center’s report are results from its annual *Foundation Giving Forecast Survey* conducted in January. Upwards of 52% of foundations reported that they expected to increase giving during the current year compared to 38.9% reporting such anticipated increases last year. Only 30% of respondents to the Survey reported that they expect to decrease giving in 2011 whereas just two years ago this figure was 67.1%.

Given that roughly two-thirds of all foundations expect to maintain or increase levels of giving, and assuming that the economy remains stable or experiences slow growth over the coming months, the report predicts that total giving by foundations will increase by between 2% and 4% this year, noting that, because inflation is expected to remain low, this will result in a modest real-dollar gain in support. Reasons sighted for this optimistic view, beyond survey responses, include the fact that, despite marginal job growth in 2010, corporate profits posted substantial gains. Foundation assets also grew by 3.6% adjusted for inflation.

Of course, since the time of the survey, volatility in the stock market may have impacted the funding budgets of some organizations. The report also notes that, while the prospect of moderate growth in foundation giving is a positive indicator, the steep decline in tax revenues has left those organizations dependent on government support “scrambling to replace lost dollars.” For many arts organizations, increased foundation support is unlikely to make up the decrease in state and federal funding.

A free summary is available, and the full report can be purchased by visiting The Foundation Center's website, <http://foundationcenter.org/gainknowledge/research/nationaltrends.html>.

STRATEGIES IN AN UNCERTAIN ECONOMY

With many negative factors continuing to impact the economy, it's natural for development professionals and governance leaders to be cautious when setting new fundraising goals. Here are some tips to help maximize results:

Establish and strengthen relationships.

Keep an eye open for new foundations in your community and get to know the program officers of foundations that are a good fit for your organization. In uncertain times, these individuals may be critical to your long-term success. Be sure to maintain and cultivate existing relationships.

The downsizing of foundation and corporate staff that took place in 2009 may resume. Remind staff, board members, and key volunteers that strong relationships are essential to successful fundraising. While it takes time and effort to establish a rapport with new contacts, this investment is essential to maintaining communication with current and potential partners and understanding how to best present your organization's case for funding.

Continue cultivation and research.

Many organizations react to an uncertain economic climate by reducing expectations and even scaling back development efforts. This is almost always a mistake, particularly in the long term. Most often, a negative economic forecast might better be seen as a challenge to refocus or even increase the resources devoted to development, particularly in prospect research. Make certain you are using the many free tools available on the web to their full potential. For example, www.guidestar.org is an indispensable resource for researching foundations, providing detailed information on their giving guidelines, capacity, and scope. It even lists members of each organization's board of directors, a valuable opportunity for identifying connections to your organization.

Maximize volunteer resources.

Many organizations fail to fully enlist and leverage the energy, enthusiasm, and expertise of their volunteers in fundraising efforts. Check to make sure your development department has evaluated the potential benefits of utilizing volunteers in every tactical and strategic aspect, including prospect research and cultivation. You may be surprised at the skill level and expertise of people eager to contribute time to the success of your organization's mission.

Successful fundraising doesn't happen in a vacuum. Without an accurate picture of recent philanthropic trends and the economy's impact on giving to the arts and culture sector, it may be difficult to fully understand the reasons for changes in your own organization's contributed income. Research and resources easily accessible over the internet can provide important context to your organization as it develops budgets, sets realistic fundraising goals, and shapes new strategies for long-term success.

**FOR MORE INFORMATION ON HOW ACG CAN HELP
YOUR ORGANIZATION ACHIEVE ITS FUNDRAISING GOALS
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