Disclaimer
Rules of the Road…
NO MARGIN,
NO MISSION
Tough times

Energy prices continued their long move...
Once-Robust Charity Sector Hit With Mergers, Closings

By SHELLY BANJO And S. MITRA KALITA

"I don't think it will ever be back to normal," Ms. McFadden says. "The economic climate has changed too significantly. We just can't rely on government the way we used to."

"It's a triple whammy," says Elizabeth Boris, director of the Urban Institute’s Center on Nonprofits and Philanthropy. "Donations are down. Government funding is down. Need is up."

"We've had funding cut after funding cut, and we never know when the next shoe is going to drop," says May Shields, Hearth’s chief operating officer.
As a result, even with a recovering economy, projections showed persistent shortfalls in future years, exceeding $2 billion in each fiscal year for 2012 through 2015.
THE MARYLAND BUDGET GAME

K12 EDUCATION
HEALTH
PUBLIC SAFETY
REVENUE
SOCIAL SERVICES
TRANSPORTATION
GENERAL GOVERNMENT
BUSINESS & REGULATION
ENVIRONMENT
HIGHER EDUCATION

REVENUE:
$31,323M

EXPENDITURES:
$33,320M

SURPLUS/DEFICIT:
$-1,997M

ONGOING BALANCE:
$-2,524M
It’s the Economy...

• Donors said that the economy, as well as other financial variables, negatively affected their giving.
• Forty-eight percent of donors said that unexpected household expenses had a negative effect on their giving.
• A third (35 percent) of donors said that changes in their household incomes had a negative impact on their giving.
• Thirty-one percent of donors said that declining home values had a negative effect on their giving.
• And twenty-nine percent of donors said that the performance of their investments (stocks, bonds, etc.) had a negative effect on their giving.
Anticipated Changes in 2010 Foundation Giving Compared to 2009

- Don’t Know: 7%
- Increase: 17%
- No Change: 50%
- Decrease: 26%

Percent of Respondents

**Key Findings**

- New survey of leading grantmakers suggests a steeper than anticipated reduction in 2009 foundation giving.
- Indicators point to a continued reduction in foundation giving in 2010.
- More than two-thirds of respondents have reduced their operating expenses to shore up giving and for other purposes.
- Grantmakers expect that the field of philanthropy will become more strategic as a result of the economic crisis.
- Most funders expect the nonprofit community to emerge stronger from the economic crisis, although some express doubts.

**SOURCE:** The Foundation Center, 2009. A total of 583 foundations responded to this question.
The nonprofits that survive the economic crisis will emerge stronger than before.

Percent of Respondents

- Agree: 67%
- No Opinion: 17%
- Disagree: 16%

SOURCE: The Foundation Center, 2009. A total of 568 foundations responded to this question.
Trends Today

• Grantmakers are becoming more interested in capacity building.
• Grantmakers seem to be narrowing their geographic scope in order to make an impact "at home".
• Although larger grants are being awarded, recipient organizations' programs are closer to grantmakers' missions.
• Site visits are on the increase.
• Full grant applications aren't always encouraged.
The number of 501(c)(3) organizations, 2000–2009

The Internal Revenue Service annually reports the number of nonprofit, charitable organizations registered under Section 501(c)(3) of the Internal Revenue Code.
## Nonprofits in Maryland

### Types of Nonprofits

*The Internal Revenue Code recognizes twenty-six different categories of nonprofit organizations. These data sets reflect information maintained for the three most common types of nonprofits, 501(c)(3), 501(c)(4) and 501(c)(6) organizations.*

<table>
<thead>
<tr>
<th>Designation</th>
<th>1999</th>
<th>2007</th>
<th>2009</th>
<th>2 Year Growth</th>
<th>10 Year Growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>501(c)(3) - Religious, educational, charitable, scientific, literary, testing for public safety, to foster national or international amateur sports competition or prevention of cruelty to children or animal organizations</td>
<td>15,178</td>
<td>21,759</td>
<td>24,094</td>
<td>11%</td>
<td>59%</td>
</tr>
<tr>
<td>501(c)(4) - Civic leagues, social welfare organizations and local associations of employees</td>
<td>2,190</td>
<td>2,117</td>
<td>2,008</td>
<td>-5%</td>
<td>-8%</td>
</tr>
<tr>
<td>501(c)(6) - Business leagues, chambers of commerce, real estate boards, etc</td>
<td>1,238</td>
<td>1,351</td>
<td>1,334</td>
<td>-1%</td>
<td>8%</td>
</tr>
</tbody>
</table>
### Nonprofits by Service Delivery Area – 501(c)(3) Only

<table>
<thead>
<tr>
<th>Service Area</th>
<th>1999</th>
<th>2007</th>
<th>2009</th>
<th>Growth 2 Year</th>
<th>Growth 10 Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Animal Related</td>
<td>359</td>
<td>439</td>
<td>432</td>
<td>-2%</td>
<td>20%</td>
</tr>
<tr>
<td>Arts</td>
<td>1,283</td>
<td>1,615</td>
<td>1,702</td>
<td>5%</td>
<td>33%</td>
</tr>
<tr>
<td>Comm. Improvement</td>
<td>1,105</td>
<td>663</td>
<td>689</td>
<td>4%</td>
<td>-38%</td>
</tr>
<tr>
<td>Crime &amp; Disaster</td>
<td>106</td>
<td>430</td>
<td>479</td>
<td>11%</td>
<td>352%</td>
</tr>
<tr>
<td>Education</td>
<td>2,072</td>
<td>2,591</td>
<td>2,799</td>
<td>8%</td>
<td>35%</td>
</tr>
<tr>
<td>Environmental</td>
<td>406</td>
<td>512</td>
<td>504</td>
<td>-2%</td>
<td>24%</td>
</tr>
<tr>
<td>Health</td>
<td>1,324</td>
<td>1,554</td>
<td>1,602</td>
<td>3%</td>
<td>21%</td>
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<tr>
<td>Human Services</td>
<td>2,138</td>
<td>3,011</td>
<td>3,421</td>
<td>14%</td>
<td>60%</td>
</tr>
<tr>
<td>Others</td>
<td>6,385</td>
<td>12,021</td>
<td>15,239</td>
<td>27%</td>
<td>139%</td>
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</tbody>
</table>
## Nonprofits by County

<table>
<thead>
<tr>
<th>County</th>
<th>Number of 501(c)(3)’s 1999</th>
<th>Number of 501(c)(3)’s 2009</th>
<th>Number of 501(c)(4)’s 1999</th>
<th>Number of 501(c)(4)’s 2009</th>
<th>Number of 501(c)(6)’s 1999</th>
<th>Number of 501(c)(6)’s 2009</th>
<th>501(c)(3)’s with Budgets over $1 Million 1999</th>
<th>501(c)(3)’s with Budgets over $1 Million 2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Allegheny</td>
<td>194</td>
<td>273</td>
<td>65</td>
<td>54</td>
<td>10</td>
<td>13</td>
<td>15</td>
<td>15</td>
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<tr>
<td>Anne Arundel</td>
<td>1,008</td>
<td>1,627</td>
<td>222</td>
<td>215</td>
<td>124</td>
<td>160</td>
<td>81</td>
<td>113</td>
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<tr>
<td>Baltimore</td>
<td>1,782</td>
<td>2,937</td>
<td>281</td>
<td>249</td>
<td>168</td>
<td>180</td>
<td>139</td>
<td>223</td>
</tr>
<tr>
<td>Baltimore City</td>
<td>2,932</td>
<td>3,676</td>
<td>242</td>
<td>214</td>
<td>188</td>
<td>145</td>
<td>332</td>
<td>435</td>
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<tr>
<td>Calvert</td>
<td>122</td>
<td>276</td>
<td>38</td>
<td>40</td>
<td>6</td>
<td>9</td>
<td>5</td>
<td>12</td>
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<tr>
<td>Caroline</td>
<td>75</td>
<td>125</td>
<td>24</td>
<td>22</td>
<td>7</td>
<td>6</td>
<td>5</td>
<td>8</td>
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<tr>
<td>Carroll</td>
<td>274</td>
<td>520</td>
<td>67</td>
<td>67</td>
<td>21</td>
<td>29</td>
<td>22</td>
<td>40</td>
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<tr>
<td>Cecil</td>
<td>158</td>
<td>253</td>
<td>46</td>
<td>41</td>
<td>11</td>
<td>11</td>
<td>12</td>
<td>14</td>
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<tr>
<td>Charles</td>
<td>195</td>
<td>425</td>
<td>40</td>
<td>39</td>
<td>9</td>
<td>11</td>
<td>10</td>
<td>13</td>
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<tr>
<td>Dorchester</td>
<td>81</td>
<td>119</td>
<td>27</td>
<td>27</td>
<td>7</td>
<td>4</td>
<td>5</td>
<td>5</td>
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<tr>
<td>Frederick</td>
<td>516</td>
<td>869</td>
<td>121</td>
<td>115</td>
<td>40</td>
<td>39</td>
<td>25</td>
<td>44</td>
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<tr>
<td>Garrett</td>
<td>100</td>
<td>153</td>
<td>22</td>
<td>15</td>
<td>7</td>
<td>8</td>
<td>3</td>
<td>7</td>
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<tr>
<td>Harford</td>
<td>377</td>
<td>642</td>
<td>88</td>
<td>82</td>
<td>36</td>
<td>56</td>
<td>17</td>
<td>31</td>
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<tr>
<td>Howard</td>
<td>606</td>
<td>1,178</td>
<td>67</td>
<td>84</td>
<td>80</td>
<td>122</td>
<td>51</td>
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<td>Kent</td>
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<td>17</td>
<td>6</td>
<td>12</td>
<td>8</td>
<td>14</td>
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<tr>
<td>Montgomery</td>
<td>3,494</td>
<td>5,259</td>
<td>313</td>
<td>312</td>
<td>308</td>
<td>320</td>
<td>392</td>
<td>514</td>
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<tr>
<td>Prince George’s</td>
<td>1,846</td>
<td>3,686</td>
<td>235</td>
<td>179</td>
<td>121</td>
<td>117</td>
<td>101</td>
<td>131</td>
</tr>
<tr>
<td>Queen Anne’s</td>
<td>82</td>
<td>154</td>
<td>22</td>
<td>21</td>
<td>4</td>
<td>7</td>
<td>5</td>
<td>10</td>
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<tr>
<td>Somerset</td>
<td>49</td>
<td>71</td>
<td>15</td>
<td>13</td>
<td>2</td>
<td>2</td>
<td>3</td>
<td>6</td>
</tr>
<tr>
<td>St. Mary’s</td>
<td>189</td>
<td>318</td>
<td>30</td>
<td>34</td>
<td>10</td>
<td>14</td>
<td>7</td>
<td>13</td>
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<tr>
<td>Talbot</td>
<td>177</td>
<td>236</td>
<td>27</td>
<td>21</td>
<td>15</td>
<td>14</td>
<td>23</td>
<td>36</td>
</tr>
<tr>
<td>Washington</td>
<td>433</td>
<td>569</td>
<td>77</td>
<td>68</td>
<td>25</td>
<td>19</td>
<td>40</td>
<td>56</td>
</tr>
<tr>
<td>Wicomico</td>
<td>261</td>
<td>385</td>
<td>62</td>
<td>49</td>
<td>19</td>
<td>20</td>
<td>20</td>
<td>32</td>
</tr>
<tr>
<td>Worcester</td>
<td>117</td>
<td>204</td>
<td>39</td>
<td>30</td>
<td>14</td>
<td>16</td>
<td>6</td>
<td>15</td>
</tr>
<tr>
<td>Maryland</td>
<td>15,178</td>
<td>24,094</td>
<td>2,190</td>
<td>2,008</td>
<td>1,238</td>
<td>1,334</td>
<td>1,327</td>
<td>1,847</td>
</tr>
</tbody>
</table>
What nonprofits are doing to Survive

<table>
<thead>
<tr>
<th>Tactic</th>
<th>Small</th>
<th>Medium</th>
<th>Large</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reduce the level of activity across all programs</td>
<td>54%</td>
<td>33%</td>
<td>43%</td>
</tr>
<tr>
<td>Scale back or eliminate a subset of programs to free up resources for others</td>
<td>60%</td>
<td>39%</td>
<td>56%</td>
</tr>
<tr>
<td>Clarify key program outcomes and measure them</td>
<td>61%</td>
<td>53%</td>
<td>74%</td>
</tr>
<tr>
<td>Redesign programs to achieve outcomes in a less costly manner</td>
<td>73%</td>
<td>50%</td>
<td>82%</td>
</tr>
<tr>
<td>Lay off staff</td>
<td>45%</td>
<td>36%</td>
<td>43%</td>
</tr>
<tr>
<td>Cut staff salaries</td>
<td>25%</td>
<td>24%</td>
<td>18%</td>
</tr>
<tr>
<td>Cut overhead</td>
<td>47%</td>
<td>50%</td>
<td>72%</td>
</tr>
<tr>
<td>Consciously identify key positions and shift resources to keep these positions filled</td>
<td>52%</td>
<td>53%</td>
<td>79%</td>
</tr>
<tr>
<td>Examine opportunities to merge with or acquire other nonprofit organizations</td>
<td>27%</td>
<td>12%</td>
<td>26%</td>
</tr>
<tr>
<td>Actively look for newly-available talent</td>
<td>21%</td>
<td>18%</td>
<td>46%</td>
</tr>
<tr>
<td>Examine and improve key processes and structures</td>
<td>53%</td>
<td>66%</td>
<td>82%</td>
</tr>
</tbody>
</table>
We’ll Just Raise More Money...
<table>
<thead>
<tr>
<th>Source</th>
<th>Amount</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Federal grants and contracts</td>
<td>$</td>
<td>%</td>
</tr>
<tr>
<td>State grants and contracts</td>
<td>$</td>
<td>%</td>
</tr>
<tr>
<td>Private foundation grants</td>
<td>$</td>
<td>%</td>
</tr>
<tr>
<td>Community/family foundation grants</td>
<td>$</td>
<td>%</td>
</tr>
<tr>
<td>Corporate grants and underwriting</td>
<td>$</td>
<td>%</td>
</tr>
<tr>
<td>Fundraising</td>
<td>$</td>
<td>%</td>
</tr>
<tr>
<td>Fees</td>
<td>$</td>
<td>%</td>
</tr>
<tr>
<td>Other</td>
<td>$</td>
<td>%</td>
</tr>
<tr>
<td>Total Annual Budget</td>
<td>$</td>
<td>%</td>
</tr>
</tbody>
</table>
MISSION MATTERS

“March or Die”

French Foreign Legion
A good mission statements can improve an organization's:

- sense of purpose
- communication
- decision-making
- resource allocation
- evaluation
- marketing
A Good Mission Statement

• Uses less than 100 words, sharply focused (so everyone knows it—clearly)
• Describes what functions the organization does (identify a distinctive core competency)
• Identifies for whom the functions are done (specify a specific market)
• Say show the organization fills the functions better/different than others (competitive advantage)
• Justify why the organization exists (the reason for being)
Just in Time Mission Statement

• We exist to (primary purpose and the business we are in):

• For (primary clients or customers listed in order of significance):

• In order to (core services);

• Believing that (critical values):

• So that (key outcomes that determine success):
### Action Plan Vs. Strategic Plan

**GRANDMA’S CHOCOLATE COOKIES**

- 1 cup butter, softened
- 2 cups sugar
- 2 beaten eggs
- 4 squares melted unsweetened chocolate
- 1 tablespoon vanilla extract
- 2 cups sifted all-purpose flour
- pinch of salt
- finely chopped walnuts

**Instructions**

1. Cream butter thoroughly. Add sugar, one cup at a time, mixing well between additions.
2. Add eggs, melted chocolate, vanilla, salt and flour, blending well after each addition.
3. Chill dough for about 30 minutes. Form into 1” diameter balls, place on an ungreased cookie sheet. Flatten with a fork dipped in sugar (criss-cross pattern). Sprinkle a pinch of the chopped walnuts on top. Bake at 350° for 8 to 10 minutes.
The Basic Steps of Strategic Planning

Organizational Assessment:
Where are we today/now?

Where should we be going?

How should we get there?

Who is responsible and what should they do?

Are we there yet? If not, what action should we take?
Strategy Pyramid

Organizational

Programmatic

Operational
“No plan survives contact with the enemy.”

Colonel Tom Kolditz, U.S. Army
I Think I Can
I Think I Can
I Think I Can
I Think I Can
I Think I Can
Aristotle could have avoided the mistake of thinking that women have fewer teeth than men, by the simple device of asking Mrs. Aristotle to keep her mouth open while he counted.

Bertrand Russell
Objective

Eligibility
Serves community
Serves targeted population
Sufficient funds to meet need
Matching funds required
Administrative costs allowed
Adequate time to respond
Required outcomes achievable
Audited financials required
Project plan prepared
Partners required
Subjective

Relationship with grantmaker
Complements grantmaker’s goals
Builds on organization’s mission
Likelihood of award
Competition for award
Possess required competencies
Incidental Costs
Sustainability
Adequate staffing to implement
Adequate data collection mechanisms
Return on Investment
10 Helpful Tips For Your Next Grant Proposal

1. Be Thorough.
2. Read The Application Carefully.
3. Include Letters Of Support
4. Go Beyond The Norm.
5. List Your Stats.
6. Re-Read Your Answers.
7. Provide Everything Requested.
8. Be Detail Oriented.
9. Convey Your Enthusiasm.
10. Read It... Again.

Article adapted from CheckItOut magazine, 10 Helpful Tips For Your Next Grant Proposal, Summer 2010 issue.
The Good and Bad News - You Got It!

- Don’t start until you have a signed contract
- Read the contract very carefully
- Read the grant again – you’ll be amazed at what you’ve forgotten
- Mark your calendar with all the due dates
- Make copies of your reporting forms
- Start a file for the grant – keep every scrap of paper especially receipts
- Make sure your accounting staff know what’s happening so they can track accordingly
- If you hit a snag, contact the funder immediately – they will usually negotiate
THANK YOU