

Santa Cruz Sentinel
Business News, Ask the Expert
Published February 27, 2009

Is Your Non-Profit Viable? Assess Your Strengths
– Maria Gitin, CFRE

“Philanthropy is a wholly owned subsidiary of the economy.” Nonprofit organizations are being reminded of this old fundraising adage as they face declining contributions and increased demand for services. Crying for help during this economic crisis is like calling others after the 1989 earthquake to complain that your chimney was broken. All the chimneys are broken. There is no shelter except in the same qualities that have always been necessary to sustain a thriving nonprofit organization. Based on conversations with colleagues and review of professional journals, my prediction is that up to 25% of nonprofits will go out of business over the next three years. How can you determine if your nonprofit is viable? Should you consider merger or even dissolution?

If you can answer “True” to the majority of these statements, your nonprofit organization is likely to be able to survive, even thrive over the next few years.

1. The Mission and purpose of your organization are widely regarded as essential to the quality of life of a valued segment of your community.
2. There is a board of directors that is passionately committed to the organization’s Mission. Every board member contributes both time and money according to their abilities.
3. The board understands their fiduciary and ethical responsibilities. They govern, not manage.
4. Programs, services and activities are culturally appropriate. Programs are developed with input from and evaluated by participants. Ethnicity, cultural customs, physical, linguistic and

- logistic accessibility, and awareness of differences in economic status, gender, sexual orientation and age are considered during program, personnel or policy changes.
5. The organization has a diverse funding base including grants, fees, individual contributions and other sources. It is not reliant on a single source of funding.
 6. The budget is \$500,000 or greater. An annual budget of \$1 million or more from diverse sources increases organizational security.
 7. A financial professional on staff, board or contract carefully monitors cash flow and alerts the board to anticipated shortages well in advance of their occurrence.
 8. Decisions, including cut backs in program, reductions in staff are made in a business-like manner. Staff who remain are compensated appropriately.
 9. The organization does not rely on a single charismatic person. If people usually say your organization would 'go under' without So and So, it probably will.
 10. The management team courageously examines the current financial situation. They consider down sizing, expanding, or merger with another more viable organization.

Established, focused grassroots and faith-based organizations run largely by staff-level volunteers with a deep commitment may be exceptions to these criteria. Organizations that cultivate deep feelings of belonging and strong relationships among participants and contributors tend to be supported, even in hard times.

Many people are feeling anxious, fearful. All groups should examine ways to maintain contact with contributors including those who may be unable to give as much as they did previously. Donors remember how you make them feel in your messages and when they read about you in the paper. Nonprofits that offer hope rather than helplessness, solutions instead of crises, will be more likely to endure.

Over the next few weeks, we will explore the options of growth, merger and dissolution as responsible responses to the economic

crisis. It is wise to choose a course of action while you still have the resources to make choices.

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