

# LGBT NONPROFITS AND THEIR FUNDERS IN A TROUBLED ECONOMY

*A MAP Survey Report*



movement advancement project ▶

*April 2009*

## Movement Advancement Project

The LGBT Movement Advancement Project (MAP) is an independent resource for LGBT organization executives and donors, funded by a small number of committed, long-term donors to the movement. MAP's mission is to speed achievement of full social and political equality for LGBT people by providing donors and organizations with strategic information, insights, and analyses that help them increase and align resources for highest impact.

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**Disclaimer:** *The opinions expressed in this report reflect the best judgment of MAP based on analyzed data collected from two surveys and several brief interviews. These opinions do not necessarily reflect the views of our funders or other MAP members.*

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## INTRODUCTION

*"I arrive at OutGiving with two contrasting numbers in my mind. The first is the declining value of the Gill Foundation's endowment. The second number – a much more positive one – is the national approval number for same-sex relationship recognition. Our challenge will be to seize upon this and an unprecedented number of opportunities at a time of great economic uncertainty... Since the economic downturn started, the Gill Foundation's assets are down by more than a third. In spite of that, we've made a decision to only cut our giving by 10 percent."*

– Tim Gill's welcome letter to OutGiving conference participants, March 19, 2009

The LGBT movement has grown tremendously during this decade. About 536 nonprofits, each with annual revenues of at least \$25,000, now serve and represent LGBT people in the United States.<sup>1</sup> Together, these LGBT-focused nonprofits had 2007 revenue totaling about \$529 million. Furthermore, over the three-year period from fiscal year 2006 to 2008, revenues at the 52 major LGBT nonprofits that MAP tracks most closely increased by about a third.<sup>2</sup>

The LGBT movement has also delivered some stunning results. Same-sex couples can now legally marry in four states (Massachusetts, Connecticut, Iowa and Vermont). Seventy-six percent of Americans support some form of relationship recognition for LGBT people: marriage, civil unions, or domestic partnerships.<sup>3</sup> The portion of Americans covered by state sexual orientation nondiscrimination laws has doubled since 1995, from 24% to 48%. State gender identity/expression laws expanded even more quickly, now covering 29% of the United States population, compared to just 2% in 1995. The number of openly-LGBT candidates running for public office increased nearly threefold from 2002 to 2008.

Right now we face perhaps our strongest opportunity ever for additional, near-term progress. Strong majorities of Americans support upcoming Federal hate crimes and trans-inclusive nondiscrimination bills. With the new Obama Presidential Administration, we have much more hope for key policy changes in 31 Federal government departments and agencies.

Thus the severe economic downturn – a 40% drop in the Dow Jones Industrial Average since May 2008; an \$11 trillion decline in American household wealth during 2008; and 8.5% unemployment (the highest in 25 years) – threatens our diverse network of LGBT nonprofits at a time of great momentum and opportunity.

The general press has been filled with stories of huge losses in foundations' endowments, cutbacks by foundations and individual donors in support of even their favorite groups, and the start of staff lay-offs and program cuts at nonprofits. This report examines how the sharp downturn has affected LGBT nonprofits, in particular. It includes how LGBT nonprofits and some of their largest funders are coping, along with organizations' and funders' priorities for additional actions to minimize damage and maximize the likelihood of a timely recovery.

As explained fully in the appendix, MAP has based this report on anonymous survey responses collected in February 2009 from 93 fairly representative national, regional and local LGBT organizations, which together appear to account for about one-third of the LGBT movement revenues cited above. We also draw from survey responses by 52 major individual and institutional donors who attended the Gill Foundation's March 2009 OutGiving conference. Please consider that this report reflects the rapidly-changing situation as of February 2009 for organizations and March 2009 for funders.

We can't know how long the downturn will last, or what its long-term impact will be on the LGBT movement's organizations, donors and constituents. MAP hopes the data and information that we present here will help donors and organizations work together to minimize the economy's detrimental impact on our long-term fight for LGBT equality.

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<sup>1</sup> Based on MAP's analysis of charitable organizations' IRS 990 forms on [www.guidestar.org](http://www.guidestar.org). There are also countless small, local organizations that do not meet the \$25,000 annual revenue threshold requiring IRS tax returns.

<sup>2</sup> Based on actual 2006 and 2007 revenues and projected full-year 2008 revenue collected late in the fiscal year (for MAP's Standard Annual Reporting project).

<sup>3</sup> Harris Interactive national poll, November 2008.

## KEY FINDINGS

LGBT organizations report steep declines in support across all revenue sources and a challenging fundraising climate. They are being forced to cut back on programs and services and to shrink staff – just as demand for services and programs increases. Donors, meanwhile, are dealing with their own challenges, as institutional endowments shrink sharply and individual donors find savings and jobs disappearing. These hardships are juxtaposed with a political environment that is ripe with opportunities to advance LGBT equality. Organizations and funders alike report frustration with the economic and political timing.

In particular, our analysis found that:

- **Nearly 60% of LGBT groups missed budget projections for the second half of calendar year 2008.** Most anticipate that their support from foundations, individuals, corporations and government will drop even further in 2009.
- **The majority of LGBT organizations have little in the way of financial reserves.** Nearly 60% have between zero and three months of operating funds in the bank, and nearly 65% have no line of credit currently available.
- **Organizations are seeing a clear increase in demand for health and social services.** Fortunately, revenue that supports these services (i.e., government and program fees) seems the most stable, overall.
- **Organizations are taking a variety of operational and programmatic actions to cope with declining revenues.** The most prevalent responses are to eliminate staff raises, delay the launch of new programs, increase efforts to find new donors and avoid filling vacant staff positions.
- **Nearly all groups say that funders can be of most help at this time by increasing the flow of general support dollars to organizations.** Many groups would also value introductions to potential new donors by their current funders, or even direct asks by current funders on their behalf. Funders, meanwhile, are doing their best to maintain previous levels of support, although some are consolidating their giving to fewer organizations.
- **Both organizations and donors appear confident of LGBT nonprofits' ability to weather the downturn.** More than 90% of organization leaders believe they are allocating the vast bulk of dollars to mission-critical programs and managing costs as aggressively as possible. An impressive

94% of donors expressed confidence that the management team of the LGBT nonprofit that s/he cares most about will take the right actions to minimize damage during the economic downturn and maximize the likelihood of recovery.

## IMPACT OF THE ECONOMIC DOWNTURN ON LGBT NONPROFITS

*"The Haas, Jr. Fund is holding the line for our 71 LGBT grantees through 2009. But, given a one-third drop in our endowment, we'll be giving away \$2.5 million less to gay groups by the end of next year. I am very worried that, because LGBT organizations are being hit from so many sides, we're going to lose a lot of the movement's institutional muscle, which has been so painstakingly built in recent years."*

– Matt Foreman, Program Director, Evelyn and Walter Haas, Jr. Fund

### Unmet Revenue Targets for the Second Half of 2008

Fifty-six percent of LGBT groups report missing their revenue projections for the second half of 2008, as shown in *Figure 1*.

**Figure 1: Second-Half 2008 Revenue Versus Goal**  
Percent of LGBT Nonprofits in Survey



Note that *Figure 1* most likely understates the problem because a number of the groups that "met revenue projections" did so only because they had earlier lowered their 2008 targets. A large national advocacy group cautioned, "If we had kept our budget the same, we would have come in much further below budget by year-end."

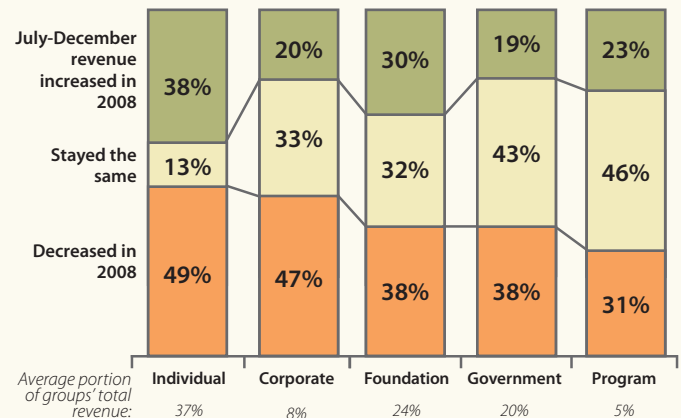
**Seventy-one percent of organizations that missed revenue goals did so by more than 10%.**

Organizations' success in meeting second-half 2008 revenue targets differed by type, size and location, as follows:

- Community centers were most successful, with 59% either meeting or exceeding their July to December 2008 revenue projections. Youth/schools-focused organizations fared worst; 75% missed revenue projections.
- Smaller organizations fared better than large ones. Only 44% of organizations with budgets under \$100,000 missed second-half 2008 revenue projections, but two-thirds of groups with budgets greater than \$5 million did so.
- Groups located in areas hardest hit by the economic downturn reported serious development challenges. For example, an organization in Michigan described year-end 2008 fundraising challenges, "Many donors already had lost their jobs, taken pay cuts or were afraid they would have to do so at any minute. Even people who had the means to contribute saw their investments and personal net worth plummet, so that made even them feel like they didn't have the capacity to give."

**All major revenue streams have been affected by this recession**, in that more organizations saw revenue decreases than increases in the second half of 2008 versus the same period in 2007. *Figure 2* shows, for example, that individual donations declined for 49% of the groups and increased for just 38% of groups. Corporate donations suffered more, falling at 47% and increasing at only 20% of LGBT nonprofits.

**Figure 2: Year-over-year Revenue by Source**  
Percent of LGBT Nonprofits in Survey

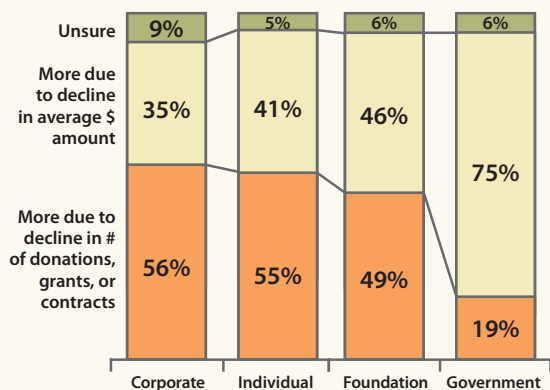


Note: "Other" revenue (e.g., investment income, merchandise sales) comprises about 6% of all revenue.

Note that government and program revenues were the most stable; nearly half of the organizations reported that levels remained the same. Public sector budgeting proceeds slowly and government grants and contracts are often awarded or secured for multiple years. That said, the timing of government disbursements can be particularly problematic when other sources of revenue are declining. A midsize community center noted, “We did not receive money for a public contract that started on June 1, 2008 until the end of January 2009. This caused significant cash flow issues. And with banks tightening up on lines of credit, we couldn’t get our line expanded.”

Most of the decrease in revenue from individuals, foundations and corporations appeared to stem from a decline in the number of donations or grants, rather than a drop in the average value of donations or grants, as shown in *Figure 3*. Government revenue differs, however: public agencies are much more likely to cut the value of grants or contracts than to totally rescind funds.

**Figure 3: Parsing the Revenue Decline by Source**  
Percent Among Nonprofits Where Revenue Source Declined



Finally, **development success in 2008 seemed greatly affected by the timing of fundraising campaigns.** For example, the leader of a small national advocacy group told MAP, “Our overall revenue goals were met because much of our foundation funding was secured prior to the fourth quarter of 2008. We raise revenue from individuals and other funding streams later in the year, and we missed those goals by more than 20%.”

### A Deteriorating Fundraising Climate

**Sixty-two percent of respondents told us that fundraising got harder in the fourth quarter of 2008.** One organization summed it up, “November and December were simply horrible months for fundraising.” Only 11% reported that fundraising was easier in the fourth quarter and many of those groups related it to election activities.

As to type and size of organization:

- Community centers fared the best, with 16% saying the climate improved in the fourth quarter and 23% seeing no change from earlier in the year. Several centers were active in voter registration/get-out-the-vote work or were just launching, both of which raised fundraising profiles.
- State advocacy groups also did relatively well, largely due to election work, with 43% reporting that the climate stayed the same and 5% saying it improved.
- The largest organizations were hit hardest. Among groups with revenues between \$1 million and \$5 million, 75% reported a worsening fundraising climate (as did 70% of groups with \$5 million-plus annual revenue). In contrast, the fundraising climate improved or stayed the same for 45% of groups with budgets under \$500,000.

**Many groups reported doubling and tripling fundraising efforts just to minimize losses in the fourth quarter, even as shortfalls left development departments short-staffed.** The leader of a large capacity-building/research organization, for example, told MAP, “We had to do twice the work to raise \$60,000 at our event, compared with \$100,000 at that event last year.”

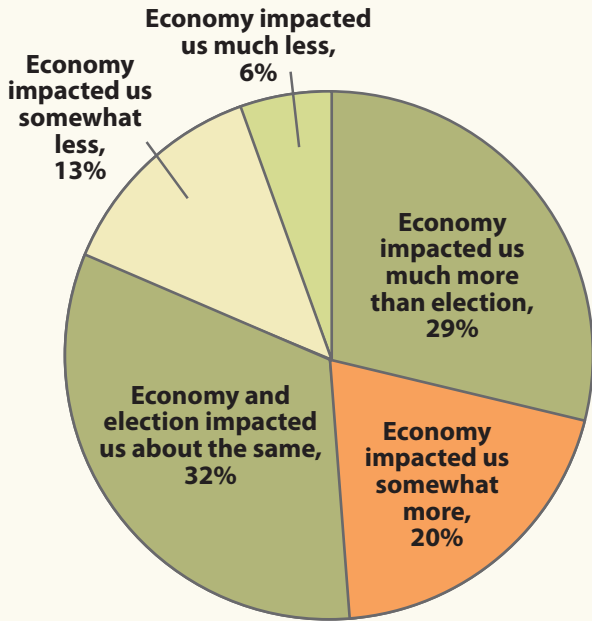
Nearly 30% of groups that missed second-half 2008 revenue projections cited California’s Proposition 8 campaign as a factor. A large community center told us, “Many donors (and three foundations) said their giving capacity for organizations such as ours was reduced due to support for the ‘No on 8’ campaign.”

However, given a forced choice in our survey, most groups indicated the economy was much more a factor than any diversion of donors’ funds to Proposition 8 or the presidential election. See *Figure 4*.

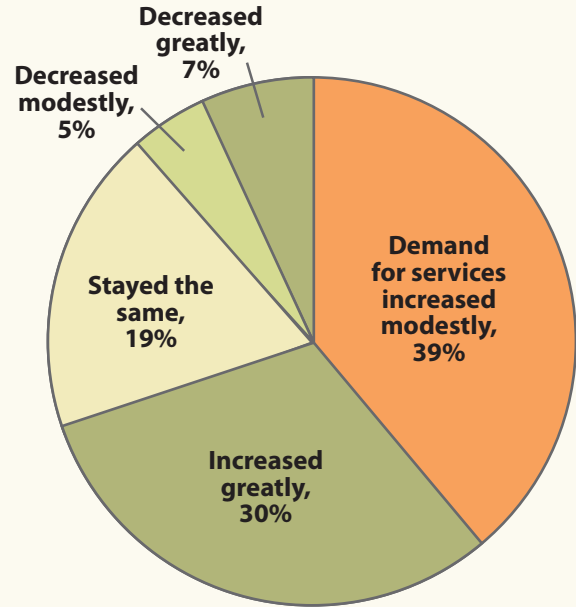
Proposition 8 actually helped some organizations with fundraising by counteracting other development losses or boosting their public profiles. A large national advocacy organization reported, “Our public role in the fall election cycle helped our national profile grow, allowing us to expand the number of new supporters and deepen the trust of existing donors.”

Looking forward, **most organizations anticipate shrinking revenues throughout 2009.** *Figure 5* shows that 55% expect corporate revenues to drop, 52% expect the same of foundations, and 43% expect to see individuals cut back on giving.

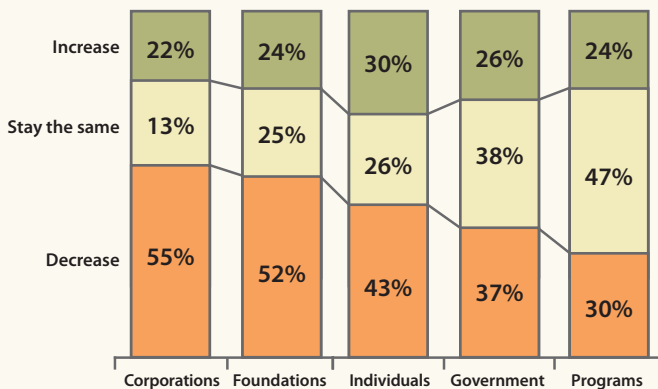
**Figure 4: Role of Proposition 8 and the Election**  
Percent of LGBT Nonprofits in Survey



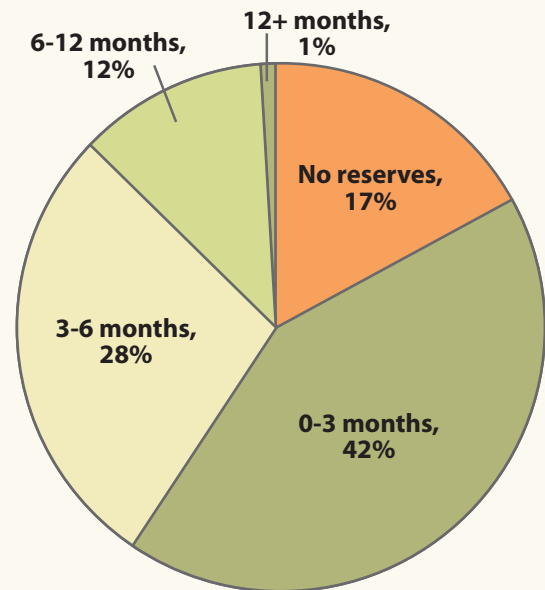
**Figure 6: Demand for Health and Social Services Since Summer 2008**  
Percent Among Respondents that Provide Services



**Figure 5: 2009 Revenue Expectations**  
Percent of LGBT Nonprofits in Survey



**Figure 7: Operating Reserve Levels**  
Percent of LGBT Nonprofits in Survey



## Increasing Demand for Basic Services

Sixty-nine percent of groups that provide health or social services report increased demand since last summer. As *Figure 6* shows, about half of the groups that saw more demand dubbed the magnitude of increase “great.” A small community center told us, “We believe we will see a significantly higher work load due to budget cuts in county and state governments, which will require us to fill in gaps in general community services such as HIV testing and health-related referrals. By the end of 2009, we may find ourselves unable to keep up with demand, given current funding projections.”

## Little Financial Flexibility (Cash Reserves or Lines of Credit)

Most LGBT organizations simply lack the capacity to absorb a substantial decline in revenue. **Nearly 60% of LGBT groups have fewer than three months’ cash reserves on hand** to continue normal operations, as shown in *Figure 7*. Only 13% of organizations have more than six months’ reserves currently banked.

Many groups are just a couple of bad months away from a serious cash flow crisis. A large community center noted, “We have few financial resources to fall back on and no reserves to see us through cash flow difficulties.”

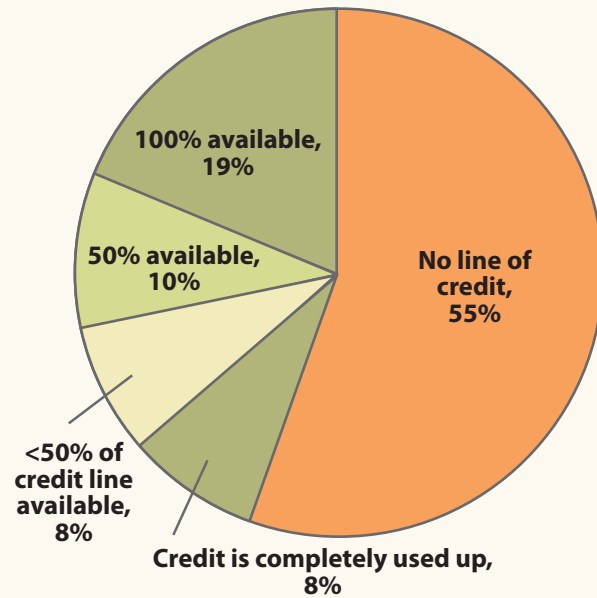
State advocacy groups and community centers have the least reserves: 67% of state organizations and 65% of community centers possess fewer than three months’ cash reserves. Youth/schools groups and national advocacy organizations are in the best positions, with 50% of youth groups and 60% of advocacy groups having at least three months’ operating costs in the bank.

Some organizations will be able to use their credit to survive a cash crunch. Unfortunately, **63% of groups have no line of credit or have already borrowed the maximum amount available** to them. However, nearly one-third of groups have at least 50% of their credit lines available, as *Figure 8* shows.

MAP uncovered patterns by organization type and size.

- About half of community centers have some credit available. Youth/schools groups are not far behind, with 37% having credit. National advocacy groups are worst off, as 73% lack any access to credit.
- The smallest organizations are the least likely to have credit available: 81% of groups with budgets under \$100,000 have no credit.

**Figure 8: Status of Credit Lines**  
Percent of LGBT Nonprofits in Survey



## HOW LGBT NONPROFITS HAVE RESPONDED

*"In this economic climate and for our movement's long-term success, organizations and donors must partner together to be strong, strategic and effective. If we avoid doing so, it will be at our peril."*

– Rea Carey, Executive Director, National Gay and Lesbian Task Force

With the duration and ultimate magnitude of the economic crisis unknown, organizations must prepare for a potentially long period of tight budgets and higher demands for services. Most LGBT groups are acting on this new reality.

As of February 2009, **nearly every organization in our survey had made some type of change to its programs or operations** in response to the economic downturn and **63% of organizations had a contingency plan for scaling back operations further** to match 2009 revenues, if necessary. As to the nature of the contingency plans, 83% of the plans identify where, specifically, to further cut spending; 70% cite mission-critical programs for preservation; and 53% involve monitoring key "tripwires" for further action.

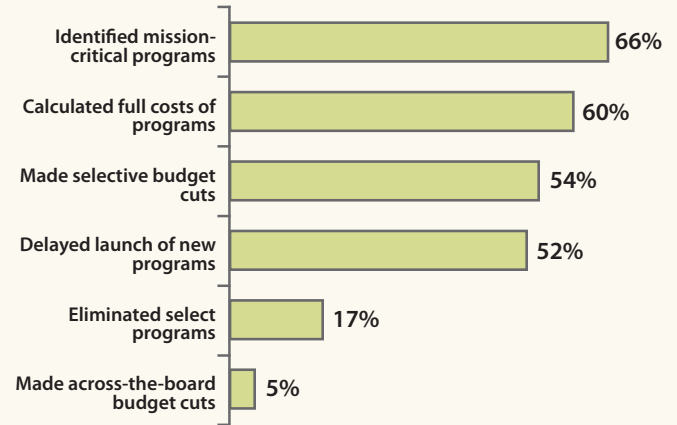
### Program Cuts and Delays

About **97% of the organizations had taken at least one program-related action in response to the economy**. *Figure 9* shows the percentage of organizations taking each particular action MAP asked about. Most groups have worked to understand the full costs of programs or determine which programs are mission-critical. More than half of organizations have delayed launching new programs and nearly half have made selective cuts in program budgets.

Where comparable, the program-related actions shown in *Figure 9* were also organizations' top choices (in similar percentages) of programmatic changes they will likely make in the remainder of 2009. **Organizations that already had made programmatic changes were the most likely to plan further programmatic actions later in 2009.**

Overall, the economy is forcing groups to seriously rethink their program slates. For example, the director of a large community center said, "Our board has accepted a new return-on-investment model for evaluating new program offerings. The return is not always financial, but each program is evaluated in the context of what it adds to the community we serve."

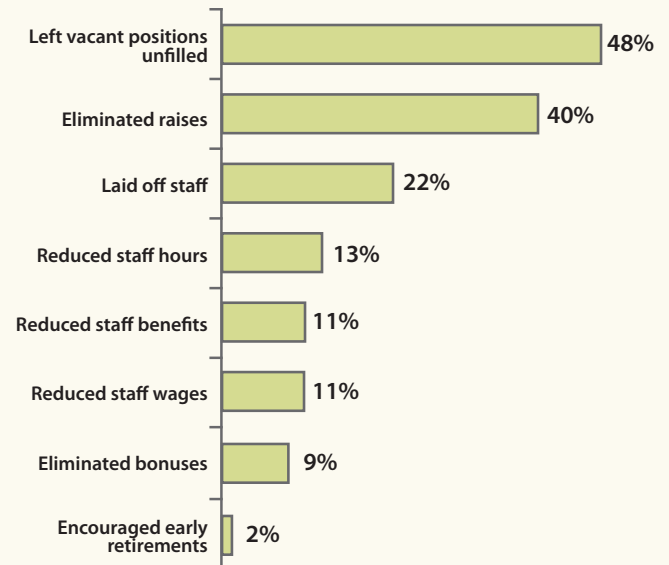
**Figure 9: Programmatic Responses to the Recession**  
Percent of LGBT Nonprofits in Survey



### Cuts to Staff, Pay and Benefits

**Eighty-two percent of LGBT groups have reduced staff costs.** The most common personnel actions to date have been not filling vacant positions and eliminating raises, as shown in *Figure 10*. Nearly a quarter of groups have already laid staff off.

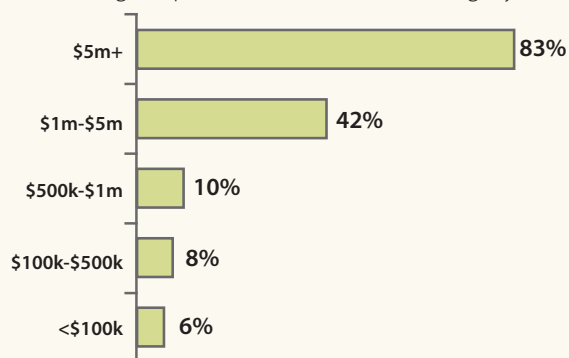
**Figure 10: Personnel Cost-cutting to Date**  
Percent of LGBT Nonprofits in Survey



Layoffs are the most visible and potentially disruptive actions an organization can take to shore up its bottom line. The survey revealed some patterns among organizations that have taken this step:

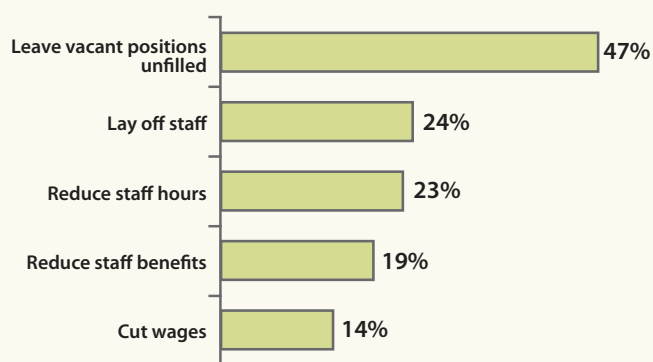
- Only between 10% and 20% of community centers, state advocacy groups and youth/schools organizations have laid off staff, but nearly half (47%) of national advocacy groups have done so.
- Only in the largest revenue category (\$5 million plus) have a majority of organizations laid off staff, as *Figure 11* shows.

**Figure 11: Staff Layoffs to Date by Organization Size**  
Percent Among Respondents in Each Size Category



Looking forward, **nearly half of the groups expect to leave vacant staff positions unfilled and nearly a quarter anticipate additional layoffs in 2009.** See *Figure 12*.

**Figure 12: Additional Personnel Actions Expected in 2009**  
Percent of LGBT Nonprofits in Survey



The groups that have already taken personnel actions tend to also be planning such actions in the future. For example, **64% of groups that have had layoffs are considering further layoffs in 2009.**

Some groups discussed the cumulative impact of cuts in staff, pay and benefits on morale. For example:

- The leader of a midsize community center told MAP, "One of our greatest challenges for 2009 is dealing with low staff

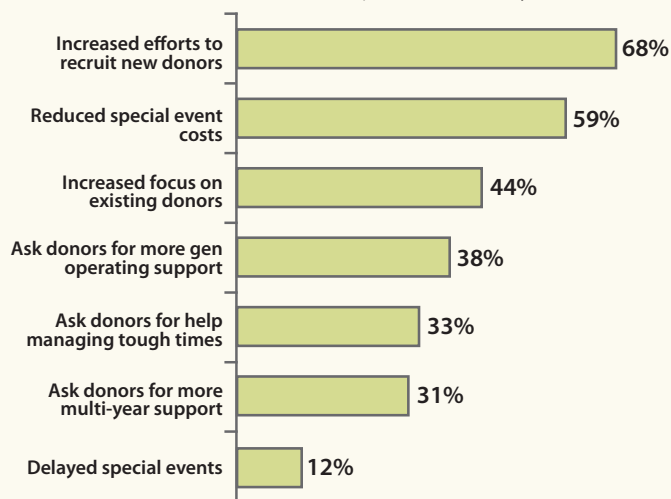
morale as they struggle with a decrease in benefits and/or reduction in pay and/or unpaid work furloughs, all while dealing with more clients who are in more acute distress."

- A large community center reported, "We lost \$100,000 in corporate giving just in January 2009, including the lead sponsor of our annual event. We'll have to raise more gifts in the smaller range, which will take a lot more work. And we have laid off staff, so there is more work to be done by each person. Also, some members of our board feel very negative about the economy and our ability to raise money. That saps the development team of morale and doesn't give them the support they need."

### Changes to Fundraising Practices

About 90% of LGBT groups have adapted their fundraising to the newly austere environment. *Figure 13* shows the most frequently-taken actions among seven choices in the survey. **More than two-thirds of the groups have increased efforts to find new donors.** We note that this may be a tough road, given historical evidence that recruiting new donors is much more expensive than raising money from existing donors, even in good times.

**Figure 13: Adaptations in Fundraising**  
Percent of LGBT Nonprofits in Survey



Not far behind in emphasis, **nearly 60% of the organizations have cut special event costs.** Some groups report postponing special events until the economy improves. The leader of a mid-sized state advocacy group noted, "We are completing a cost/benefit analysis for each event, to make sure that the event is worth doing. We are now very strict about our objectives."

Looking forward, **81% of organizations plan to increase new-donor solicitations in 2009 and about half anticipate increasing focus on existing donors**, in the hopes of shoring up those donors' support.

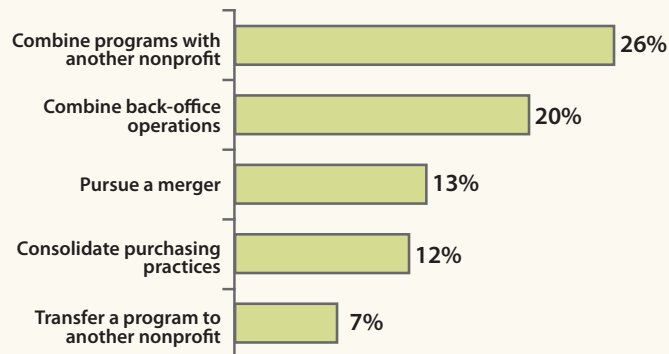
It clearly is **difficult for organizations to identify the optimal shifts in fundraising approach**. In one of a number of freeform comments reflecting uncertainty, the leader of a mid-sized community center told us, "We do not know which fundraising models to apply given the change in economic context. We had been shifting towards long-term relationship-building with major donors that would eventually lead to larger legacy giving. However, major donors are now dropping out because their investment portfolios have lost 40-50%. This signals we should shift back to engaging a larger number of donors willing to make smaller gifts or attend low-cost fundraising events. Or does it? We just don't know."

### Collaborations with Other LGBT Organizations

**Fifty-eight percent of surveyed organizations plan to engage in some type of collaboration** to contain the downturn's impact. *Figure 14* shows great variety in the type of collaboration sought, with only one type – combining programs – favored by at least a quarter of respondents.<sup>4</sup>

**Only 13% of groups indicate they plan to pursue mergers** with other organizations in 2009. A number of groups expressed their belief that mergers should come from an opportunity to advance a program's goals, rather than just to save money. Several respondents noted that mergers can be difficult to manage and are rarely as productive as participants hope. The leader of a large community center, for example, noted, "Mergers frequently cost more money up front and/or result in program efficiencies but not dollar savings."

**Figure 14: Collaborative Actions Under Consideration**  
Percent of LGBT Nonprofits in Survey



<sup>4</sup> Several groups mentioned plans to sublet extra office space, generally freed up by layoffs, to other nonprofit organizations.

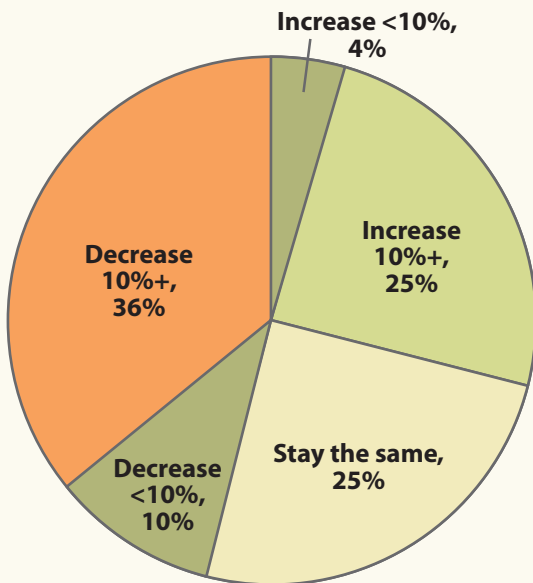
## HOW MAJOR FUNDERS HAVE RESPONDED

*“During the current economic crisis, donor responsibilities go beyond making sure cash continues to flow into grantees’ budgets. Especially those of us who have close relationships with executive directors or key board members need to step up and help these leaders establish and implement sound management practices. Donors need to make sure organizations are making the tough, hard-nosed decisions that can determine whether a group survives the downturn or goes out of business.”*

–Weston Milliken, individual donor

Slightly more than half of individual and institutional donors surveyed at the Gill Foundation’s March 2009 OutGiving conference plan to increase or at least maintain previous giving levels, despite the economic downturn, as shown in *Figure 15*. However, **more than a third of donors anticipate cutting back by 10% or more.**

**Figure 15: LGBT Donors’ Giving Plans for 2009**  
Percent of Donors in OutGiving Survey

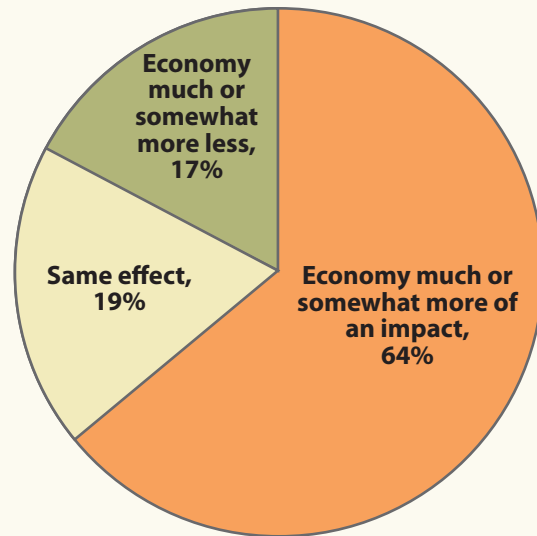


As with organizations, the economy has had a bigger impact on donors’ philanthropic plans than did any temporary spike in electoral giving in 2008. See *Figure 16*.

**More than half of the LGBT donors are consolidating their giving to fewer organizations,** as *Figure 17* shows, while slightly more than a quarter are only giving to groups they have funded in the past.

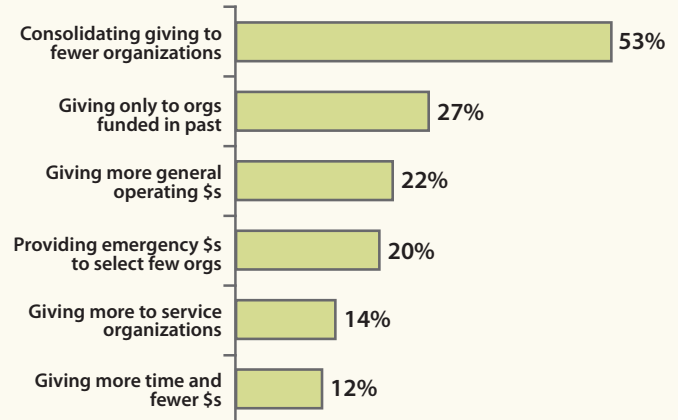
**Figure 16: Impact of Economy vs. Election Spending on LGBT Donors**

Percent of Donors in OutGiving Survey



**Figure 17: Donors’ Adaptations**

Percent of Donors in OutGiving Survey



**Fewer than a quarter of donors are giving more general operating support,** which was organizations’ top priority for help from donors (see next section). We note that some grantmakers agree with organizations that general operating funds are critical in the current economy. Wellspring Advisor’s Heidi Dorow told us, “Providing more general operating support is a pretty simple and obvious thing for grantmakers to do. It really helps an organization deal with cash flow issues.”

## PRIORITIES FOR ADDITIONAL ACTION

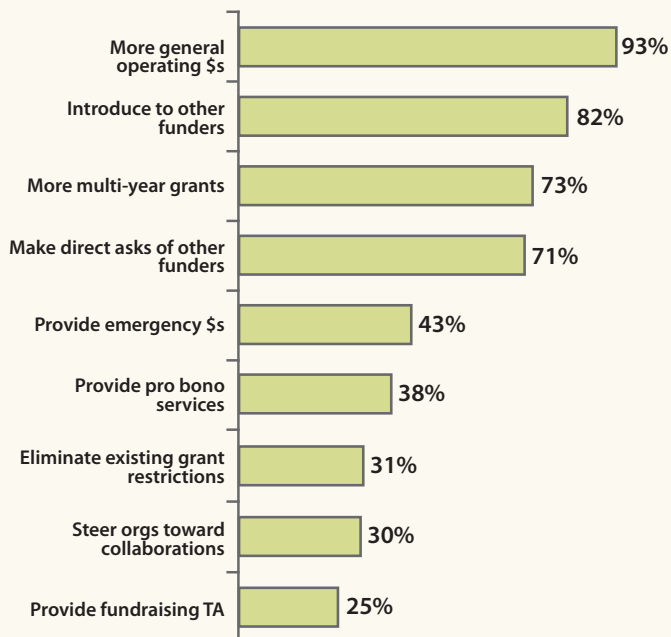
*“By necessity, these extraordinarily challenging economic times have forced LGBT organizations, institutional funders and individual donors to take a hard look at the way we all do business. Organizations are implementing cutbacks and efficiencies, re-viewing and re-focusing on core missions, and exploring new ways to seriously collaborate with movement partners. Institutional funders and individual donors are prioritizing funding decisions and looking seriously at return on investment. They are more inclined to fund organizations with strong management and solid governance. While all of this extra effort is really tough in the near term, the movement has the potential to come through this economic crisis stronger, more efficient and ready to win full equality faster than we’ve ever imagined.”*

– Patrick Guerriero, Executive Director, Gill Action Fund

### Organizations’ Priorities for Help from Funders

Asked how funders should respond to the economic pressure on LGBT nonprofits, more than half of organizations called for more general operating support (93%), introductions to other funders (82%), more multi-year grants (73%), and direct “asks” of other funders on the organization’s behalf (71%). (See *Figure 18*.) Less than a third say funders should eliminate existing grant restrictions, steer organizations toward collaborations, or provide fundraising technical assistance.<sup>5</sup>

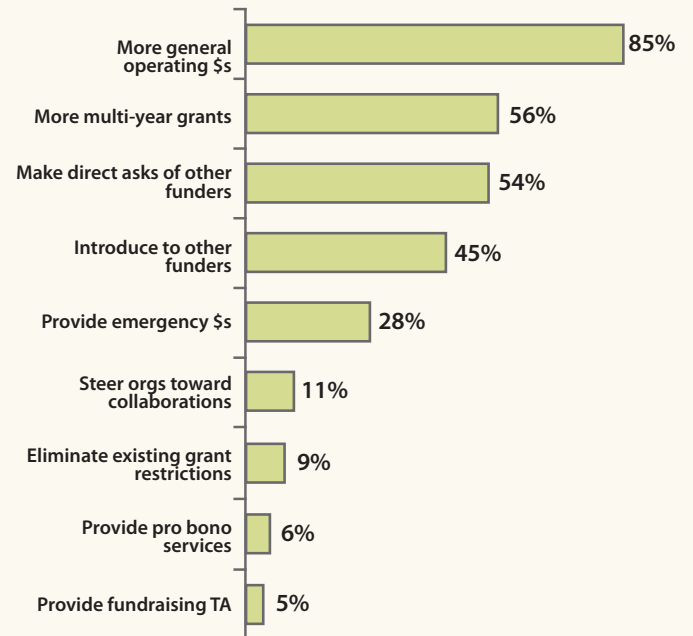
**Figure 18: Funder Assistance Desired by Organizations**  
Percent of LGBT Nonprofits in Survey



When limited to just three highest-priority actions, the organizations still came out strongly in favor of more general operating support, more multi-year grants and direct funder asks, as shown in *Figure 19*.

**Figure 19: Organizations’ Top 3 Priorities for Funder Assistance**

Percent of LGBT Nonprofits in Survey



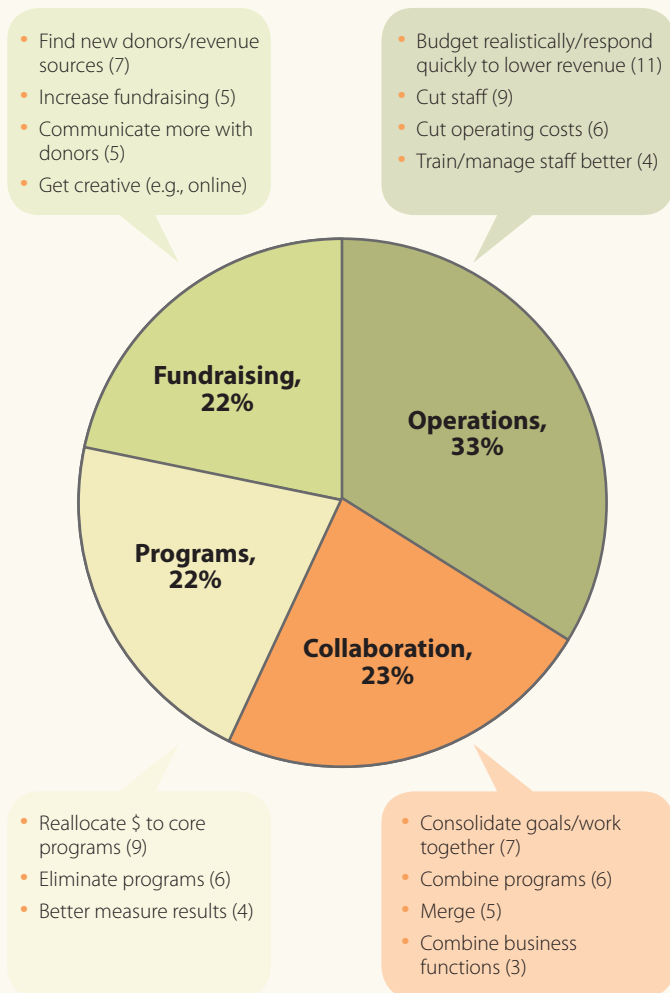
### Funders’ Priorities for Actions by Organizations

A freeform question in the OutGiving survey invited each donor to think about the one LGBT organization s/he cares most about and identify specific actions the management team should pursue (or at least explore) to weather the downturn. In all, 42 donors offered 92 suggestions, categorized in *Figure 20*.

The table on the facing page provides a small sampling of comments by category.

<sup>5</sup> Note that organizations could select as many funder actions as desired, in response to this question.

**Figure 20: Donors' Suggestions to LGBT Nonprofits**  
Percent of 92 Suggestions from 42 Donors\*



\* Number of related comments in parentheses

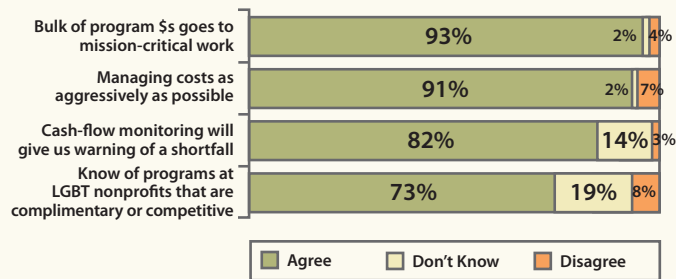
<b>Tighten operations</b>	<ul style="list-style-type: none"> <li>• “Make reductions to maximize the resources they can count on, as opposed to overshooting with an overly optimistic prediction”</li> <li>• “Cut budgets now, instead of later, to get ready for less income”</li> <li>• “Cut staff with a view to keeping those who will have the greatest long-term impact on the strength of the organization and the movement”</li> </ul>
<b>Collaboration</b>	<ul style="list-style-type: none"> <li>• “Work more collectively (not just in word but in action) to ensure the stability of programs and services essential to the community”</li> <li>• “Merge with other LGBT organizations; collaborate with other LGBT non-profits to reduce redundancy”</li> <li>• “Given the market and the inability of many groups to accomplish their goals, we should have a serious discussion of consolidation”</li> </ul>
<b>Programs</b>	<ul style="list-style-type: none"> <li>• “Focus on core business and eliminate less effective programs”</li> <li>• “Focus on getting results in fewer areas”</li> <li>• “Enhance systems for measuring efficacy of programs and fine-tune dollar allocations to maximize results. [Then] focus marketing pitch on results that matter to existing and potential donors”</li> </ul>
<b>Fundraising</b>	<ul style="list-style-type: none"> <li>• “Focus considerable time on fund development activities rather than letting them run on auto-pilot”</li> <li>• “Become much more creative with fundraising efforts (eg. Facebook, Obama-style giving programs)”</li> <li>• “Improve media messaging to donors that LGBT movement is impactful, thrifty and well managed”</li> </ul>

## An Impressive Level of Optimism

Despite the stress-inducing situation described in this report, both organizations and donors signaled their confidence in LGBT nonprofits' ability to weather the downturn. *Figure 21* shows that more than 90% of leaders believe their organizations are allocating the vast bulk of dollars to mission-critical programs, as well as managing costs as aggressively as possible.

**Figure 21: Organizations' Beliefs about Their Response to the Downturn**

Percent of LGBT Nonprofits in Survey



When asked to consider the one LGBT organization they care most about, an impressive 94% of donors said they were confident that the management team would take the right actions to minimize damage during the economic downturn and maximize the likelihood of recovery. One donor opined, "The management team in place has much more expertise than I do in these matters. I trust them, and I trust their judgment. I believe that what they need from me at this time, as a major donor, is to keep up my support and to support them, not kibitz."

## APPENDIX: REPORT METHODOLOGY

In early February 2009 MAP sent an anonymous online survey to about 150 LGBT organizations that have worked with MAP on our Standard Annual Reporting project, State of the States survey or survey of LGBT community centers. Ninety-three organizations responded over three weeks, for a response rate of 62%. The survey included several freeform questions, which gave more context to the mostly quantitative responses.

Among the 93 organizations participating in the survey, most were community centers or other direct service providers<sup>6</sup> (46% of the responding sample), state advocacy groups (23%) or national advocacy organizations (16%). *Figure A1* shows the breakdown of respondents based on organization type (each respondent could only choose one organization type that best fit their overall programs and goals). Most of the groups that work with MAP would fit into one of the three biggest categories in *Figure A1*, so we are confident that the respondents generally represent the usual universe of organizations with which we work.

Similarly, *Figure A2* shows how the organizations break out by their 2008 (calendar year) revenue. Like most of the 150 groups we work with, those in this survey are relatively small, with 44% having budgets under \$500,000. Only 7% of the organizations responding to the survey have budgets over \$5 million.

We also report selected findings from a survey that MAP helped the Gill Foundation field in conjunction with its March 2009 OutGiving Conference, which brought together 80 major donors to the LGBT movement for three days of donor education and networking. Prior to the conference, 52 participants completed a survey designed to assess their giving strategies. Gill staff included several questions about the economy in this year's survey, and made answers to those questions available to MAP.

<sup>6</sup> As a group, referred to as "community centers" throughout the report.

Figure A1: Number and Types of Responding Organizations

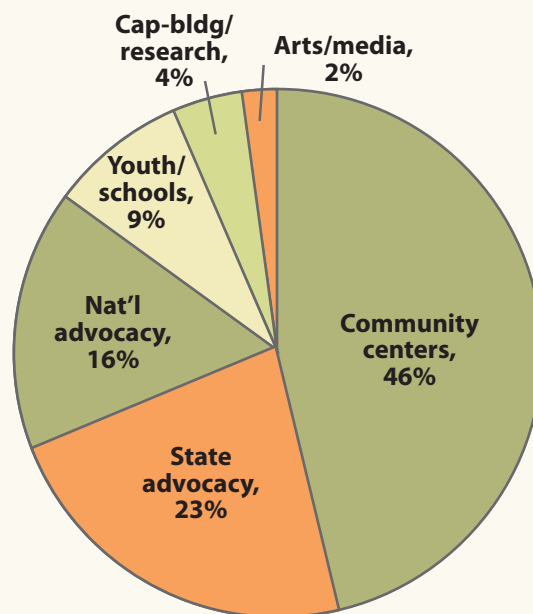
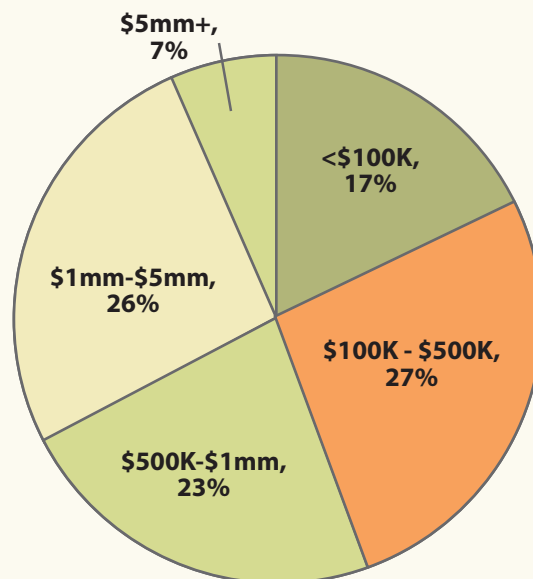


Figure A2: 2008 Revenue of Responding Organizations





movement advancement project ▶

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