



## As consumer confidence declines, so do donations

By Barry VanderKelen

The fourth quarter of the calendar year is the most important quarter for nonprofit organizations.

Thanksgiving, Christmas and the end of the tax year make this the time many people make donations.

Unfortunately, the outlook for this year is not rosy.

So how should nonprofit groups approach this season?

First, I want to share a few thoughts about why donations will likely be down in these final months of the year. Then I will share a few strategies to improve success in these challenging times.

Annual donations are strong when consumer confidence is high.

The New York-based Conference Board's Consumer Confidence Index is a measurement of the degree of optimism on the state of the economy that consumers are expressing through their activities of savings and spending.

At the end of September, the index was 59.8, compared to 99.8 in the same month of 2007. Similarly, donations for buildings and facilities seem to track the Dow Jones industrial average.

For the year ended Sept. 30, the Dow was down 22 percent. For these reasons, I think donations will be down this year when compared to last year.

As the economy worsens, donors will shift their focus to basic human needs. This is for two reasons.

One is that they see their neighbors struggling and want to help. For instance, food programs are reporting requests for assistance are increasing at rates of 20 percent and above over last year.

Another is that donors want the safety net to be in place in case they need it.

This shift will draw donations away from other nonprofit sectors. This brings me to some strategies to improve fundraising success.

All solicitation activities must be conducted with a spirit of gratitude.

I hope that nonprofit organizations have conveyed a sincere appreciation for all donations throughout the year.

When donors are making difficult decisions of what organizations to support and with how much money, those organizations that are truly grateful will get consideration.

One way to express gratitude is to tell people how their donations made a difference. It's hard to speak specifi-

cally about individual small gifts, but many small gifts have a combined impact. If donors can envision the importance of their gift, they will give more than they anticipated.

In addition, if the last time a donor heard from your organization was when it solicited last year, the odds of a repeat gift are low.

One recent study found that 65 percent of first-time donors don't give again to the same organization because they don't know how their gift is being used.

Lastly, all solicitations must ask for a gift. It's surprising how many letters neither request a specific amount nor describe the impact the gift will have. On another matter, I am pleased that the IRA Charitable Rollover has been renewed for 2008 and 2009.

People aged 70.5 and older can satisfy some or all of the required minimum distribution from their IRAs by donating up to \$100,000 directly from their IRAs to a 501(c)(3) charity.

Last year, many nonprofit groups received wonderful gifts from people electing the rollover provision.

### Resource Use

- Support nonprofit leadership
- Board development/training
- Strategic planning

### Nonprofit Business Column of The Tribune

The San Luis Obispo Tribune publishes a column every other week in the Business section dedicated to the business practices of nonprofit orgs. Barry VanderKelen, Executive Director of the San Luis Obispo County Community Foundation writes the bi-

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