

QUARTERLY PHILANTHROPY REPORT

ARABELLA ADVISORS PRESENTS NEWS ON PHILANTHROPY

Disaster Fatigue: Slow Response Hurts Midwest Flood Relief, Prompts Asian Self-Help Efforts

The outlook for relief for thousands of people left homeless by floodwaters was improving after President Bush signed a \$2.65 billion care package for sections of the Midwest where the Mississippi River overflowed its banks, inundating farmlands, towns and cities. Early in the disaster, the American Red Cross had reported its coffers were empty, and that response to the disaster had been slow. Experts named the same two causes to which international observers attributed a slow response to the recent Myanmar cyclone and China earthquake: disaster fatigue among U.S. donors and the dampening impact of the U.S. economic downturn.

The federal money will support recovery efforts – the renovation, refurbishment and rebuilding that must follow relief efforts – that philanthropy experts say are too often overlooked in disasters like these.

Around the world, the string of disasters continued, as more than 800 were feared dead in the Philippines after a cyclone swamped and overturned a ferry. In Myanmar and China, local citizens have been filling the gaps left after an initial rush of funding in response to Cyclone Nargis and the earthquake dwindled.

Total private U.S. giving for both disasters – \$72 million – was relatively small when compared to giving for the 2004 Asian tsunami and Hurricane Katrina in 2005.

International donations were dwarfed by those from within China, where individual giving surpassed \$192 million, a surprising figure given the central role the Chinese government has traditionally played in such crisis situations. In Myanmar, a new and equally unexpected citizen movement has tried to fill the gaps left by the military government's halfhearted response.



The Mississippi River overflowing near Meyer, Ill.
New York Times

Slowing down: Donors Struggling through U.S. Economic Slump

RIISING FOOD COSTS HIT CHARITIES HARD

Prices for basic foodstuffs traded on international commodity markets have increased sharply, with some staples like wheat doubling in price within just one year. In the United States, food banks have struggled for months to keep up with increasing demands, as more families are forced to turn away from grocery stores and toward charities to feed themselves. Worse, the flooding across the Midwest is expected to exacerbate the rising price of corn.



Wired

With a rising U.S. budget deficit, decreasing interest rates and mounting food prices, charities and the communities they serve are not the only ones affected by the economic downturn. Foundations, individual philanthropists and corporate donors are struggling to respond to greater needs for support at a time when their own assets are shrinking.

The slump in donations has forced some charities to hope that people currently receiving federal tax rebates might choose to donate them.

A recent study by the Council on Foundations reported that foundations across the country are increasing their funding for families in response to the downturn. Such aid includes funds for human services, low-income populations and economic development. Nevertheless, 40 percent of

surveyed foundations said they expect to give less overall due to the weakened economy. In addition, corporations are cutting donations and even the wealthiest individual donors are reducing their giving. Public embarrassment, however, has led some wealthy donors to ask for more time to complete their contributions as opposed to cancelling their commitments completely, reports the New York Times.

Closely related to support for families is the foreclosure crisis, which has emerged as a key focus area for donors. The Council on Foundations reported that 15 percent of the foundations it surveyed said they are supporting activities specifically related to the subprime mortgage crisis, which comes alongside a report by the Pew Charitable Trusts that projects one in 33 homeowners will end up in foreclosure

BRIEFLY



Breakthrough.org

Al Gore receives \$1 million award for environmental work from the Dan David Foundation, as his Alliance for Climate Protection launches \$300-million campaign.

San Francisco Chronicle, May 19, 2008; Philanthropy News Digest, April 2, 2008

Chinese philanthropy in America picks up steam as entrepreneurial immigrants give back to their adopted homeland.

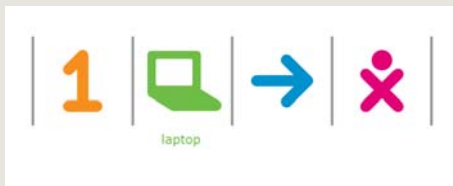
Los Angeles Times, June 15, 2008

Stewart R. Mott, 70, dies, leaving a legacy as an imaginative philanthropist and pioneer who broke ground in civil rights, anti-corruption and good governance.

New York Times, June 14, 2008.

Habitat for Humanity and Home Depot partner in five-year \$30-million effort to add green-building resources to home-building projects.

Philanthropy News Digest, March 26, 2008



One Laptop Per Child

One Laptop Per Child announces new model that will sell for \$75 instead of \$100.

BBC, May 21, 2008

Increased support for non-fiction film – dubbed “filmanthropy” – has documentaries reaching blockbuster status.

Financial Times, April 25, 2008

COMING UP

- ▶ July 30-August 1: Annual conference of the Forum of Regional Associations of Grantmakers, Minneapolis
- ▶ September 18-20: National conference of the Association of Small Foundations, Denver

For more news and research on philanthropy, visit: www.arabellaadvisors.com

Growing the Next Generation

▶ The Washington Post reported that applications for **Teach for America's** two-year volunteer program jumped by more than one third this year, due in part to a slowing economy. In addition, the nonprofit's dramatic increase in budget, from \$40 million in 2005 to \$110 million this year which it raised through growth capital, allowed for better recruitment work on the part of the organization.

▶ With social networking and online giving sites easing the giving of small donations among young people, **\$10 mosquito nets** have become very popular among youth, reports the New York Times, giving the international health issue a populist edge.

Campaign 2008: The Candidates' Give and Take on Philanthropy

▶ The Chronicle of Philanthropy recently published a special report on the **presidential campaign** that described the views of presidential candidates Barack Obama and John McCain on a number of issues relating to philanthropy, including poverty, education and the arts.

The Chronicle also analyzed where the candidates stand on the estate tax, an important issue for philanthropists, who believe it motivates people who inherit money to give more to charity. McCain favors larger

TAKING THE INITIATIVE

New York City Mayor **Michael R. Bloomberg** pledged \$60 million for arts and social services across the city to be granted through the Carnegie Corp.

Susan G. Komen for the Cure awarded \$100 million in research grants across the country, marking the largest single-year grant portfolio in its history.

The **Women, Faith, and Development Alliance**, supported by the United Nations Population Fund and the International Rescue Committee, announces a \$1.3 billion commitment to supporting women's empowerment and fighting poverty in developing countries.

The **Nike Foundation and the NoVo Foundation**, run by Peter Buffett and his wife, Jennifer, partnered to contribute \$100 million in aid for adolescent girls in developing countries.

exemptions and would like to see the tax cut to 15 percent, while Obama favors smaller exemptions and maintaining it at the level – 45 percent – that will go into effect in 2009.

▶ Last year, John McCain donated \$105,467 to charity, representing 26 percent of his income – not including any income from his millionaire heiress wife. Barack and Michelle Obama donated \$240,370, representing \$5.7 percent of their combined income.

TRENDS

U.S. GIVING HITS NEW RECORD

The new annual report from **Giving USA** showed that Americans gave \$306 billion to charity in 2007, topping the \$295 billion mark of 2006. Adjusting for inflation deflated the almost 4 percent increase to just 1 percent. With donors and foundations tightening their belts, giving is expected to decrease over the next several years.

IN OTHER NEWS:

▶ The New York Times reported that tax laws, along with the flexibility that a private foundation offers, have led to a surge in **small foundations** over the past decade,

with nearly 77,000 foundations registered in 2005, a 49 percent increase in 10 years.

▶ The economic slowdown has failed to put a dent in **corporate giving**, reports the Financial Times. Charitable giving by the biggest U.S. corporations rose last year by 5.6 percent to an average of \$26 million, despite a slump in corporate earnings and the worsening economy.

▶ A report from the Foundation Center showed that **community foundation giving** rose by 14 percent in 2007 to an estimated \$4.1 billion, with the Greater Kansas City Community Foundation topping the list.