



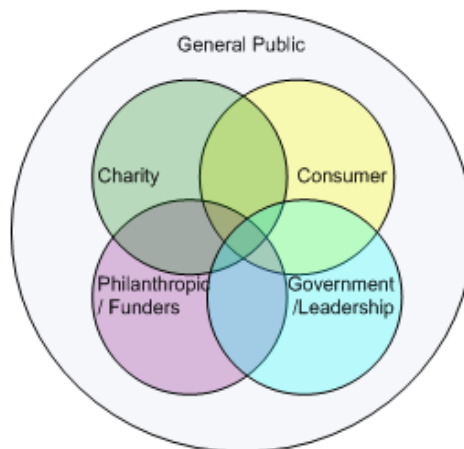
## Nonprofit Market Review

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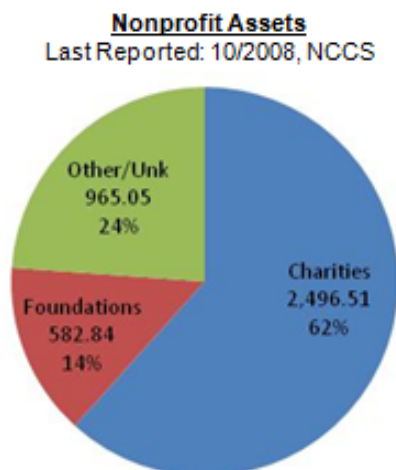
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### Nonprofit & Public Sectors



## About the Nonprofit Market Review

- This Nonprofit Market Review addresses the state of assets in the nonprofit sector; including all charities, private foundations, and other 501c organizations filing annually to the IRS.
- Government grantmaking, organizations and programs concerned with charitable causes but not filing as nonprofit (501c), are not specifically exhibited.
- Raw data is collected from the National Center for Charitable Statistics (NCCS) of the Urban Institute, exhibiting 100% of 990 filings to the IRS.
- 990 forms are annual financial reports by nonprofit organizations, exhibiting all asset categories.
- These forms are queried by NCCS, GuideStar, and Foundation Center to provide raw data as public information.
- NCCS is the primary reference in this report. Foundation Center is a secondary reference regarding grantmaking.
- It is understood that NCCS and GuideStar partnered to provide historical data by asset category (i.e., types of revenue, expenses, and investments).
- This data is reported in support of sector leadership, peers, and vendors who are concerned with assets among large groups of nonprofits in specific fields or regions.
- Estimates of current assets provide administrators with scope of the current nonprofit landscape.
- Information on investments provides scope on the impact of current asset declines on industries and regions; reflecting impacts to field-level program administration, grantmaking, and fiscal policy.
- For example, hospitals and higher education depend on endowments for operational expenses, such as salaries.
- Review of assets by professional peer groups supports educated decision making, as each industry sector can compare their own financial activities to others in their same field.
- Nonprofit market data allows financial services to identify regions and industries that are in need of advice and support; concerning multiple types of assets, and multiple asset levels in terms of wealth; as each area has varying financial management requirements.
- The interpretation of data raises questions such as:
  - *How are organizations managing their dollars?*
  - *What organizations are in strong financial positions suggesting partnership viability?*
  - *What stakeholders contribute to financial positioning and how?*
- Updates to this financial review are made on a regular basis, responding to updated data from NCCS, and also significant changes to the Dow Jones Industrial Index. The next review is planned for February 2009.
- The *Nonprofit Market Report* is a detailed follow-up, discussing each industry and region individually, and addressing a range of financial variables. Please see the appendix for a beginning range of variables.
- Custom statistical analysis is reported by request. Please see the appendix for beginning options



## Methodology & Disclaimers: NCCS-GuideStar Data and the Dow Jones Industrial Average

### **Data Source**

- 1) All data on nonprofit assets and revenue are referenced directly from NCCS database of nonprofit IRS filings.
- 2) NCCS data for years 2006 and earlier provide additional asset categories. This information was assessed, providing rates through averages and percentages.
- 3) Rates are applied to NCCS-GuideStar data for 2007 and beyond, to estimate current assets in each category.
- 4) NCCS and NCCS-GuideStar queried 100% of 990 and 990PF forms filed to the IRS, exhibiting all nonprofits.
- 5) Due to varying fiscal years and reporting dates per nonprofit entity, NCCS data functions on a 1 – 24 month delay; suggesting estimates are not verifiable for 1 – 2 years.
- 6) Investment estimates reflect 501c3 charities and private foundations. Investment data was not exhibited by NCCS-GuideStar on nonprofits filing under other 501c categories.
- 7) Asset categories were exhibited differently between charity and foundation views, including more detail on revenue and expenses for charities, and more detail on investment for private foundations.
- 8) Data was also exhibited differently between state and industry views; as certain asset categories were only visible by industry, and other categories were only visible by state.

### **Investment Estimates**

- 1) Investable assets are estimated based on average financial activity over a six year period (2001 through 2006).
- 2) Investment averages were established by totaling all years, providing investment rates.
- 3) As NCCS data functions on a 1 – 2 year delay, investments were compared to prior year DJIA to provide rates.
- 4) Impacts of the DJIA are applied to estimated investment activity against the most recent assets reported, in a back-dating fashion; to then estimate current investable assets by average nonprofit share.
- 5) Assets reported in October 2008 are considered no recent than two reporting periods prior, which is April 2008. Reported assets are applied to average investment rates, to arrive at estimated investable assets for April 2008. At the given sector's average share of the Dow, current estimated investments includes all expected share of nonprofit activity for April – October, and up to the current day.
- 6) For large institutions, endowments, hedge funds, and other investment products are a standard part of financial operations; often used as similar to a checking account. Charities with higher expenses, assets, and cash flows are expected to have a high frequency of investment activity.
- 7) Any nonprofit valued over \$3 million in assets is expected to invest, as an operational norm in managing large asset pools. Nonprofits valued under \$3 million are less impacted by the DJIA, but may be impacted by partnerships with larger nonprofits, or by grant dependence on high-level investing foundations.

### **Nonprofit Sector**

- 1) Due to the above described variances in data availability and related restrictions, invested assets are exhibited in a range of \$22.1 billion per view. The industrial view estimates \$22.1 billion higher, state view estimates \$22.1 billion lower. Total nonprofit sector estimates include this difference as high and low estimates in range.
- 2) Where more accurate investment data is available for private foundations at state view, and charities for one year at both views, refreshed queries are required to provide 100% accurate historical data in support of current estimates.
- 3) The most accurate estimates by state and industry should resolve from resuming financial queries by asset category on regular bases. All asset categories should be included for all nonprofit types, in order to produce a cohesive national nonprofit summary.
- 4) Total estimated investments address six year averages of 501c3 charities and private foundations. Estimated investments for 501c organizations, that are not 501c3 type, are not included in this report. Inclusion of "other" nonprofits subjects investable assets to increase throughout the regional and industrial landscape.

### **Public Charities**

- 1) For Charities, asset categories including investment were available only for 2003. Current market estimates are based on 2003 rates and averages.
- 2) The NCCS database suggests that data is available from 2001 through 2006, and so may be in house. Once data is publicly available, the Charity investment estimates will be updated based on annual averages.
- 3) For Charities, asset categories were visible in the industry view by NTEE. Current estimates are based on industrial rates.

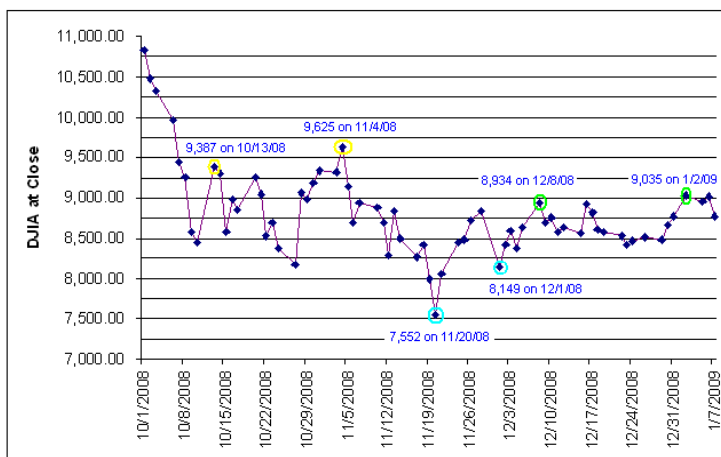
### **Private Foundations**

- 1) For Private foundations by state, asset categories including investment were available for 2001 through 2006, plus additional years back into the late 1990s. Current market estimates are based on annual averages.
- 2) For Private foundations, asset categories were not visible in industry view by NTEE categories. Current estimates are based on the national investment average, and can be compared to the number of assets per industry.
- 3) Analysis on private foundation investment trends by asset class and per industry by NTEE category should support more accurate industrial estimates of private foundations.

***This review discusses methodology for each table exhibited. The upcoming Nonprofit Market Report exhibits methodology in formulaic detail.***

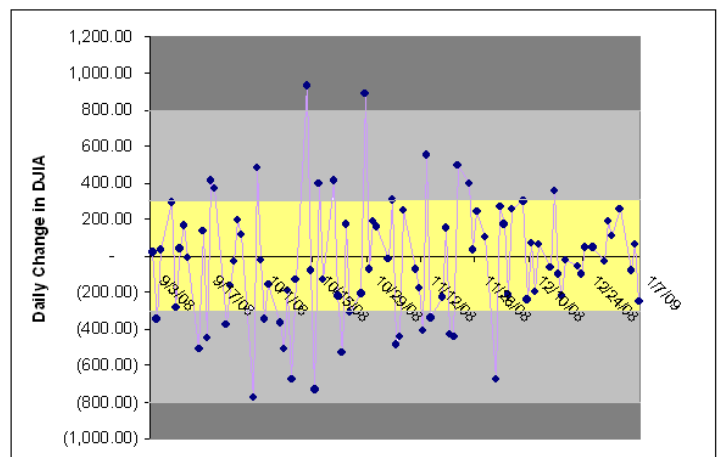
## Methodology: Estimate of Cash Volatility & Implications in the Nonprofit Sector

- The current market is experiencing extreme highs and lows in short periods, suggesting that cash is being used to navigate the market for safe investments. While the DJIA exhibits dips in hundreds of billions at a time, investors retain assets outside of the market in the form of cash, which is not immediately visible.
- For example, if investors can put in \$100 billion on one day, take it out, and put it back in again, then there must be at least \$100 billion in cash investment.
- Market volatility is tracked in order to determine the amount of assets nonprofits and other investors are using to test the market; suggesting that highs-lows are measures for estimating assets that are being preserved. Cash appears to be used for testing in various funds, industries, and companies; explaining the high volatility.
- The estimate of cash volatility measures the flux of daily, behavioral DJIA activity over this past 3 months. In theory, on days when the Dow is higher, cash is lower. On days when the Dow is lower, cash is higher.
- Market highs are used as an indicator of the maximum amount of cash available, suggesting where the investment ceiling is. If the 10/13/08 close of 9,387 is used as a ceiling, then the difference between the close and the ceiling is the amount of cash that remains outside the market.
- Market lows are used as an indicator of the maximum amount of cash that is pulled out of investing on a given day. If the 12/1/08 close of 8,149 is used as a bottom, then the difference between close and the bottom is the amount of cash resolving in the market on that day.
- For example, on 1/7/09 the Dow closed at 8,769. Comparing to the suggested ceiling, there is an estimated \$617B remaining in cash.
- In pattern, high peaks are followed by low drops. The amount of cash that is invested on a given day may be removed the next day. The range of cash used from estimated maximum to estimated minimum, may be determined by subtracting the bottom from the ceiling.
- In subtracting the second bottom in the diagram below from the second ceiling below, the estimated maximum value of cash volatility is \$1.238 trillion.
- However, investable assets up for active trading may be limited to a daily fluctuation rate, in a \$300 billion range.
- Each industry is expected to be functioning differently, as dependent on the financial activity of their publicly traded companies. Companies may be functioning at their low share price, as investors navigate for secure investments, until there is a resolve in a steady growth rate.
- Concerning charitable and private foundation assets, nonprofits are expected to be sharing 11% of cash volatility based on six year averages. This 11% is split between 4% share for private foundations, and 7% share for charitable institutions, per the 2001 – 2006 average invested assets.
- Nonprofit investment estimates and resulting asset estimates are based on both market volatility and estimated cash volatility. Each table of current estimates includes both categories, and the impact of estimated cash on estimated assets. As the role of cash is uncertain, cash estimates add \$68 billion to total assets for the nonprofit sector.
- At 11% for nonprofits, a maximum estimated \$137 billion is volatile cash; and on 1/7/09, \$68 billion may have been remaining in cash.
- At 4% for private foundations, an estimated \$50 billion is volatile cash; and on 1/7/09, \$25 billion may have been remaining in cash.
- At 7% for charitable institutions, an estimated \$87 billion is volatile cash; and on 1/7/09, \$43 billion may have been remaining in cash.
- The addition of cash investment is discussed more in detail for charities, private foundations, and total nonprofits.



Data Source: Yahoo Finance; Analysis: Velma Anne Ruth

\$ in Billions



Data Source: Yahoo Finance; Analysis: Velma Anne Ruth

\$ in Billions

## Nonprofit Sector: Asset Review & Investment Estimates

- In early October 2008, NCCS generated the most recent nonprofit data directly from the IRS. As prior data was generated in June 2008, October data included updates from June through September. As data is reported to the IRS from nonprofits in 1 – 24 month lag, dependent on individual timing of 990 filings and fiscal year end dates; numbers suggesting October assets may not be available until January 2009, April 2009, or later.
- Relationships to the Dow Jones Industrial Average (DJIA) suggest estimated impacts of the stock market on nonprofit assets, to predict future reporting of current asset levels. Nonprofits are subject to the same daily impacts of investment activity as business sector and private investors; including increases and decreases in invested assets at a fast pace.
- Market estimates are based on historical averages. Over six years, charities and foundations reportedly invested an average 39.19% of assets, resolving to an average 11.48% of the DJIA.
- For every \$100 invested in the stock market, \$11.48 was nonprofit dollars.
- The nonprofit sector, including charities, foundations, and other 501c entities, reportedly had \$4.0 trillion in assets.
- For 2008, the estimated impact of the DJIA is \$422 billion minimum decline in invested nonprofit assets; resolving to an estimated \$3.6 trillion in assets.
- Given the role of cash in current market volatility, and the average rate of 11.48% share of investment activity, nonprofit estimates suggest between \$68.52 and \$69.90 billion in nonprofit assets may be preserved in cash investment.
- In adding estimated cash to estimated assets, after estimated investment decline has been removed, the resulting estimated assets for nonprofits are between \$3.68 trillion and \$3.69 trillion.
- Charities, such as institutions, intervention centers, museums, research facilities, and 501c3 foundations; reportedly had \$2.50 trillion in assets.
- Over six years, charities invested an average 42.82% of assets, including through endowments and hedge funds; resolving to an average 7.67% of the DJIA.
- Due to severe drops in the DJIA, charities now have an estimated \$2.20 trillion in assets.
- However, in adding estimated cash to estimated assets, charities may have an estimated \$46 to \$47 billion additional in cash investment. As a result, charities may have an estimated \$2.25 to \$2.26 trillion in assets.
- Private foundations reportedly had \$583 billion in assets nationally.
- This sector excludes institutional and highly-active foundations filing as charities, and corporate giving programs not filing as nonprofits.
- Over six years, private foundations invested 88.97% of assets as stocks, bonds, and alternative investments such as hedge funds; resolving to 3.81% of the DJIA.
- Due to drops in the DJIA, private foundations have an estimated \$444 to \$447 billion in assets.
- If additional assets are preserved through cash investment, and if the average investment share of 3.81% applies to share of cash investment; then private foundations may have an estimated additional \$22 to \$23 billion in assets.
- With this additional amount of assets, private foundations have an estimated \$467 to \$469 billion in assets.
- Over six years, foundations reportedly gave over 6% of their assets in grantmaking (please see pg. 15).
- At the six percent rate, private foundations may be giving an estimated \$28 billion in grants.
- “Other” and “unknown” entities, including all 501c organizations that are not 501c3; reportedly had \$965 billion in assets.
- Organizations include multiple types of member associations, many concerned with financials; such as insurance, benefits, trusts, real estate, credit, and welfare.
- NCCS does not provide statistical data on asset categories such as investment, mortgage, loans, and expenses. Current asset positioning and impacts of the Dow are unknown.
- Tables to follow exhibit market estimates for charities, private foundations, and total nonprofits in more detail.

### Estimated Nonprofit Investments & Grantmaking

| \$ in Billions     | 10/08 Rept      | Est High Inv | Est Low Inv | Est High Chg                | Est Low Chg | Est High C-Inv | Est Low C-Inv | Est High Ast | Est Low Ast | Ast High Cash | Ast Low Cash |
|--------------------|-----------------|--------------|-------------|-----------------------------|-------------|----------------|---------------|--------------|-------------|---------------|--------------|
| <b>Nonprofits</b>  | <b>4,044.40</b> | 1,606.045    | 1,574.32    | 1,175.87                    | 1,152.64    | 69.90          | 68.52         | 3,614.22     | 3,622.72    | 3,684.12      | 3,691.24     |
| <b>Charities</b>   | <b>2,497.21</b> | 1,087.46     | 1,065.38    | 796.19                      | 780.02      | 47.33          | 46.37         | 2,205.94     | 2,211.85    | 2,253.27      | 2,258.22     |
| <b>Priv Fdns</b>   | <b>582.89</b>   | 518.585      | 508.94      | 379.68                      | 372.62      | 22.57          | 22.15         | 443.99       | 446.57      | 466.56        | 468.72       |
| <b>Grants</b>      | <b>34.97</b>    |              |             |                             |             |                |               | 26.64        | 26.79       | 27.99         | 28.12        |
| <b>DJIA: 11/08</b> | <b>8,829.04</b> |              |             | <b>Est Ceiling by C-Inv</b> |             | 9387           | 9387          |              |             |               |              |

Asset estimates (Est) are based on six year averages, configured in analysis of IRS data exhibited by NCCS in each year; including 1 – 24 month delay.

## Stock Market Relationships to Nonprofit Assets: 2001 - 2006

- The US Domestic stock market has shown a \$3.8 trillion decline during 2008. What was gained between 2001 and 2007, has now been lost, bringing the market back to 2001 asset levels.
- The Dow also saw an expedient spike in asset growth in this period, creating extreme increases due to housing/property market inflation before its time, revenue development based on massive credit debt, extreme war-time industry shifts including the oil market, and other variables.
- Typically, the DJIA shows steady increase year over year, based on moderate housing market and other industry inflation, steady credit debt, and additional financial variables.
- As charitable investment data was only available for 2003, charities and institutions exhibited an average 42.82% investment rate at that time. Where 2003 exhibited closest to the average for all asset categories (i.e., mortgage, expenses, revenues, etc.), and also matched expected investments per wealth trends against charity asset levels, the 2003 rate was used to estimate investment activity for all years.
- As NCCS-GuideStar data is based on 990 reports of prior years, the nonprofit share of the stock market is applied to prior year Dow Jones reports. For example, total invested assets for 2003 are examined against 2002 stock market activity, to determine the percentage of invested assets on the market, that belong to nonprofits. In 2003, \$1.07 trillion nonprofit assets were reported as invested, out of a 2002 \$8.7 trillion stock market. As a result, nonprofits had an estimated 12% share of the Dow in that period.
- For each charities and foundations, the amount of assets invested varied per industry, and per state. For example, Massachusetts showed the highest investment rate, and Education also showed the highest investment rate.
- In six years of nonprofit investment activity, a significant percent of nonprofit assets had a share of the Dow. Between 2001 and 2006, nonprofits held an average 11% share; including a 9% low, and 13% high.
- In this time, private foundations exhibited an average 88.97% investment rate, with low years at 85%, and a 97% high; resolving to an estimated range of 3% low and 4% high share of the market.
- For private foundations, 2006 exhibits the highest rate of investment activity at 97% of philanthropic assets.
- Charities and institutions invested 43% in 2003, resolving to an estimated range of 6% low and 9% high share of the market when applied to all years.
- In looking to 2009 and 2010, investment activity is expected to reflect the down turn of 2002 and 2003, post 9/11. Between 2001 and 2002, the stock market dipped by almost \$2 trillion. Charitable assets continued to rise, but private foundation assets declined. Assets slowly built back by 2004 reports.
- Risk management may encourage nonprofit investors to retain a certain percentage of assets in a reserve outside the market, so as to not over invest by the charitable standard.

**Nonprofit Relationships to the Dow Jones Industrial Average**

| NCCS Report Date <sup>(1)</sup>           | Jul-01    | Jul-02   | Nov-03   | Dec-04    | Nov-05    | Nov-06    |
|---|-----------|----------|----------|-----------|-----------|-----------|
| <b>Public Charity<sup>(2)</sup></b>       | 1,513.15  | 1,593.87 | 1,697.62 | 1,875.62  | 1,989.23  | 2,166.65  |
| Inv Ast (per 03)*                         | 647.94    | 682.50   | 726.93   | 803.15    | 851.80    | 927.77    |
| Inv Rate (per 03)*                        | 42.82%    | 42.82%   | 42.82%   | 42.82%    | 42.82%    | 42.82%    |
| <b>Private Foundation<sup>(3)</sup></b>   | 389.83    | 436.65   | 394.46   | 439.51    | 449.76    | 482.59    |
| Inv Ast (est 07&08)*                      | 335.18    | 373.19   | 345.41   | 391.38    | 400.39    | 468.19    |
| Inv Rate (est 07&08)*                     | 85.98%    | 85.46%   | 87.56%   | 89.05%    | 89.02%    | 97.02%    |
| <b>Total Nonprofit Asts<sup>(4)</sup></b> | 2,591.56  | 2,765.97 | 3,169.56 | 3,253.77  | 3,365.64  | 3,573.68  |
| Total Est Inv Asts*                       | 983.11    | 1,055.69 | 1,072.33 | 1,194.53  | 1,252.18  | 1,395.95  |
| Est Inv Asts / Asts*                      | 37.94%    | 38.17%   | 33.83%   | 36.71%    | 37.20%    | 39.06%    |
| <b>DJIA<sup>(5)</sup></b>                 | 10,522.81 | 8,736.59 | 9,782.46 | 10,783.01 | 10,805.87 | 12,221.93 |
| Est Inv Asts / DJIA*                      | 9.34%     | 10.03%   | 12.27%   | 12.21%    | 11.61%    | 12.92%    |
| Est Inv Asts / DJIA - Fdn*                | 3.19%     | 3.55%    | 3.95%    | 4.00%     | 3.71%     | 4.33%     |
| Est Inv Asts / DJIA - NonP*               | 6.16%     | 6.49%    | 8.32%    | 8.21%     | 7.90%     | 8.59%     |

Asset estimates (Est) are based on six year averages, configured in analysis of IRS data exhibited by NCCS in each year; including 1 – 24 month delay.

(1) NCCS reports 100% of nonprofits filing, each record varies on a 0 - 24 month delay; (2) Invested assets among charities reported by NCCS-GuideStar for 2003 only, other years estimated; (3) Invested assets among private foundations reported for 2001 - 2006; (4) Invested assets for nonprofits represents only charities and private foundations, excluding 'other'; (5) DJIA reports for daily accuracy, and so NCCS data is compared to prior year DJIA to compensate for the 0 - 24 month delay. \*All rates by ABS, Inc. \*\*07 & '08 rates are estimated.

## Current Estimates of Stock Market Relationships to Nonprofit Assets

- The table below exhibits monthly stock market activity, and estimated impacts to assets reported by NCCS, based on six year historical averages by state and industry.
- Considering market volatility, the table below does not include cash investment, such as CDs. The estimated cash that fluctuates in and out of the market is addressed in tables to follow, specific to industry and regional estimates.
- Cash adds an estimated \$68 billion in nonprofit assets for 11/28/08.
- 2008 reports are considered as assets up through the prior reporting period, including an overlap to the second preceding period, allowing 3 months minimum to process reports and exhibit data. October 2008 data reflects assets before October, back through the June report, until April 2008. June 2008 data reflects assets before June, back through the April report, until the January 2008 report.
- Estimated investments based on NCCS 10/2008 data are applied to the 04/30/08 Closing Bell. Impacts of investment activity follow through to current day. Upon updating reports with upcoming NCCS 01/2009 data, estimates will be backdated to the 06/30/08 Closing Bell.
- Given direct involvement in daily investment activity, nonprofits and private foundations should have felt the impact beginning in May 2008, with some reprieve during the summer, then hit hardest again in the fall, or fourth quarter.
- Under DJIA column, the "Closing Bell" exhibits total investments on the market at end of day trading on the given date; and the "Change" in assets as compared to the preceding month.
- As of 11/28/08, the market closed at \$8.8 trillion, having lost \$508 billion since 10/31/08. The Dow refers to billions as "points". Since November, DJIA has decreased by 313 points to close at \$8,515.55 billion on 12/26/08.
- In each category "High Change" reflects the industrial estimate at a higher investment rate, while "Low Change" reflects the regional estimate at a lower investment rate. Given stock market declines, low investments have less of a negative impact on resulting estimated assets.
- For 2008, nonprofits share between 12% - 13% of estimated market investments; with charities at 8% share, and private foundations at 4%.
- Considering extreme market declines, nonprofits may be experiencing \$422 – 430 billion in invested asset declines. Charities are may be experiencing \$285 – 291 billion decline, and private foundations at \$136 – 139 billion decline.
- In the fourth quarter (Q4), total estimated nonprofit assets resolve between \$3.61 and 3.62 trillion, down from the 10/08 report of \$4.04T. With the addition of estimated cash, nonprofit assets resolve to \$3.7 trillion.
- Charities are expected to resolve around \$2.21T, down from \$2.50T per estimated charitable investments.
- With the addition of estimated cash, charities may have an estimated \$2.25 to \$2.26 trillion in assets.
- Private foundations are between \$444B and \$447B, down from \$583 billion per estimated philanthropic investments.
- With the addition of estimated cash, private foundations may have an estimated \$467 to 469 billion in assets.
- The next sections explore relationships between cash, investment, and assets more in detail; for charities, private foundations, and total nonprofits; and variances between regions and industries.
- The Nonprofit Market Report discusses each area more in detail; exploring assets and estimated investments by state, and within more specific industries.

2008 Historical Summary: Estimated Monthly Nonprofit Investable Assets by Sector

| Date        | DJIA         |            | Charities   |            |              |             | Foundations  |             |             |            | Nonprofit    |             |              |             |             |            |              |             |              |             |
|-------------|--------------|------------|-------------|------------|--------------|-------------|--------------|-------------|-------------|------------|--------------|-------------|--------------|-------------|-------------|------------|--------------|-------------|--------------|-------------|
|             | Closing Bell | Change     | High Change | Low Change | High Est Inv | Low Est Inv | High Est Ast | Low Est Ast | High Change | Low Change | High Est Inv | Low Est Inv | High Est Ast | Low Est Ast | High Change | Low Change | High Est Inv | Low Est Inv | High Est Ast | Low Est Ast |
| 11/28/2008  | 8,829.04     | (507.89)   | (43.08)     | (42.21)    | 796.19       | 780.02      | 2,205.94     | 2,211.85    | (20.54)     | (20.16)    | 379.68       | 372.62      | 443.99       | 446.57      | (63.63)     | (62.37)    | 1,175.87     | 1,152.64    | 3,614.22     | 3,622.72    |
| 10/31/2008  | 9,336.93     | (1513.73)  | (128.40)    | (125.79)   | 839.27       | 822.23      | 2,249.02     | 2,254.06    | (61.23)     | (60.09)    | 400.23       | 392.78      | 464.53       | 466.73      | (189.63)    | (185.89)   | 1,239.49     | 1,215.01    | 3,677.85     | 3,685.09    |
| 9/30/2008   | 10,850.66    | (692.89)   | (58.77)     | (57.58)    | 967.67       | 948.02      | 2,377.42     | 2,379.85    | (28.03)     | (27.51)    | 461.46       | 452.88      | 525.76       | 526.83      | (86.80)     | (85.09)    | 1,429.13     | 1,400.90    | 3,867.48     | 3,870.98    |
| 8/29/2008   | 11,543.55    | 165.53     | 14.04       | 13.76      | 1,026.44     | 1,005.60    | 2,436.19     | 2,437.43    | 6.70        | 6.57       | 489.49       | 480.38      | 553.79       | 554.33      | 20.74       | 20.33      | 1,515.93     | 1,485.98    | 3,954.28     | 3,956.06    |
| 7/31/2008   | 11,378.02    | 28.01      | 2.38        | 2.33       | 1,012.40     | 991.85      | 2,422.15     | 2,423.68    | 1.13        | 1.11       | 482.79       | 473.81      | 547.10       | 547.76      | 3.51        | 3.44       | 1,495.19     | 1,465.66    | 3,933.55     | 3,935.74    |
| 6/30/2008   | 11,350.01    | (1288.31)  | (109.28)    | (107.06)   | 1,010.03     | 989.52      | 2,419.78     | 2,421.35    | (52.11)     | (51.14)    | 481.66       | 472.70      | 545.96       | 546.65      | (161.39)    | (158.21)   | 1,491.68     | 1,462.22    | 3,930.04     | 3,932.30    |
| 5/30/2008   | 12,638.32    | (181.81)   | (15.42)     | (15.11)    | 1,119.31     | 1,096.58    | 2,529.06     | 2,528.41    | (7.35)      | (7.22)     | 533.77       | 523.84      | 598.08       | 597.79      | (22.78)     | (22.33)    | 1,653.08     | 1,620.42    | 4,091.43     | 4,090.50    |
| 4/30/2008   | 12,820.13    | 557.24     | 47.27       | 46.31      | 1,134.73     | 1,111.69    | 2,544.48     | 2,543.52    | 22.54       | 22.12      | 541.13       | 531.06      | 605.43       | 605.01      | 69.81       | 68.43      | 1,675.85     | 1,642.75    | 4,114.21     | 4,112.83    |
| 3/31/2008   | 12,262.89    | (3.50)     | 8.48%       | 8.31%      |              |             |              |             | 4.05%       | 3.97%      |              |             |              |             | 12.53%      | 12.28%     |              |             |              |             |
| 2/29/2008   | 12,266.39    | (383.97)   | 1,087.46    | 1,065.38   |              |             | 2,497.212    | 2,497.212   | 518.585     | 508.94     |              |             | 582.89       | 582.89      | 1,606.045   | 1,574.32   |              |             | 4,044.40     | 4,044.40    |
| 1/31/2008   | 12,650.36    | --         | (291.27)    | (285.36)   | Bottom Line  |             | 1,087.46     | 1,065.38    | (138.90)    | (136.32)   | Bottom Line  |             | 518.585      | 508.94      | (430.18)    | (421.68)   | Bottom Line  |             | 1,606.045    | 1,574.32    |
| DJIA Change | --           | (3,821.32) | 796.19      | 780.02     |              |             | 1,409.75     | 1,431.83    | 379.68      | 372.62     |              |             | 64.31        | 73.95       | 1,175.87    | 1,152.64   |              |             | 2,438.36     | 2,470.08    |

Asset estimates (Est) are based on six year averages, configured in analysis of IRS data exhibited by NCCS in each year, including 1 – 24 month delay.

## Nonprofit Assets by Industry & Estimated Investments

- Nonprofit industries include specific fields, types of entities, and population specialization; segmenting the sector. For example, education includes primary/secondary schools, higher education, and support organizations.
- Industrial counts are dependent on the number of fields, size difference per entity type, consumer demand, stakeholder relations, and operational standards of the field. Industrial variables are expected to be systemic, dependent on multiple stakeholders. Nonprofit assets, number of organizations, and charitable initiatives are related to government official and accrediting association standards, size of the consumer group, consumer response and effectiveness measures.
- NCCS classifies the nonprofit sector by NTEE codes, defining charitable industries and field specialties. There are direct parallels between NTEE categories, NAICS, and ISIC categories. GHC's PRO categories align NTEE to federal agencies (ex., HHS), and also support translation between national, federal, and international code sets.
- Most nonprofit market research focuses on Education, Health, and Philanthropy. Special studies address other industries as environment, arts and culture. The more assets an industry has, or more technology is involved, the more market reports are available for direct purchase.
- Industries vary in size, by number of organizations, total assets, consumer reach, investments, donations made, and other variables.
- When last reported by NCCS, Arts & Culture had \$154 billion in assets. At a 44% average investment rate, the industry may be experiencing an \$18 billion decline. However, at an estimated 4.21% national share of nonprofit investments, the industry may have an additional \$2.95 billion in cash investment; resolving to an estimated \$138.64 billion in assets.
- Justice had \$17 billion in assets. At a low 19% average investment rate, the industry may be experiencing an \$870 million decline. However, at an estimated 0.2% national share of nonprofit investments, the industry may have an additional \$140 million in cash investment; resolving to an estimated \$16.38 billion in assets.
- Education had \$846 billion in assets. At a high 62% average investment rate, the industry may be experiencing a \$140 billion decline. However, at an estimated 32.65% national share of nonprofit investments, the industry may have an additional \$22.82 billion in cash investment; resolving to an estimated \$728.25 billion in assets.
- Food, Agriculture, & Nutrition had \$7 billion in assets. At a low 12% investment rate, the industry may be experiencing a \$230 million decline. However, at an estimated 0.05% national share of nonprofit investments, the industry may have an additional \$40 million in cash investment; resolving to an estimated \$7.26 billion in assets.
- Health & Human Services had \$1.17 trillion. At a 31% average investment rate, the industry may be experiencing a \$97 billion decline. However, at an estimated 22.62% national share of nonprofit investments, the industry may have an additional \$15.81 billion in cash investment; resolving to an estimated \$1.08 trillion in assets.
- Philanthropy & Special Interest had \$1.50 trillion. At a 39% average investment rate, the industry may be experiencing a \$157 billion decline. However, at an estimated 36.44% national share of nonprofit investments, the industry may have an additional \$25.47 billion in cash investment; resolving to an estimated \$1.37 trillion in assets.
- Labor, Housing, Economics, & Recreation had \$298 billion. At a 13% investment rate, the industry may be experiencing a \$10 billion decline. However, at an estimated 2.32% national share of nonprofit investments, the industry may have an additional \$1.62 billion in cash investment; resolving to an estimated \$290.04 billion in assets.
- Science & Environment had \$59 billion in assets. At a 40% investment rate, the industry may be experiencing a \$6 billion decline. However, at an estimated 1.49% national share of nonprofit investments, the industry may have an additional \$1.04 billion in cash investment; resolving to an estimated \$54.1 billion in assets.
- The following slides separately exhibit charities and private foundation trends by industry.
- The upcoming Nonprofit Market Report discusses detailed assets and investment trends by individual nonprofit industry.

| Nonprofit Landscape |         |                                  | Reported Assets & Estimated Investable |          |           |           | Est DJIA Impact |             |           |          |               |
|---------------------|---------|----------------------------------|--|----------|-----------|-----------|-----------------|-------------|-----------|----------|---------------|
| NTEE                | PRO     | Nonprofit Industry               | Assets                                 | Inv Rate | Est Inv   | Nat Share | Est Change      | Est Adj Inv | Est C-Inv | Est Ast  | Est Ast+C-Inv |
| A,X,R               | A&C     | Arts & Culture                   | 153,824                                | 44.01%   | 67,695    | 4.21%     | (18.13)         | 49.56       | 2.95      | 135.69   | 138.64        |
| I,M                 | CJ      | Justice                          | 17,106                                 | 18.94%   | 3,240     | 0.20%     | (0.87)          | 2.37        | 0.14      | 16.24    | 16.38         |
| B                   | ED      | Education                        | 845,891                                | 61.99%   | 524,409   | 32.65%    | (140.46)        | 383.95      | 22.82     | 705.43   | 728.25        |
| K                   | FDA,SCI | Food, Agriculture, and Nutrition | 7,456                                  | 11.56%   | 0,862     | 0.05%     | (0.23)          | 0.63        | 0.04      | 7.22     | 7.26          |
| P,E,G,H,F,V         | HHS     | Health & Human Services          | 1,165,598                              | 31.17%   | 363,277   | 22.62%    | (97.30)         | 265.97      | 15.81     | 1,068.29 | 1,084.11      |
| Z,Y,Q,O,W,T         | PhM     | Philanthropy & Special Interest  | 1,496,643                              | 39.11%   | 585,301   | 36.44%    | (156.77)        | 428.53      | 25.47     | 1,339.87 | 1,365.34      |
| J,S,L,N             | R&N     | Labor, Housing, Economics, & Rec | 298,411                                | 12.51%   | 37,320    | 2.32%     | (10.00)         | 27.32       | 1.62      | 288.41   | 290.04        |
| C,D,U               | SCI     | Sciences & Environment           | 59,473                                 | 40.26%   | 23,941    | 1.49%     | (6.41)          | 17.53       | 1.04      | 53.06    | 54.10         |
|                     |         | Total                            | 4,044.40                               | 39.71%   | 1,606.045 | 100.00%   | (430.18)        | 1,175.87    | 69.90     | 3,614.22 | 3,684.12      |

Asset estimates (Est) are based on six year averages, configured in analysis of IRS data exhibited by NCCS in each year; including 1 – 24 month delay.

## Nonprofit Assets by Region & Estimated Investments

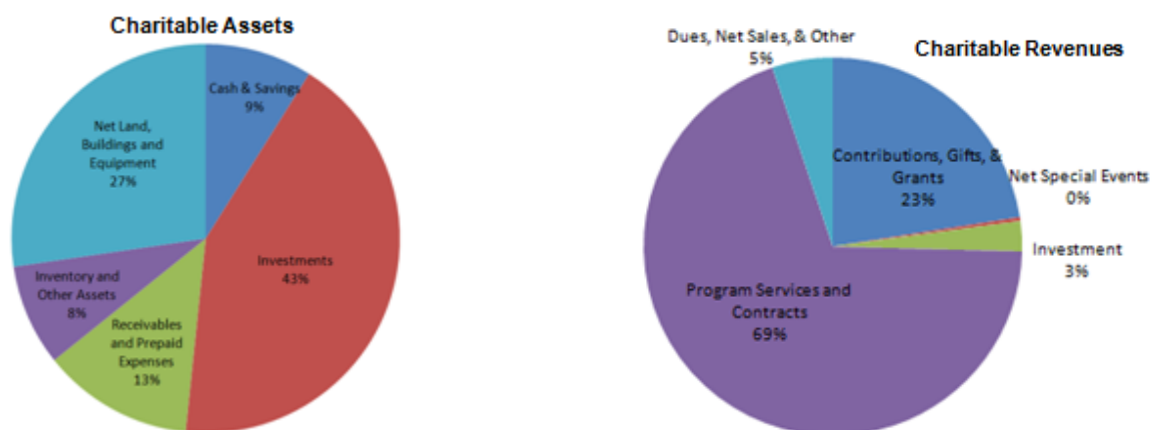
- Each region varies by number of organizations, total assets, consumer reach, investments, donations made, and additional variables. Regions include specific cities, counties, and states; segmenting the national scale.
- Regional counts are dependent on the number of states, the size of cities, surrounding counties defining a metro area, and nature of initiatives collectively within the region.
- Community-based variables are expected to be systemic, dependent on multiple stakeholders.
- Nonprofit assets, number of organizations, and charitable initiatives relate to gross-domestic product (GDP), industry majority, personal income and outlays (PIO), and demographics of US domestic regions.
- At an average investment rate of 39%, the nation may be experiencing a minimum \$422 billion decline; bringing assets down from \$4.04 trillion. However, with an estimated \$68.52 billion in cash investment, all states may have \$3.69 trillion.
- Mid Atlantic's average investment rate is 39%; resolving to an estimated 13% share of invested nonprofit assets for the nation. Mid Atlantic has an estimated \$54 billion investable asset decline. However, with an estimated \$8.80 in cash investment, the region may have \$478.28 billion.
- Midwest's average investment rate is 33%; resolving to an estimated 18% national share of investment activity. Midwest has an estimated \$77 billion decline. However, with an estimated \$12.49 billion in cash investment, the region may have \$812.10 billion in nonprofit assets.
- Mountain Plain's average investment rate is 32%; resolving to an estimated 4% national share of investment activity. Mountain Plains has an estimated \$16 billion decline. However, with an estimated \$2.61 billion in cash investment, the region may have \$173.67 billion in nonprofit assets.
- New England's average investment rate is a high 54%; resolving to an estimated 15% national share of investment activity. New England has an estimated \$61 billion decline. However, with an estimated \$9.97 billion in cash investment, the region may have \$371.35 billion in nonprofit assets.
- New York & New Jersey's average investment rate is 48%; resolving to an estimated 15% national share of investment activity. The region has an estimated \$64 billion decline. However, with an estimated \$10.4 billion in cash investment, the region may have \$442.19 billion in nonprofit assets.
- Southeast's average investment rate is 34%; resolving to an estimated 11% national share of investment activity. Southeast has an estimated \$44 billion asset decline . However, with an estimated \$7.22 billion in cash investment, the region may have \$445.66 billion in nonprofit assets
- Southwest's average investment rate is 34%; resolving to an estimated 7% national share of investment activity. Southwest has an estimated \$31 billion asset decline. However, with an estimated \$5.01 billion in cash investment, the region may have \$312.62 billion in nonprofit assets
- Western's average investment rate is 39%; resolving to an estimated 18% national share of investment activity. Western has an estimated \$74 billion asset decline, resolving to \$683 billion in estimated remaining assets. However, with an estimated \$12.02 billion in cash investment, the region may have \$655.38 billion in nonprofit assets
- The upcoming Nonprofit Market Report exhibits assets, estimated investments by state, and discusses nonprofit variables more in detail.

| Nonprofit Landscape   | Reported Assets & Estimated Investable |               |                 |                | Est DJIA Impact |                 |              |                 |                 |
|-----------------------|--|---------------|-----------------|----------------|-----------------|-----------------|--------------|-----------------|-----------------|
|                       | State / Region                         | Assets        | Inv Rate        | Est Inv        | Nat Share       | Est Change      | Est Adj Inv  | Est C-Inv       | Est Ast         |
| Mid Atlantic          | 523.65                                 | 38.62%        | 202.24          | 12.85%         | (54.17)         | 148.07          | 8.80         | 469.47          | 478.28          |
| Midwest               | 876.45                                 | 32.73%        | 286.89          | 18.22%         | (76.84)         | 210.05          | 12.49        | 799.61          | 812.10          |
| Mountain-Plains       | 187.11                                 | 32.02%        | 59.92           | 3.81%          | (16.05)         | 43.87           | 2.61         | 171.06          | 173.67          |
| New England           | 422.75                                 | 54.20%        | 229.12          | 14.55%         | (61.37)         | 167.75          | 9.97         | 361.38          | 371.35          |
| New York / New Jersey | 495.81                                 | 48.21%        | 239.02          | 15.18%         | (64.02)         | 175.00          | 10.40        | 431.79          | 442.19          |
| Southeast             | 482.88                                 | 34.36%        | 165.93          | 10.54%         | (44.45)         | 121.49          | 7.22         | 438.44          | 445.66          |
| Southwest             | 338.42                                 | 33.99%        | 115.02          | 7.31%          | (30.81)         | 84.21           | 5.01         | 307.61          | 312.62          |
| Western               | 717.33                                 | 38.50%        | 276.18          | 17.54%         | (73.97)         | 202.20          | 12.02        | 643.36          | 655.38          |
| <b>Total</b>          | <b>4,044.40</b>                        | <b>38.93%</b> | <b>1,574.32</b> | <b>100.00%</b> | <b>(421.68)</b> | <b>1,152.64</b> | <b>68.52</b> | <b>3,622.72</b> | <b>3,691.24</b> |

Asset estimates (Est) are based on six year averages, configured in analysis of IRS data exhibited by NCCS in each year; including 1 – 24 month delay.

## Types of Charitable Assets & Revenue

- Assets are categorized by the form in which financial value takes. Asset categories include cash, savings, and investments. Physical asset categories include physical property such as land, buildings, equipment, and inventory. Service related assets include payment for services or expenses that are prepaid.
- Revenue is a measure of income, resolving from multiple sources. Revenue sources include membership dues, sales, contracted fees, donations, and investment earnings. Income is the difference between revenue, and expenses paid, resolving to assets contributing to growth.
- Raw data on all charitable assets, revenues, and expenses were generated by NCCS-GuideStar between 2001 and 2006, including some years prior. Years 2001 - 2006 were selected as reflecting 2001 – 2003 economic shifts, supporting 2008 – 2010 estimates.
- The averages presented in the pie charts below are the six-year average asset groupings for all charities. These rates are applied to recent NCCS data in analysis of market estimates.
- The pie charts do not reflect impact of investable asset declines, as they are simple average rates.
- Charities were last reported to have \$2.50 trillion in total assets. Distribution between asset categories varies per industry, region, size, and operational structure of the organization.
- An estimated 43% of assets is tied in investments, where nonprofit entities are larger and require financial management services offering more than checking accounts.
- With 3% of revenue derived from investments, it is an operational function, not necessarily profit generating.
- For example, healthcare and educational institutions depend on endowments for managing operational costs including salary, tuition, and related fundamental expenses.
- An average 27% of physical assets are comprised of land, buildings, and equipment. When applied to charitable assets, charities have an estimated \$681 billion in physical assets. Given current market activity, land and property values are subject to decline, and may or may not impact assets by market value of said property.
- Remaining assets are tied in cash and savings at 9%, receivables and prepaid expenses at 13%, inventory and other assets at 8%.
- Revenue includes all dollars that are brought into the charity. Revenue categories include types of donations, program services & contracts, dues & sales, investment, and events.
- Services & contracts generate 69% of revenue, as the most dependable source, also directly tied to consumer stakeholders. Charities take in an estimated \$930 billion in this category, making consumers three times as large as donating stakeholders.
- Donations comprise 23% of revenue, at \$302 billion. As private foundations give an average 6% of assets, around \$30 billion per year, the majority of donations come from other sources. Federal and state government, individuals from the general public, charitable foundations, and corporate giving programs not filing as charities provide the larger majority of donations.
- The upcoming Nonprofit Market Report discusses these asset categories by industry more in detail.



## Charitable Assets: Six Year History of 2001 - 2006

- The table below exhibits relationships between charitable assets, for all charities filing 990s, between 2001 and 2006.
- Multiple NCCS-GuideStar tables were evaluated together, providing comparable numbers for establishing rates.
- Physical assets were reported in an asset report, while physical asset related expenses were in a liability report.
- Invested assets and investment revenue were generated separately by NCCS-GuideStar.
- While investment income is available for all years 2001 through 2006, invested assets was only available for 2003.
- “Growth Rate” indicates the amount of investments that increased from 2001 through 2008. 2001 reported growth from 2000 was not calculated.
- At extreme low growth, the number of assets increased by 0.67%. At high growth, assets increased by 10.23%.
- As NCCS data is on a year lag, 2002 reports reflect 2001 assets, 2003 reflects 2002, and so forth.
- As 2002 and 2003 reflects 2001 and 2002, then 7% - 8% charity growth for the 9/11 era was low, as compared to 9% and 10% growth the following years.
- For total years, the majority of revenue is under program services and contracts. This dominant source indicates consumers as the larger stakeholder, dependent on charity outcomes.
- The second largest source is contributions, gifts, and grants. This secondary source exhibits donors as support sources; including government, corporations, individuals, and foundations.
- For investments, the low rate of earnings under “investment income” shows low growth, exhibiting not-for-profit investment activity. In 2003, charities earned 3% of invested assets.
- On the previous slide, the pie chart exhibits 97% of revenue as from other sources. Low income indicates low capacity for development through investment, unless part of a strategic investment plan.
- Physical assets comprise an average 28.43% of assets for all years.
- 2003 is an example of physical asset management. Out of \$459 billion in buildings, land, and equipment; charities were liable for \$138 billion. A low average 30% due on property expenses exhibits strong, long-standing operations management for the sector. For example, institutions operating for over 30 years may have paid off mortgages, though have balances on new property development.
- The amount of income generated is a key component to “nonprofit” classification and status. The “Exp/Rev” line exhibits income and growth.
- At an average 7% growth rate above the current asset base (100%), income and related development is moderate. At the industry level, some fields have stronger growth, between 20% - 50% income generation.
- Rates from the table below are used to derive estimates of 2007, 2008, and 2009 assets and revenue.
- The upcoming Nonprofit Market Report discusses charitable asset categories by industry more in detail.

| <b>Charitable Asset Rates</b>        | <b>2001</b> | <b>2002</b> | <b>2003</b> | <b>2004</b> | <b>2005</b> | <b>2006</b> | <b>6 yr Rate</b> |
|--------------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|------------------|
| Total Assets                         | 1,569.890   | 1,635.622   | 1,750.074   | 1,889.578   | 2,061.572   | 2,272.460   | --               |
| Investments**                        | 672.233     | 700.380     | 720.709     | 809.125     | 882.773     | 973.076     | --               |
| Tax-Exempt Bond Liabilities          | 173.336     | 199.841     | 219.268     | 232.205     | 250.559     | 282.918     | --               |
| Bond Liability / Est Investment**    | 25.79%      | 28.53%      | 30.42%      | 28.70%      | 28.38%      | 29.07%      | 28.48%           |
| Investment Income                    | 28.344      | 21.624      | 20.969      | 23.077      | 29.203      | 38.410      | --               |
| Inv Income / Est Inv**               | 4.22%       | 3.09%       | 2.91%       | 2.85%       | 3.31%       | 3.95%       | 3.39%            |
| InvInc / Rev**                       | 3.23%       | 2.38%       | 2.16%       | 2.15%       | 2.49%       | 2.98%       | 2.57%            |
| Inv Income / Total Assets**          | 1.81%       | 1.32%       | 1.20%       | 1.22%       | 1.42%       | 1.69%       | 1.44%            |
| Net Land, Buildings and Equipment**  | 428.301     | 446.235     | 459.187     | 515.519     | 562.443     | 619.978     | --               |
| Mortgages and Other Notes Payable    | 127.131     | 129.108     | 137.714     | 145.978     | 156.178     | 160.621     | --               |
| PhyAst Liability / Physical Assets** | 29.68%      | 28.93%      | 29.99%      | 28.32%      | 27.77%      | 25.91%      | 28.43%           |
| Total Expenses                       | 812.971     | 879.240     | 937.412     | 998.254     | 1,074.818   | 1,171.116   | --               |
| Other Liabilities *                  | 242.915     | 291.526     | 328.503     | 338.507     | 366.939     | 389.029     | --               |
| Other Liabilities / Total Expenses** | 29.88%      | 33.16%      | 35.04%      | 33.91%      | 34.14%      | 33.22%      | 33.22%           |
| Contributions, Gifts, & Grants       | 203.552     | 211.528     | 221.186     | 235.843     | 255.160     | 283.061     | --               |
| Donations / Rev**                    | 23.20%      | 23.31%      | 22.76%      | 22.01%      | 21.80%      | 21.94%      | 22.50%           |
| Donations / Assets**                 | 12.97%      | 12.93%      | 12.64%      | 12.48%      | 12.38%      | 12.46%      | 12.64%           |

Items without asterisk are as reported by NCCS-GuideStar; \*Calculated Total by NCCS-GuideStar; \*\*Rate by ABS, Inc.;  
 “Investments” reported by NCCS-GuideStar for 2003, and estimated for all other years; IRS data exhibited by NCCS including 1 – 24 month delay

## Charitable Assets by Industry & Estimated Investments

- Charities are 501c3 nonprofits that are not private foundations; but include other types of foundations, research, intervention centers, universities, and support organizations.
- Charities range in size, from smaller organizations to multi-billion dollar institutions. Single organizations are similar to small businesses, as large institutions with multiple locations nationwide are similar to enterprises.
- Industrial variables are impacted by the social investment of foundations, consumer demand, outcomes and effectiveness.
- Comparisons to the business sector include targeted consumer groups, operational categories, risk management and quality control methodology, and financial management options.
- NCCS-GuideStar produced data on invested assets reported by nonprofits for years before 2006. Investment data was available on private foundations for all years, but charities were only available for 2003. On average, 2003 is compatible with the six-year average rate of investment based on similar numbers per state, and also by wealth investment trends per state-based asset levels.
- At an average investment rate of 44% charitable assets, institutions may be experiencing a \$291 billion decline. Given investable assets are subject to increase with the market, the loss may be reinstated in 6 months to 2 years of growth.
- Cash based investment is a common strategy used for growth. At the industry view, charities may have an estimated \$47.33 billion in cash, resolving to an estimated \$2.25 trillion total assets.
- Arts & Culture charities had \$128 billion in assets. At a 44% average investment rate, the industry may be seeing a \$14 billion decline. However, with \$2.42 billion estimated cash investments, the industry may have an estimated \$115.06 billion in total assets.
- Justice had \$10 billion in assets. At a low 29% average investment rate, the industry may be seeing an \$790 million decline. However, with \$130 million estimated cash investments, the industry may have an estimated \$9.52 billion.
- Education had \$802 billion in assets. At a high 61% average investment rate, the industry may be seeing a \$132 billion decline. However, with \$21.41 billion in estimated cash investments, the industry may have an estimated \$692.14 billion.
- Food, Agriculture, & Nutrition had \$3 billion in assets. At a low 21% investment rate, the industry may be seeing a \$190 million decline. However, with \$30 million estimated cash, the charitable industry may have an estimated \$3.24 billion.
- Health & Human Services had \$1.10 trillion. At a 32% average investment rate, the industry may be seeing a \$93 billion decline. However, with \$15.06 billion estimated cash investments, the industry may have an estimated \$1.03 trillion.
- Philanthropy & Special Interest had \$245 billion. At a 57% average investment rate, the industry may be seeing a \$37 billion decline. However, with \$6.09 billion estimated cash, the industry may have an estimated \$213.55 billion.
- Regarding philanthropy, not all foundations are categorized on this line. Charitable, operating, and other types of foundations are included under all industries, dependent on specialization. Private foundations are not included.
- Labor, Housing, Economics, & Recreation had \$155 billion. At a 13% investment rate, the industry may be seeing an \$8 billion decline. However, with \$1.33 billion estimated cash, the industry may have an estimated \$148.15 billion in assets.
- Science & Environment had \$51 billion in assets. At a 39% investment rate, the industry may seeing a \$5 billion decline. However, with \$860 million estimated cash investments, the industry may have an estimated \$46.50 billion.
- The upcoming Nonprofit Market Report exhibits charitable assets, estimated cash and investment trends by industry, and discusses industrial variables more in detail.

| Charity Landscape |         |                                  | Reported Assets & Estimated Investable |             |           |           | Est DJIA Impact |             |           |          |               |
|-------------------|---------|----------------------------------|--|-------------|-----------|-----------|-----------------|-------------|-----------|----------|---------------|
| NTEE              | PRO     | Nonprofit Industry               | Assets                                 | 03 Inv Rate | Est Inv   | Nat Share | Est Change      | Est Adj Inv | Est C-Inv | Est Ast  | Est Ast+C-Inv |
| A,X,R             | A&C     | Arts & Culture                   | 127.532                                | 43.60%      | 55.610    | 5.11%     | (14.89)         | 40.71       | 2.42      | 112.64   | 115.06        |
| I,M               | CJ      | Justice                          | 10.180                                 | 28.85%      | 2.937     | 0.27%     | (0.79)          | 2.15        | 0.13      | 9.39     | 9.52          |
| B                 | ED      | Education                        | 802.478                                | 61.29%      | 491.863   | 45.23%    | (131.74)        | 360.12      | 21.41     | 670.73   | 692.14        |
| K                 | FDA HHS | Food, Agriculture, and Nutrition | 3.395                                  | 21.00%      | 0.713     | 0.07%     | (0.19)          | 0.52        | 0.03      | 3.20     | 3.24          |
| P,E,G,H,F,V       | HHS     | Health & Human Services          | 1,102.731                              | 31.38%      | 345.998   | 31.82%    | (92.67)         | 253.32      | 15.06     | 1,010.06 | 1,025.11      |
| Z,Y,Q,O,W,T       | PRO,Fdn | Philanthropy & Special Interest  | 244.954                                | 57.15%      | 139.983   | 12.87%    | (37.49)         | 102.49      | 6.09      | 207.46   | 213.55        |
| J,S,L,N           | R&N     | Labor, Housing, Economics, & Rec | 155.012                                | 19.73%      | 30.591    | 2.81%     | (8.19)          | 22.40       | 1.33      | 146.82   | 148.15        |
| C,D,U             | SCI     | Science & Environmental          | 50.930                                 | 38.81%      | 19.765    | 1.82%     | (5.29)          | 14.47       | 0.86      | 45.64    | 46.50         |
|                   | SUM     | Total                            | 2,497.212                              | 43.55%      | 1,087.460 | 100.00%   | (291.27)        | 796.19      | 47.33     | 2,205.94 | 2,253.27      |

Asset estimates (Est) are based on six year averages, configured in analysis of IRS data exhibited by NCCS in each year, including 1 – 24 month delay.

## Charitable Assets by Region & Estimated Investments

- Regions include specific cities, counties, and states; segmenting the national scale.
- Regional counts are dependent on the number of states, the size of cities, surrounding counties defining a metro area, and nature of initiatives collectively within the region.
- Each region varies by number of charities, total assets, consumer reach, investments, donations made, and other variables.
- Community-based variables are expected to be systemic, dependent on multiple stakeholders. Nonprofit assets, number of organizations, and charitable initiatives relate to gross-domestic product (GDP), industry majority, personal income and outlays (PIO), and demographics of US domestic regions.
- At an average investment rate of 43% charitable assets, charities may be experiencing a minimum \$285 billion decline; bringing assets down from \$2.5 trillion. However, with \$46.37 billion estimated cash, the charities may have an estimated \$2.26 trillion.
- Mid Atlantic's average charitable investment rate is 43%; resolving to an estimated 14% share of invested charitable assets for the nation. Mid Atlantic has an estimated \$41 billion asset decline. However, with \$6.61 billion estimated cash, the region may have an estimated \$315.94 billion in charitable assets.
- Midwest's average investment rate is 40%; resolving to an estimated 19% national share of charitable investment activity. Midwest has an estimated \$54 billion decline. However, with \$8.81 billion estimated cash, the region may have an estimated \$458.12 billion in charitable assets.
- Mountain Plain's average investment rate is 35%; resolving to an estimated 4% national share of charitable investment activity. Mountain Plains has an estimated \$11 billion decline. However, with \$1.81 billion estimated cash, the region may have an estimated \$108.99 billion in charitable assets.
- New England's average investment rate is a high 62%; resolving to an estimated 19% national share of charitable investment activity. New England has an estimated \$55 billion decline. However, with \$9.01 billion estimated cash, the region may have an estimated \$285.24 billion in charitable assets.
- New York & New Jersey's average investment rate is 44%; resolving to an estimated 12% national share of charitable investment activity. The region has an estimated \$35 billion decline. However, with \$5.63 billion estimated cash, the region may have an estimated \$267.92 billion in charitable assets.
- Southeast's average investment rate is 38%; resolving to an estimated 12% national share of charitable investment activity. Southeast has an estimated \$33 billion asset decline. However, with \$5.43 billion estimated cash, the region may have an estimated \$296.17 billion in charitable assets.
- Southwest's average investment rate is 38%; resolving to an estimated 8% national share of charitable investment activity. Southwest has an estimated \$22 billion asset decline. However, with \$3.63 billion estimated cash, the region may have an estimated \$200.09 billion in charitable assets.
- Western's average investment rate is 35%; resolving to an estimated 12% national share of charitable investment activity. Western has an estimated \$33 billion asset decline. However, with \$5.44 billion estimated cash, the region may have an estimated \$325.74 billion in charitable assets.
- The upcoming Nonprofit Market Report exhibits detailed assets and investment trends by region for all charities.

| Charity Landscape     | Reported Assets & Estimated Investable |               |                 |                | Est DJIA Impact |               |              |                 |                 |
|-----------------------|--|---------------|-----------------|----------------|-----------------|---------------|--------------|-----------------|-----------------|
|                       | State / Region                         | Assets        | Inv Rate        | Est Inv        | Nat Share       | Est Change    | Est Adj Inv  | Est C-Inv       | Est Ast         |
| Mid Atlantic          | 349.99                                 | 43.37%        | 151.78          | 14.25%         | (40.65)         | 111.13        | 6.61         | 309.34          | 315.94          |
| Midwest               | 503.55                                 | 40.21%        | 202.49          | 19.01%         | (54.24)         | 148.25        | 8.81         | 449.31          | 458.12          |
| Mountain-Plains       | 118.34                                 | 35.20%        | 41.66           | 3.91%          | (11.16)         | 30.50         | 1.81         | 107.18          | 108.99          |
| New England           | 331.66                                 | 62.39%        | 206.91          | 19.42%         | (55.42)         | 151.49        | 9.01         | 276.24          | 285.24          |
| New York / New Jersey | 296.94                                 | 43.57%        | 129.37          | 12.14%         | (34.65)         | 94.72         | 5.63         | 262.29          | 267.92          |
| Southeast             | 324.15                                 | 38.48%        | 124.72          | 11.71%         | (33.41)         | 91.32         | 5.43         | 290.74          | 296.17          |
| Southwest             | 218.80                                 | 38.12%        | 83.42           | 7.83%          | (22.34)         | 61.07         | 3.63         | 196.46          | 200.09          |
| Western               | 353.79                                 | 35.34%        | 125.03          | 11.74%         | (33.49)         | 91.54         | 5.44         | 320.30          | 325.74          |
| <b>Total</b>          | <b>2,497.21</b>                        | <b>42.66%</b> | <b>1,065.38</b> | <b>100.00%</b> | <b>(285.36)</b> | <b>780.02</b> | <b>46.37</b> | <b>2,211.85</b> | <b>2,258.22</b> |

Asset estimates (Est) are based on six year averages, configured in analysis of IRS data exhibited by NCCS in each year, including 1 – 24 month delay.

## Historical Private Foundation Assets & Donations

- The table below exhibits foundation grantmaking activity with data from both NCCS-GuideStar and the Foundation Center. Grantmaking is compared to data as reported by both groups on the same year.
- Rates are calculated by tying both sets of data, providing estimates of annual activity.
- 2007 and 2008 private foundation assets are based on six-year rates and averages calculated in this table.
- Private foundations differ from charitable foundations and corporate giving programs, in that asset management focuses on wealth management, grantmaking, and long-term donor options.
- For example, while operational foundations are commonly heavily involved in charitable initiatives in a partnership capacity, private foundations commonly provide supplemental support.
- Private foundations also have differing IRS filing requirements related to taxation, filing 990PF forms, where charitable foundations annually file 990 forms to the IRS.
- As the majority of private foundation assets are held within the nonprofit, they provide a base for asset development through investment, creating additional dollars for annual grantmaking.
- Between 2001 and 2006, foundations donated an average 6.51% of assets.
- Foundations also received donations, adding to the asset pool towards grantmaking.
- In comparing foundation grantmaking against total donations received by charities, 14.10% of donations were received by foundations. Other donors include government, corporate giving, and individuals.
- Between 2001 and 2002, there was a decline in private foundation assets and grantmaking. However, the percentage of assets donated in 2002 went up to 6.99% from 6.53%.
- 2009 and 2010 are also expected to see declines, however capacity for grantmaking is uncertain.
- Private foundation grantmaking varies per charitable industry and by region.
- The next slide examines private foundation by asset and investment category more in detail.

| <b>Historical Foundation Rates</b>       | 2001    | 2002    | 2003    | 2004    | 2005    | 2006    | 6yr Rate |
|--|---------|---------|---------|---------|---------|---------|----------|
| Foundations***                           | 61,810  | 64,843  | 66,398  | 67,736  | 71,095  | 72,477  | --       |
| Foundation Assets***                     | 467.34  | 435.19  | 476.71  | 510.48  | 550.55  | 614.70  | --       |
| Total Giving***                          | 30.50   | 30.43   | 30.31   | 31.84   | 36.40   | 39.00   | --       |
| Gifts Received***                        | 28.71   | 22.16   | 24.86   | 23.99   | 31.46   | 36.60   | --       |
| Giving - Received**                      | 1.79    | 8.27    | 5.45    | 7.85    | 4.94    | 2.40    | --       |
| Received / Giving**                      | 94.13%  | 72.82%  | 82.02%  | 75.35%  | 86.43%  | 93.85%  | 84.10%   |
| Giving / Assets**                        | 6.53%   | 6.99%   | 6.36%   | 6.24%   | 6.61%   | 6.34%   | 6.51%    |
| (Giv - Rec) / Assets**                   | 0.014%  | 0.016%  | 0.013%  | 0.012%  | 0.012%  | 0.010%  | 0.013%   |
| Donations Received by Charities          | 203.552 | 211.528 | 221.186 | 235.843 | 255.160 | 283.061 | --       |
| Total Donations - Foundation Donations** | 173.052 | 181.098 | 190.876 | 204.003 | 218.760 | 244.061 | --       |
| Other Donations / Total Donations**      | 85.02%  | 85.61%  | 86.30%  | 86.50%  | 85.73%  | 86.22%  | 85.90%   |
| Foundation / Total Donations**           | 14.98%  | 14.39%  | 13.70%  | 13.50%  | 14.27%  | 13.78%  | 14.10%   |

*Items without asterisk are as reported by NCCS-GuideStar; \*Calculated Total by NCCS-GuideStar; \*\*Rate by ABS, Inc.; "Investments" reported by NCCS-GuideStar for 2003, and estimated for all other years; IRS data exhibited by NCCS including 1 – 24 month delay*

## Historical Private Foundation Assets & Investment

- The table below exhibits private foundation asset categories between 2001 and 2006, as captured by NCCS-GuideStar.
- 2007 and 2008 numbers are calculated based on averages and rates configured in the table below; to provide cash, mortgage, and investment estimates.
- NCCS-GuideStar data calculated total private foundation assets in statistical measure, where NCCS data exhibited total assets as a direct query. As the date of IRS data generated for NCCS-GuideStar is undetermined, and the calculated amount does not match any amount under NCCS direct query, the final NCCS numbers for the year are exhibited.
- By six year average, 88.97% of private foundation assets are invested.
- NCCS-GuideStar generated investment activity into three categories: corporate stock, corporate bonds, and alternative investments such as hedge funds.
- Over six years, the majority of investments engaged in corporate stock, at 52%.
- Private foundation use of corporate bonds decreased over six years by almost 5%, resolving to an average 11% in investments.
- Between 2003 and 2006 reports, corporate bonds declined in philanthropic assets from 12.03% to 7.29% assets. However, private foundation assets rose between those three years.
- As private foundations are commonly managed on behalf of an individual, family, or business; mortgage is a minority asset class, as it is an expense managed outside the private foundation.
- In the presence of increasing assets, this comparative suggests that investments moved out of one asset class and into a different area.
- Between 2001 through 2006 reports, use of alternative investments nearly doubled, from 21% in 2001, to 41% in 2006.
- However, for 2008 and 2009, the use of alternative investments is expected to decline, due to the Madoff Ponzi scheme involving hedge funds and billions of private foundation assets. Please see Appendix D for a list of nonprofit victims.
- Between 2001 and 2006, cash also fluctuated. Between 2005 and 2006 reports, assets moved out of cash by over \$2 billion. However, private foundation assets increased.
- In six years 0.48% of assets were mortgage loans, around \$2 billion per year.
- The upcoming Nonprofit Market Report discusses private foundations by industry in detail.

### Analysis of Asset Categories: 2001 - 2006

| NCCS-GuideStar**             | FY01 - PhM     | FY02 - PhM     | FY03 - PhM     | FY04 - PhM     | FY05 - PhM     | FY06 - PhM     | Avg Rates |
|------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|-----------|
| PhM #s                       | 75,248         | 78,454         | 81,554         | 84,208         | 87,451         | 87,865         | --        |
| Cash                         | 4.014          | 4.339          | 5.614          | 5.133          | 7.948          | 5.897          | --        |
| Cash Growth                  | --             | 7.50%          | 22.70%         | -9.38%         | 35.42%         | -34.78%        | 4.29%     |
| Cash / Total Ast             | 1.13%          | 1.31%          | 1.61%          | 1.28%          | 1.92%          | 1.20%          | 1.41%     |
| Corporate Stock              | 187.856        | 172.308        | 193.936        | 205.047        | 218.956        | 241.670        | --        |
| Stock Growth                 | --             | -9.02%         | 11.15%         | 5.42%          | 6.35%          | 9.40%          | 4.66%     |
| Stock / Total Asts           | 53.04%         | 52.15%         | 55.73%         | 51.15%         | 52.77%         | 49.16%         | 52.33%    |
| Corporate Bonds              | 42.707         | 41.246         | 41.856         | 39.259         | 39.287         | 35.839         | --        |
| Bond Growth                  | --             | -3.54%         | 1.46%          | -6.62%         | 0.07%          | -9.62%         | -3.65%    |
| Bonds / Total Asts           | 12.06%         | 12.48%         | 12.03%         | 9.79%          | 9.47%          | 7.29%          | 10.52%    |
| Alternative Investments      | 73.957         | 68.819         | 67.946         | 112.664        | 111.103        | 171.144        | --        |
| Alternative Growth           | --             | -7.47%         | -1.28%         | 39.69%         | -1.40%         | 35.08%         | 12.92%    |
| Alternative / Total Ast      | 20.88%         | 20.83%         | 19.52%         | 28.11%         | 26.78%         | 40.56%         | 26.11%    |
| Total Investments            | 304.52         | 282.37         | 303.74         | 356.97         | 369.35         | 448.65         | --        |
| Inv / Total Ast              | 85.98%         | 85.46%         | 87.28%         | 89.05%         | 89.02%         | 97.02%         | 88.97%    |
| Mortgage Loans               | 2.397          | 2.067          | 1.651          | 1.465          | 1.277          | 2.220          | --        |
| Mortgage Growth              | --             | -15.96%        | -25.23%        | -12.70%        | -14.71%        | 42.47%         | -5.23%    |
| MortLoan / Total Ast         | 0.68%          | 0.63%          | 0.47%          | 0.37%          | 0.31%          | 0.45%          | 0.48%     |
| Total Managable Asts         | 310.932        | 288.780        | 311.003        | 363.568        | 378.571        | 456.769        | --        |
| Total Growth                 | --             | -7.67%         | 7.15%          | 14.46%         | 3.96%          | 17.12%         | 7.00%     |
| <b>PrivFdn Assets (NCCS)</b> | <b>389.832</b> | <b>436.654</b> | <b>394.463</b> | <b>439.506</b> | <b>449.760</b> | <b>482.591</b> | --        |

Asset estimates (Est) are based on six year averages, configured in analysis of IRS data exhibited by NCCS in each year; including 1 – 24 month delay.

## Private Foundation Assets by Industry with Estimated Investments & Grantmaking

- In the study of 2001 – 2006 data, private foundation investment rates were available only for regional views. The six year average investment rate was applied to current year assets by industry, to estimate investable assets. In studying grantmaking for all foundations reported by the Foundation Center, donations held a 2001 - 2006 average of 6.51% total assets. This percentage was applied to 2008 assets, including investment impacts, to arrive at estimated grantmaking.
- Private foundations are largely included under “Philanthropy” (T), but also fall under all other NTEE codes, given their targeted interests in specific fields and population categories.
- Private foundations categorized by “T” are expected to donate to a range of industries; and so foundation assets per industry is not a clear indicator of grantmaking per industry. Charitable asset tables exhibit grants by industry in detail.
- Private foundations under all NTEE categories reportedly had \$583 billion in assets. Under the T category, \$498 billion are within private foundations. Remaining assets are targeted to specific fields.
- At an average investment rate of 89%, private foundations may be experiencing a \$138 billion decline. Given investable assets are subject to increase with the market, the loss may be reinstated in 6 months to 2 years of growth.
- With \$22.57 billion estimated cash, private foundations may have an estimated \$466.56 billion in assets, and grantmaking may have decreased to \$27.99 billion.
- Arts & Culture had \$13 billion in private foundations, and an estimated \$815 million in targeted grantmaking. The industry may be seeing a \$3 billion decline in assets. With \$530 million estimated cash, this industry may have an estimated \$10.87 billion in philanthropic assets, and grantmaking may have decreased to \$650 million.
- Justice had \$340 million in private foundations, and an estimated \$20 million in targeted grantmaking. The industry may be seeing an \$80 million decline in assets. With \$10 million estimated cash, this industry may have an estimated \$270 million in philanthropic assets, and grantmaking may remain at \$20 million.
- Education had \$37 billion in private foundations, and an estimated \$2.2 billion in targeted grantmaking. The industry may be seeing a \$9 billion decline in assets. With \$1.42 billion estimated cash, this industry may have an estimated \$29.28 billion in philanthropic assets, and grantmaking may have decreased to \$1.76 billion.
- Food, Agriculture, and Nutrition had \$168 million in private foundations, and an estimated \$10 million in targeted grantmaking. The industry may be seeing a \$40 million decline in assets. With \$10 million estimated cash, this industry may have an estimated \$130 million in philanthropic assets, and grantmaking may remain at \$10 million.
- Health & Human Services had \$19 billion in private foundations, and an estimated \$1.2 billion in targeted grantmaking. The industry may be seeing a \$4.6 billion decline in assets. With \$750 million estimated cash, this industry may have an estimated \$15.55 billion in philanthropic assets, and grantmaking may have decreased to \$930 million.
- Labor, Housing, Economics, & Recreation had \$7.6 billion in private foundations, and an estimated \$454 million in grantmaking. The industry may be seeing a \$1.8 billion decline in assets. With \$290 million estimated cash, this industry may have an estimated \$6.05 billion in assets, and grantmaking may have decreased to \$360 million.
- Science & Environmentalism had \$4.7 billion in private foundations, and an estimated \$282 million in grantmaking. The industry may be seeing a \$1.1 billion decline in assets. With \$180 million estimated cash, this industry may have an estimated \$3.76 billion in philanthropic assets, and grantmaking may have decreased to \$230 million.
- The upcoming Nonprofit Market Report discusses estimated private foundation investment trends, related grantmaking by industry, and industry-based grantmaking trends by region.

| Private Foundation Landscape |          |                                  | Reported Assets & Estimated Investable |              |         |           | Est Grants | Est DJIA Impact |             |           |         |               | Est Grants @ 6% trend |             |
|------------------------------|----------|----------------------------------|--|--------------|---------|-----------|------------|-----------------|-------------|-----------|---------|---------------|-----------------------|-------------|
| NTEE                         | PRO      | Nonprofit Industry               | Assets                                 | Reg Inv Rate | Est Inv | Nat Share | 6% trend   | Est Change      | Est Adj Inv | Est C-Inv | Est Ast | Est Ast+C-Inv | By Ast                | By Ast+Cinv |
| A,X,R                        | A&C      | Arts & Culture                   | 13.583                                 | 88.97%       | 12.085  | 2.33%     | 0.815      | (3.24)          | 8.85        | 0.53      | 10.35   | 10.87         | 0.62                  | 0.65        |
| I,M                          | CJ       | Justice                          | 0.340                                  | 88.97%       | 0.303   | 0.06%     | 0.020      | (0.08)          | 0.22        | 0.01      | 0.26    | 0.27          | 0.02                  | 0.02        |
| B                            | ED       | Education                        | 36.581                                 | 88.97%       | 32.546  | 6.28%     | 2.195      | (8.72)          | 23.83       | 1.42      | 27.86   | 29.28         | 1.67                  | 1.76        |
| K                            | FDA[HHS] | Food, Agriculture, and Nutrition | 0.168                                  | 88.97%       | 0.149   | 0.03%     | 0.010      | (0.04)          | 0.11        | 0.01      | 0.13    | 0.13          | 0.01                  | 0.01        |
| P,E,G,H,F,V                  | HHS      | Health & Human Services          | 19.422                                 | 88.97%       | 17.279  | 3.33%     | 1.165      | (4.63)          | 12.65       | 0.75      | 14.79   | 15.55         | 0.89                  | 0.93        |
| Z,Y,Q,O,W,T                  | PRO,Fdn  | Philanthropy & Special Interest  | 500.538                                | 88.97%       | 445.318 | 85.87%    | 30.032     | (119.28)        | 326.04      | 19.38     | 381.26  | 400.64        | 22.88                 | 24.04       |
| J,S,L,N                      | R&N      | Labor, Housing, Economics, & Rec | 7.563                                  | 88.97%       | 6.729   | 1.30%     | 0.454      | (1.80)          | 4.93        | 0.29      | 5.76    | 6.05          | 0.35                  | 0.36        |
| C,D,U                        | SCI      | Sciences                         | 4.694                                  | 88.97%       | 4.176   | 0.81%     | 0.282      | (1.12)          | 3.06        | 0.18      | 3.58    | 3.76          | 0.21                  | 0.23        |
|                              | SUM      | Total                            | 582.890                                | 88.97%       | 518.585 | 100.00%   | 34.973     | (138.90)        | 379.68      | 22.57     | 443.99  | 466.56        | 26.64                 | 27.99       |

Asset estimates (Est) are based on six year averages, configured in analysis of IRS data exhibited by NCCS in each year, including 1 – 24 month delay.

## Private Foundation Assets by Region with Estimated Investments & Grantmaking

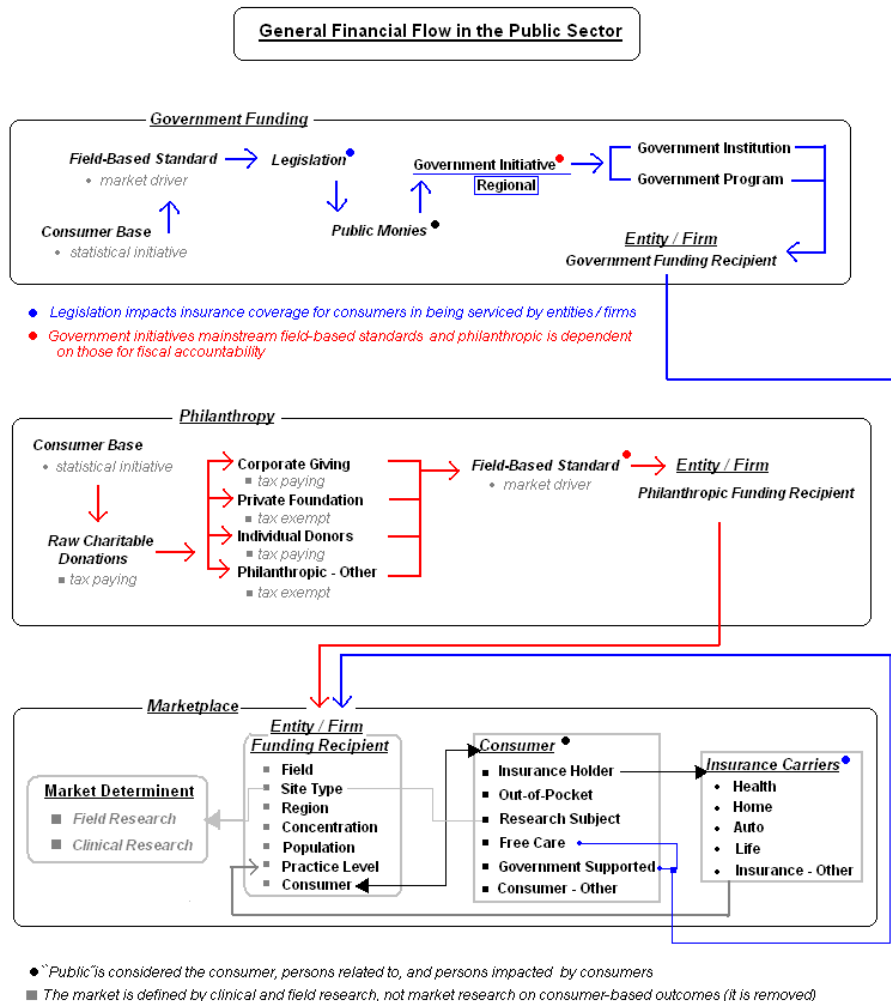
- NCCS-GuideStar data provided most information on private foundations from the regional spectrum. Where the majority of private foundation assets are housed under the general philanthropic industry category, regional analysis and comparisons to wealth may provide more insight to private foundations than would industry variables.
- In studying grantmaking statistics for all foundations reported by the Foundation Center, donations held a 2001 - 2006 average of 6.51% total assets. This percentage was applied to 2008 assets, including investment impacts, to arrive at estimated grantmaking.
- Private foundations reportedly had \$583 billion in assets. At an average 87% investment rate, the sector may be seeing a \$136 billion decline in assets. With \$22.15 billion estimated cash, the nation may have an estimated \$468.72 billion in philanthropic assets, and grantmaking may have decreased to \$28.12 billion.
- Mid Atlantic had \$57 billion in private foundations, and an estimated \$3.4 billion in grantmaking. At an average 89% investment rate, the region may be seeing a \$14 billion decline in assets. With \$2.20 billion estimated cash, the region may have an estimated \$45.27 billion in philanthropic assets, and grantmaking may have decreased to \$2.72 billion.
- Midwest had \$93 billion in private foundations, and an estimated \$5.6 billion in grantmaking. At an average 91% investment rate, the region may be seeing a \$23 billion decline in assets. With \$3.67 billion estimated cash, the region may have an estimated \$74.19 billion in philanthropic assets, and grantmaking may have decreased to \$4.45 billion.
- Mountain-Plains had \$21 billion in private foundations, and an estimated \$1.3 billion in grantmaking. At an average 87% investment rate, the region may be seeing a \$5 billion decline in assets. With \$790 million estimated cash, the region may have an estimated \$16.83 billion in philanthropic assets, and grantmaking may have decreased to \$1.01 billion.
- New England had \$26 billion in private foundations, and an estimated \$1.5 billion in grantmaking. At an average 87% investment rate, the region may be seeing a \$6 billion decline in assets. With \$970 million estimated cash, the region may have an estimated \$20.46 billion in philanthropic assets, and grantmaking may have decreased to \$1.23 billion.
- New York & New Jersey had \$123 billion in foundations, and an estimated \$7.4 billion grantmaking. At an average 89% investment rate, the region may be seeing a \$29 billion decline in assets. With \$4.47 billion estimated cash, the region may have an estimated \$98.21 billion in philanthropic assets, and grantmaking may have decreased to \$5.89 billion.
- Southeast had \$48 billion in private foundations, and an estimated \$2.9 billion in grantmaking. At an average 86% investment rate, the region may be seeing an \$11 billion decline in assets. With \$1.79 billion estimated cash, the region may have an estimated \$38.79 billion in philanthropic assets, and grantmaking may have decreased to \$2.33 billion.
- Southwest had \$39 billion in private foundations, and an estimated \$2.3 billion in grantmaking. At an average 82% investment rate, the region may be seeing an \$8.4 billion decline in assets. With \$1.38 billion estimated cash, the region may have an estimated \$31.50 billion in philanthropic assets, and grantmaking may have decreased to \$1.89 billion.
- Western had \$177 billion in private foundations, and an estimated \$11 billion in grantmaking. At an average 85% investment rate, the region may be seeing a \$40 billion decline in assets. With \$6.58 billion estimated cash, the region may have an estimated \$143.46 billion in philanthropic assets, and grantmaking may have decreased to \$8.61 billion.
- The upcoming Nonprofit Market Report discusses estimated private foundation investments and related grantmaking by region.

| Foundation Landscape  | Reported Assets & Estimated Investable |               |               |                | Est Grants    | Est DJIA Impact |               |              |               |               | Est Grants @ 6% trend |              |
|-----------------------|--|---------------|---------------|----------------|---------------|-----------------|---------------|--------------|---------------|---------------|-----------------------|--------------|
|                       | Assets                                 | Inv Rate      | Est Inv       | Nat Share      | 6% trend      | Est Change      | Est Adj Inv   | Est C-Inv    | Est Ast       | Est Ast+C-Inv | By Ast                | By Ast+Cinv  |
| Mid Atlantic          | 56.59                                  | 89.17%        | 50.46         | 9.92%          | 3.396         | (13.52)         | 36.95         | 2.20         | 43.08         | 45.27         | 2.58                  | 2.72         |
| Midwest               | 93.12                                  | 90.63%        | 84.40         | 16.58%         | 5.587         | (22.61)         | 61.79         | 3.67         | 70.51         | 74.19         | 4.23                  | 4.45         |
| Mountain-Plains       | 20.93                                  | 87.22%        | 18.26         | 3.59%          | 1.256         | (4.89)          | 13.37         | 0.79         | 16.04         | 16.83         | 0.96                  | 1.01         |
| New England           | 25.45                                  | 87.27%        | 22.21         | 4.36%          | 1.527         | (5.95)          | 16.26         | 0.97         | 19.50         | 20.46         | 1.17                  | 1.23         |
| New York / New Jersey | 122.81                                 | 89.29%        | 109.65        | 21.55%         | 7.368         | (29.37)         | 80.28         | 4.77         | 93.44         | 98.21         | 5.61                  | 5.89         |
| Southeast             | 48.03                                  | 85.79%        | 41.21         | 8.10%          | 2.882         | (11.04)         | 30.17         | 1.79         | 37.00         | 38.79         | 2.22                  | 2.33         |
| Southwest             | 38.59                                  | 81.90%        | 31.60         | 6.21%          | 2.315         | (8.46)          | 23.14         | 1.38         | 30.12         | 31.50         | 1.81                  | 1.89         |
| Western               | 177.37                                 | 85.22%        | 151.15        | 29.70%         | 10.642        | (40.49)         | 110.66        | 6.58         | 136.89        | 143.46        | 8.21                  | 8.61         |
| <b>Total</b>          | <b>582.89</b>                          | <b>87.31%</b> | <b>508.94</b> | <b>100.00%</b> | <b>34.973</b> | <b>(136.32)</b> | <b>372.62</b> | <b>22.15</b> | <b>446.57</b> | <b>468.72</b> | <b>26.79</b>          | <b>28.12</b> |

Asset estimates (Est) are based on six year averages, configured in analysis of IRS data exhibited by NCCS in each year; including 1 – 24 month delay.

## Discussion: Approaching Industry Variance & Systemics

- In the 2008 recession moving into 2009, the current estimated asset decline is between \$350 and \$360 billion, spread throughout the nonprofit sector and within all US domestic regions.
- Private foundation giving is anticipated to decrease by between \$7 and \$9 billion, based on a six-year 6.51% asset giving trend, including adjustments for cash investment.
- Other sources of giving include charitable foundations, corporate giving programs, charitable trusts / donor advised funds, direct donations from individuals, families, and businesses, and government grants.
- Charitable activities are expected to change as dependent on funding sources. For example, innovation and development is expected to decline, and general operations is expected to depend on revenue sources as a priority.
- Administrative oversight is expected to heighten, focusing on nonprofit efficiency and effectiveness. Tools such as outcomes models support executive decision-making over best practices.
- As the majority of charitable assets and revenue are tied in programming and operations, opportunities for partnership may focus on general expense shares. For example, combined marketing or sharing unused space. Fundamental cost-saves can leverage challenges in meeting daily needs of consumer groups like children, elderly, medically ill, and crime victims.
- Nonprofits are already being encouraged by leadership to approach legislation on financial stability and recovery. Financial requests may be predicted by estimated market dips per industry, as tied to grantmaking federal agencies.
- Nonprofit activities vary dependent on industry diversity: with variables including field, population specialization, initiative type, region, consumer demand, and financial availability. Nonprofit initiatives are dependent on related best practices, standards or guidelines, and outcomes models available to administration.



## Index: Options for Specialized Nonprofit Market Research Studies

- **Standard Options**
  - General Contacts & Referrals
  - Organization Structure
  - Initiative Detail & Background
  - Stakeholders & Background
  - Financials (990 Analysis and role in market)
  - Case Study – Additional Analytics
- **Contact Information & Organizational Structure**
  - Information on organizations, specific programs, and individuals
  - Street/mailling address, phone numbers, e-mail, and websites
  - If multiple contact groups are requested, contacts are organized by field, region, charitable activity, and leadership role
  - Organization contacts are organized hierarchically, including executives, partners, and stakeholders
- **Financial Areas**
  - *Scope*
    - Industry Reporting: By industry category and specific field
    - Regional Reporting: By state, county, local area, or defined regional area
    - Case Studies & Statistical Analysis
  - *Data*
    - Standing Financials: Actual, and Estimates where actual is outdated by months or years
    - Growth Rates: Changes year over year, and between reporting periods
    - Asset relationships: Impact of one financial area over another
  - *Charities & Foundations filing as Charities*
    - 990 Filers
    - Total Assets
    - Revenue: Donations, Special Events, Investment, Services and Contracts, Dues, Net Sales, & Other
    - General Expenses
    - Income: Revenue after Expenses
    - Liability: Tax-Exempt Bonds, Mortgages, and Other
  - *Private Foundations*
    - 990PFs
    - Total Assets
    - Revenue
    - Cash
    - Investments: Stocks, Bonds, Alternative
    - Mortgage Loans
    - Total Giving
    - Gifts Received
  - *Additional categories are covered in case studies, through 990 analysis and/or direct work with the organization.*
- **Common Market Information Requests**
  - a) Assets and Revenue by State, Region, and Nationally
  - b) Assets and Revenue by Industry
  - c) Investment Trends by Region and Industry
  - d) Dynamics between charitable investment, Dow Jones Industrial Average, and special investment categories like healthcare
  - e) Financial data by individual organization or foundation
  - f) Indicators of service marketability by industry and region
  - g) Background on standard practices for most charitable initiatives
  - h) Contact information for the entity, initiative, leadership, or stakeholders
  - i) Tax Identification number or related official public record
  - j) Contact information for membership (in some cases, in the hundreds or thousands)
- **Special Studies on Clients of Clients**
  - a) Measuring market share by number of clients per industry and region
  - b) Product and service trends of current clients
  - c) Relationship retention rates by region, and product/service category
  - d) Financial and relationship development information

## Appendix A: Industry Categories & Federal Grantmakers

- **Nonprofit Industries**
  - **Arts & Culture**
    - Arts, Culture, and Humanities
    - Religion Related, Spiritual Development
    - Civil Rights, Social Action, Advocacy
  - **Justice:** Crime, Legal Related, Public Safety, Disaster Preparedness, and Relief
  - **Education:** Primary/Secondary, Higher Education, & Organizations
  - **Food, Agriculture, and Nutrition**
  - **Health & Human Services**
    - Health - General and Rehabilitative, Hospital Institutions
    - Diseases, Disorders, Medical Disciplines
    - Medical Research
    - Mental Health, Crisis Intervention
    - Social Science Research Institutes, Services
  - **Philanthropy & Special Interest**
    - Mutual/Membership Benefit Organizations, Other
    - International, Foreign Affairs, and National Security
    - Youth Development
    - Public Society Benefit - Multipurpose and Other
    - Philanthropy, Voluntarism, and Grantmaking Foundations
  - **Labor, Housing, Economics, & Recreation**
    - Employment, Job related
    - Community Improvement, Capacity Building
    - Housing, Shelter
    - Recreation, Sports, Leisure, Athletics
  - **Sciences**
    - Environmental Quality, Protection, and Beautification, Animal-Related
    - Science and Technology Research Institutes, Services
- **Selected Federal Grantmaking Agencies**
  - *Christopher Columbus Fellowship Foundation*
  - *Corporation for National and Community Service*
  - *Department of Health and Human Services*
  - *Department of Labor*
  - *Department of Veterans Affairs*
  - *Environmental Protection Agency*
  - *Institute of Museum and Library Services*
  - *James Madison Memorial Fellowship Foundation*
  - *Marine Mammal Commission*
  - *National Council on Disability*
  - *National Endowment for the Arts*
  - *National Endowment for the Humanities*
  - *National Science Foundation*
  - *President's Committee on the Arts and Humanities*
  - *U.S. Department of Education*
  - *US Department of Housing and Urban Development*
  - *United States Department of Agriculture*
  - *United States Department of Justice*
  - *Woodrow Wilson Center*

## Appendix B: Social Investors - Stakeholders & Financial Parallels

- **Stakeholders & Financial Relationships**

- **Government**
  - Fiscal Compliance
  - Quality & Risk: Standards of Practice
  - Giving (\$20 - \$70B + per agency)
- **Leading Associations**
  - Quality & Risk: Accreditation and Standards of Practice
  - Referrals to Giving (Foundations)
- **Giving (Non-Gov)**
  - Foundation
    - *Corporate*
    - *Nonprofit*
    - *Individual/Family*
  - Private Donor (no foundation)
  - Independent Fund Raising
- **Corporate Partners: Revenue**
  - Research & Development
  - Products & Services
- **Consumers: Revenue**
  - Clients / Patients / Human Subjects
  - Insurance (healthcare)
  - Tax Subsidy (education)
- **Members**
  - Membership Levels: Services & Dues
- **Board of Directors**
  - Internal Leadership
  - External Leadership (from above)
  - Donor Representatives

- **Nonprofit Financial Analysis**

- **Data**
  - Standing Financials: Actual, and Estimates where actual is outdated by months or years
  - Growth Rates: Changes year over year, and between reporting periods
  - Asset relationships: Impact of one financial area over another
- **Charities & Foundations filing as Charities**
  - 990 Filers
  - Total Assets
  - Revenue: Donations, Special Events, Investment, Services and Contracts, Dues, Net Sales, & Other
  - General Expenses
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  - Liability: Tax-Exempt Bonds, Mortgages, and Other
- **Private Foundations**
  - 990PFs
  - Total Assets
  - Revenue
  - Cash
  - Investments: Stocks, Bonds, Alternative
  - Mortgage Loans
  - Total Giving
  - Gifts Received
- *Additional categories are covered in case studies, through 990 analysis and/or direct work with the organization.*

## Appendix C: Selected Variables of Nonprofit Activity, also Related to Outcomes Reporting

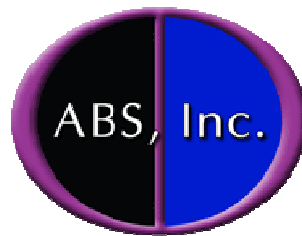
- **Professional Activities (ACT)**
  - **Reference:** Case Records, Theory, Opinion, Research
  - **Analysis:** Assessments, Intake Assessment, Intervention Plan, Terms & Conditions, Progress Report
  - **Assessment Tools:** Assessment Forms, Specialized Evaluations, Case Management Forms, Diagnostic Tools, Formal Tests, Interdisciplinary Tools
  - **Approach:** Types of Intervention Techniques, Milieu / Community Activities, Intervention Termination Procedure, Qualification for Intervention Completion
  - **Consumer Strategy:** Objectives, Evaluation Tools, Strategies, Professional Standards, Specialized Training, Interdisciplinary Communications
  - **Partnerships / Professional Relations:** Contrasts between Principles, Contrasts between Assessment Procedures, Contrasts between Techniques, Partnership Levels
  - **Training Variables:** Field-Specific Sessions, Interdisciplinary Sessions, Continuing Education, Availability, Qualifications,
  - **Administrative:** Operations, Finance, Budget and accounting, Personnel, Planning
  - **Peer Standing:** Federal Program, State Program, National Model, Field-Specific Model, Field-Specific Theory, Interdisciplinary Model
- **Financial Measures**
  - **Direct Costs:** Range per Client, Per Client Meeting, Support Services, Operations, Administrative, Legal
  - **Payment of Fees:** Firm Pay, Self-Pay, Insurance, Sliding Scale, Free Service, Government Funded , Private Funding
  - **Capacity (Ratio):** Practitioner to Clients, Number of Meetings, Practitioner to Group, Program to Subjects, Programs per Subject, Length of Waiting List
  - **Intervention Activities for Reimbursement:** Assessment & Analysis, Intervention Technique, Interdisciplinary Case Meetings
- **Consumer Relations**
  - **Nature of Client Contact:** Referral, Relationship, Supervisory, Direct Intervention, Transitional, Milieu / Community, Outreach, Direct Service
  - **Social:** One-on-One, Peer Group, Family/Marriage, Partnership, Team, Public
  - **Term:** One Time, Days, Weeks, Months, Years, Permanent
  - **Frequency:** Daily, Times per Week, Weekly, Monthly, Quarterly, Annually
  - **Environment:** Residential, In-Patient, Office, Locked Facility, Community, General Public
  - **Contact Ratios:** Location, Professional per Consumer Variable, Program to Consumer Variable, Averages (ex., number of group therapy sessions per day)

**Appendix D: Nonprofit Victims of Madoff's \$50 billion "Ponzi" Investment Scheme**  
(incomplete listing, also does not include all charities dependent on grantmaking)

1. Carl & Ruth Shapiro Family Foundation invested (\$145 million)
2. Chais Family Foundation (may be closing)
3. Charles I. and Mary Kaplan Foundation (\$3.2 million)
4. Elie Wiesel Foundation for Humanity, the foundation of the 80-year-old Nobel Prize winner and Auschwitz survivor
5. Forward Association (\$355,000)
6. George Washington University
7. JEHT Foundation (\$30 million)
8. Jewish Community Center of Greater Washington
9. Jewish Council for the Aging
10. Jewish Federation of Greater Washington (8% of savings); United Jewish Endowment Fund of the Jewish Federation of Greater Washington (\$10 million)
11. Jewish Federation of Greater Los Angeles (\$6.4 million.)
12. Los Angeles Jewish Community Foundation (\$18 million)
13. Jewish Funds for Justice (\$3.9 million)
14. Julian J. Levitt Foundation (\$6 million)
15. Madoff Family Foundation (\$19 million)
16. Maimonides School in Boston
17. Mort Zuckerman's Charitable Trust (\$30 million)
18. New York University Law School (\$3 million )
19. North Shore-Long Island Jewish Health System Foundation (\$5.7 million)
20. Philoctetes Center for the Multidisciplinary Study of the Imagination
21. Ramaz school in Manhattan
22. Robert I. Lappin Charitable Foundation (\$8 million)
23. SAR Academy, an orthodox Jewish school (\$1.2 million)
24. Sterling Equities / Wilpon's family foundation
25. Steven Spielberg's Wunderkinder Foundation
26. Technion-Israel Institute of Technology, in Haifa, Israel (\$6.5 million)
27. Tufts University (\$20 million)
28. University of Maryland
29. Yeshiva University (\$14.5 million). Madoff served as treasurer of Yeshiva's board of trustees, Sy Syms School of Business as chairman of the board .
30. More...

Sources: *Forbes*, *Bloomberg*, *The Jewish Daily – Forward*, *Wall Street Journal*, *Washington Post*, *Boston Globe*, *ThomasKeeley.com*, *CrainsNewYork*, *Science Magazine*, *The Telegraph (UK)*

ABS Community Research, Inc.  
~ *Building Bridges* ~



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