

We ignore plight of charities at our peril

Revelations of nonprofits' financial woes should be a wake-up call to this country

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WEDNESDAY, NOV. 28: Pure charity — where support for the causes tackled by nonprofits relies on the goodwill of funders, community and government — is long gone.

Consider The Family Centre, which on November 8 announced a \$250,000 revenue deficit, making it at least the third nonprofit to make unsettling public revelations. YouthNet and Sunshine League issued similar statements earlier in the year.

Pure charity has been replaced by a fast-paced, knowledge-based third-sector marketplace that requires strategic and thoughtful social investment. And although funding for charitable efforts in Bermuda has been abundant according to many in the field, particularly given that there are no local tax incentives whatsoever, times are changing. Less money goes to charitable work and it's a problem.

The 2011 Bermuda Donor Forum survey of some 22 local and international businesses and private foundations shows that nearly \$14 million went to Bermuda's nonprofit sector, down \$2.8 million from 2010. The number of respondents dropped a third (from 33), which accounts for some of the downward movement. But even so, this is a decrease since 2009, when corporate and foundation giving was reported at upwards of \$18.7 million with 31 respondents.

This trend is particularly disturbing because most philanthropic dollars in Bermuda are generated by corporations. Whether companies are hunkering down financially, making adjustments for lost profits or changing residence, their contributions are decreasing.

Household charitable dollars mirror these corporate movements. Of households that give, 56 per cent — more than half — contribute less than \$500 annually to charity, according to a 2008 Donor Forum Giving survey.

Individual charitable giving in 2009 declined by 4.9 per cent from 2008 according to the Center on Wealth and Philanthropy at Boston College. These are US figures and they don't account for Bermuda's generous gifts of time, but if we look at how Bermuda's deep decline in property values and sharp rise in unemployment rates mimic US developments, we can infer that household charitable giving may also decline.

Given current economics, it's reasonable to assume companies and foundations will struggle to give in ways they have before, and that household/individual giving levels will continue to fall.

The results can be seen in the concerns expressed by social support organisations such as The Family Centre, YouthNet and the Sunshine League. There are roughly 13,000 school-aged children in Bermuda.

The Family Centre directly serves about 500 families per year. Presumably because the organisation doesn't have the staffing capacity to reach them directly, it sends tip sheets and information to 1,500 additional families that need support. The Sunshine League closed when its grant from government was reduced from \$200,000 to \$100,000 in 2011. It reportedly cost upwards of \$75,000 a year per [at-risk] child to operate the 24-hour facility and the \$700,000 yearly expenses covered by private donations was not enough. In August 2012, YouthNet reported operating at a loss in 2011, seeing its budget reduced from \$750,000 to \$675,000.

Why should we be disturbed by such news? It's simple: in Bermuda many nonprofit organisations provide essential services – they do things that no one else is doing. Without these services, we would be a lesser society and Bermuda's social condition could become perilous.

In these harsh economic times, nonprofits will have to take serious account of the overhead costs, missions, services and value they provide. Key nonprofit agencies that provide essential services and inform policy are effectively small businesses and, as such, need to respond to changing financial conditions with corporate-like nimbleness. But, given Bermuda's reliance on nonprofits to deliver essential services, we need to ensure they have access to enough money to deliver on their mandates.

At least three charities have gone public about a loss of significant operating funds and concerns about their ability to maintain the quality and quantity of services they offer to people in need.

Strategic policy and fiscal responses are required. Prioritising social needs and funding them adequately, and in a sustained way, would be a start.

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Dr Myra Virgil, Guest columnist



Quality service: Funding the likes of the Family Centre, which offers such vital social support, should be a priority. **File Photo*

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