



Recessionary Wars

With endowments losing billions and fewer donations flowing into non-profit institutions, local institutions suffer. **By Deborah L. Cohen**

Every April for nearly a decade, the Chicago Botanic Garden has thrown one of the most lavish garden parties of the North Shore social season. The soiree, a preview fund-raiser for CBG's three-day Antiques and Garden Fair, has become one of the most highly anticipated events of the spring, growing in size and stature. The 2008 preview gala was the most elegant yet, with five Versailles-themed "fantasy gardens" and live models posing in *tableau vivants*.

But as the recession deepened last winter and staff layoffs were imminent, administrators at the garden had to make a tough financial decision. They canceled the Antiques and Garden Fair for 2009. The party was over, for them and for dozens of other non-profit arts, cultural and commu-

nity organizations.

This year's casualties also include Evanston's About Face Theatre, which ended its season early, delaying an important new production until spring, and more recently, Highland Park's Apple Tree Theatre, which closed its doors for good in September. Meanwhile, Northwestern University's endowment has lost some \$1.6 billion in the last year, pushing its worth down to roughly \$5.4 billion. The Hadley School for the Blind in Winnetka is tapping a larger share of its own legacy fund to keep the budget rolling along without resorting to layoffs. And though Lyric Opera has managed to stay in the black this year, it is only because its tri-yearly wine auction injected an extra \$1.2 million into the annual coffers.

Financial losses at charitable organizations large and small are rampant as a slowdown in federal funding, coupled with the crippling effect of the ailing stock market on foundation assets and reduced donations from individual donors, means that severe cost reductions in operating expenses have become de rigueur.

"As the clouds were getting darker, we needed to make some decisions to protect ourselves," says Jim Boudreau, Chicago Botanic Garden's vice president of marketing and development. "We did a lot of belt tightening in the fourth quarter. Management here really wanted to take a conservative approach to this year."

The good news is that the garden has managed to adhere to longer-term goals. To keep up with consumer interest in environmentalism, the garden has moved ahead with the opening of its Daniel F. and Ada L. Rice Plant Conservation Science Center and a host of related events focused on sustainability. Other positives are that year-to-date visits were up 20 percent and membership has climbed 7 percent, Boudreau says. The antiques show is scheduled to return next year for its 10th anniversary. But until then, prudence is in order.

"We have this pressure because of the times," says Mary Sutherland, a board member and past president of the storied Winnetka Woman's Club, a non-profit that provides scholarships to local high school students, offers the use of its historic building to a variety of local civic groups and sponsors a series of yearly educational programs.

The club, which has seen its membership numbers progressively wane, is coping with the costs of structural repairs to its 100-year-old facility amid a tax burden that has risen more than 80 percent since 2002, last year alone totaling some \$33,000. The hits are coming at a time when fundraising has become more difficult. "Everything is down," adds Sutherland, noting that the club's big money-raising events, including its antiques show and garden walk, have brought in less money than in prior years. "We can balance our

budget, but it's very tight."

According to research from the Giving USA Foundation in Glenview, overall charitable giving fell an estimated 2 percent in 2008 from the prior year to \$307.65 billion, the first decline since 1987. Two-thirds of public charities across the country experienced a decrease; adjusted for inflation, total giving levels were off 5.7 percent.

Charity Navigator, which last year rated Chicago among the top 10 most fiscally sound philanthropic markets in the country, believes there could be a six-month lag before non-profit organizations feel the effects of recovery when the economy finally starts to turn around. In the meantime, austerity remains the watchword.

That's the mantra at the Hadley School for the Blind in Winnetka, which provides remote learning at no cost to some 10,000 visually impaired individuals throughout the United States and in 100 countries.

"We'll go with a less expensive dinner, and we're looking at a less expensive ticket price," says school President Chuck Young of Hadley's of plans for the school's yearly dinner-dance fundraiser in April. "The gala has to reflect the mood of the audience; you can't be over the top in the time of a rough economic situation."

Despite its penny-pinching, Hadley is tapping a larger-than-usual portion of its endowment to help maintain its annual \$6 million budget, Young says. So far, the school has not made any staff reductions but is holding the line on salaries and has opted not to fill open positions.

"If this keeps up over the longer term, that endowment is going to shrink," Young cautions. "We can do it for a little while, but you don't want to have that go on."

Consider the Lyric Opera. The wine auction may have saved 2009 for the beloved cultural icon, but the organization said in May it expects a decline in the investment markets to push its endowment down 26 percent, or \$39 million, for the fiscal year. It, too, has frozen salaries and is curtailing spending to reduce expenses by \$1.7 million over the course of its 2008-2009 season. "Needless to say, this is a very trying economic environment," says Lyric



Make a difference in kids' lives – and your own.

When you establish a gift annuity with Children's Memorial with cash, appreciated stock or other assets, it benefits thousands of kids and one of the foremost pediatric hospitals in the nation. Your contribution supports leading specialists, breakthrough research and the latest kid-focused technology. For many children and their families, it's a gift that's everlasting. *But it also gives back to you.*

Gift Annuity Payment Rates

Selected rates for one person		Selected rates for two persons of the same age	
AGE	RATE	AGES	RATE
60	5.0%	60	4.6%
70	5.7%	70	5.2%
80	7.1%	80	6.6%
90	9.5%	90	8.3%

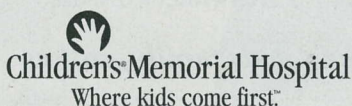
This is not legal advice. Rates are subject to change. Any prospective donor should seek the advice of a qualified legal, estate and/or tax professional to determine the consequences of his or her gift.

ENJOY THE BENEFITS OF A GIFT ANNUITY.

You'll receive fixed payments for life (a portion generally tax-free), as well as a charitable income tax deduction. And, if funded with appreciated securities, a portion of your capital gains tax will be forgiven; the balance spread out over many years. Best of all, your gift goes to work for countless kids.

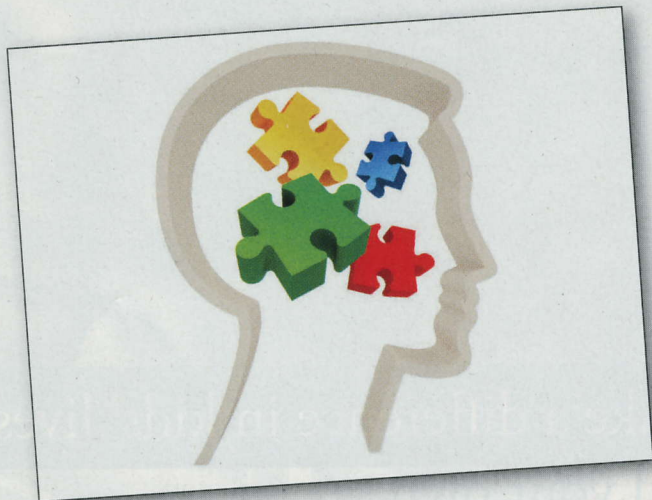
ESTABLISHING AN ANNUITY IS EASY.

Gifts start as low as \$5,000. To learn more, call Andrew Tiebert at 773.880.4237, send in the form below, or visit www.childrensmemorial.org/plannedgiving. There is no obligation if you contact us for information.



Please send to:
Children's Memorial Foundation
Attn: Andrew Tiebert
Director of Planned Giving
2300 Children's Plaza
Box 4
Chicago, IL 60614

Name(s) _____
Date of Birth _____ Spouse's Date of Birth _____
Address _____
City _____ State _____ ZIP _____
Daytime Phone _____ E-mail _____
I'd like an illustration in the amount of \$ _____



Until the puzzle of Alzheimer's is solved, The Bethany Terrace is here for you.

Researchers are coming close to solving some of the mystery of Alzheimer's disease. However, the toughest part of the disease process is still trying to find appropriate and therapeutic solutions for the person with Alzheimer's, their family and caregiver.

For over 25 years, The Bethany Terrace has been a pioneer in activity-based programming for persons with Alzheimer's disease and other dementias, helping to bring quality of life to each individual – and peace of mind for their caregivers. Each resident is involved in up to 12 hours a day of supervised activity helping to lessen disorientation and redirect energies. Our multidisciplinary team works together creatively to nurture the physical, emotional and spiritual needs of both the individual with dementia and their family.

And, The Bethany Terrace offers a monthly support group for anyone from the community on the third Friday of the month from 1:30 to 2:30 pm – providing information, education and support for family caregivers trying to navigate the journey of Alzheimer's disease.

If we can be a resource to you and your family, call us today. (847) 965-8100



The Bethany Terrace
...a Health & Rehabilitation Center

8425 Waukegan Road • Morton Grove, Illinois 60053
(847) 965-8100 • www.bethanyterrace.org

spokeswoman Susan Mathieson Mayer. "The people that attended the wine auction supported us magnificently."

Circumstances were a bit more dire for the About Face Theatre, which in late February was close to throwing in the towel amid mounting debts, including outstanding accounts payable and a large credit card balance. In a last-ditch effort, the Equity theater announced that its season-ending production, Anne-Marie Healy's *What We Once Felt*, was being postponed so it could focus on a \$300,000 fundraising campaign to pay its bills and build up a reserve.

"Small theaters, they're so scrappy; they don't have all the overhead that we have," says Managing Director Rick Dildine, noting that mid-sized theaters such as About Face have fared the worst in the difficult economy. "Big theaters — Steppenwolf, Lookingglass, Goodman — they have all the corporate support and cash reserves." About Face is not yet out of the woods, but it had managed to raise some \$200,000 in the first two months of the campaign, says Dildine, adding that donations flowed in from 36 states and three foreign countries. The average individual gift was \$250.

Keeping proven donors close to the vest, especially those who have historically given large gifts to an organization, will be critical during the downturn, stresses Jimmy R. Alford, who heads the local non-profit consulting firm The Alford Group. "Organizations are going to be highly dependent on philanthropy to sustain and support them for the long term," says Alford, who is advising his clients to spend more time building relationships with longstanding givers. "When people cut back, they'll cut back to organizations they don't feel connected with."

Those connections may be increasingly hard won. One of the positive outcomes of consumers' recessionary frugality is a greater sense of scrutiny about how their donations will be used. That judicious approach is leading to a greater call for transparency across the board.

And given that the full impact from this recession has yet to be felt, this newfound prudence could help preserve our institutions for years to come. 