

S.F. Foundation throws lifeline to nonprofits

Vol. 23, No.39

April 24-30, 2009

By SARAH DUXBURY, San Francisco Business Times

The San Francisco Foundation has started an emergency fund to help Bay Area nonprofits as the recession deepens.

On Monday, its Nonprofit Transitions Fund will begin distributing \$250,000 in grants ranging from \$10,000 to \$30,000 to help struggling nonprofits figure out how to restructure for survival — be that mergers, joint ventures, shared back office functions or even going out of business.



Killacky

“With the down economy probably lasting three years, we wanted to be as responsive as we could so that when the economy does change, some restructuring (of the sector) will have happened and the (nonprofits) emerge healthier and more sustainable for the long term,” said John Killacky, arts program director at the San Francisco Foundation and a driving force behind the Transitions Fund.

As many as 10 groups could receive funding by next week, and the entire fund will be spent by June 30, the end of the foundation’s fiscal year. If deemed a success, the Transitions Fund will be renewed with additional money next fiscal year.

Other Bay Area foundations are considering similar efforts, Killacky said. Grantmaker interest in such restructuring funds is “kind of sweeping the country right now,” said Bob Harrington, director of the strategic restructuring practice at La Piana Consulting in Emeryville, which has worked on over 100 nonprofit mergers in the past decade.

“I think the recession will see a restructuring of the sector. There probably will be fairly significant consolidation,” Harrington said. “I also suspect there are going to be significant closures of organizations.”

Indeed, as many as 100,000 nonprofits nationwide, including some big ones, will fail over the next two years, according to Paul Light, a professor of public service at New York University, the Chronicle of Philanthropy reported.

Experts expect that nonprofits will suffer even more over the next six to 18 months as foundation funding shrinks to reflect steep investment losses.

This \$250,000 is part of \$1 million in emergency funding that The San Francisco Foundation set aside to counter the recession this year. Of that, \$600,000 are safety net funds for general operating support to community development and health agencies and \$150,000 went to emergency loan funds at Northern California Grantmakers.

“Before, growth used to be the barometer for the success of an organization,” Killacky said. “For now, I think adaptability will be much more important.”

THE SAN FRANCISCO FOUNDATION

The Community Foundation of the Bay Area