

## Poorest Feel Downturn as Donations Fall

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NEW YORK — For Citymeals-on-Wheels, a nonprofit group that delivers food to homebound New Yorkers, the Wall Street crisis already means 100,000 fewer meals will be delivered to people who need them.

One day this spring, the group lost about \$500,000 it expected from employees of Bear Stearns as the firm collapsed. A few days later, \$225,000 promised by a hedge fund vanished after its stock plummeted. This summer, private contributions were running 20 percent less than a year ago. And in the past few weeks, significant numbers of longtime donors have cut their giving in half, said Executive Director Marcia Stein.

After Citymeals-on-Wheels cut back its program, some elderly people began receiving one meal a day instead of two.

"You know the next day you got a meal coming, so you don't have to worry, then all of a sudden it's not there," said Dorothy Skinner, 82, a retired special-education aide who lives alone in Manhattan. "It really hits you."

Across New York, nonprofit organizations are anxiously tracking the demise of longtime donors such as Lehman Brothers, Merrill Lynch, American International Group and Bear Stearns, as Wall Street's problems begin to trickle down to the city's poorest residents.

"Our people had the lowest earning power and greatest risk," said JoAnne Page, the president and chief

executive of the Fortune Society, which serves adults leaving prison and juveniles in trouble with the law. The organization already faces cutbacks from various sources. "If you ask me about what the future is going to look like in the next couple years, it's going to hurt like hell."

While it is still too early to ascertain the full impact of the financial crisis and a slowing economy on organizations that serve the poor, one consultant to nonprofit agencies said a handful of executive directors already have contacted him because they are unsure how to raise enough money to continue providing services.

Some organizations are seeing cuts in city funding as tax revenue, foundation giving, gifts and contributions from corporate and private donors decline simultaneously. Others are awaiting talks with funders to see how they will be affected.

Some nonprofits, such as the Harlem Children's Zone, which offers educational programs, have depended on major funding from donors whose futures are suddenly bleak. The group recently received \$6 million from the Lehman Brothers Foundation, as well as volunteer tutoring from Lehman Brothers employees, and is partway through disbursement of a \$25 million gift from the Starr Foundation, whose board members include AIG executives.

A spokesman for the Harlem group said that he hoped it would receive all the remaining money but that he could not comment about what gifts might be anticipated from either foundation in the future.

Other beneficiaries, such as the Robin Hood Foundation, which recently received a \$3 million grant from the Starr Foundation, and Teach for America, which also received \$3 million, declined to comment on whether they expected their support to be affected.

Reynold Levy, president of Lincoln Center and author of the book "Give and Take: A Candid Account of Corporate Philanthropy," said he is cautiously optimistic about donors' ability to recover and support nonprofit groups.

"In any given five years, philanthropy more than recovers," he said, acknowledging that he was speaking about data for short and shallow recessions.

He said the country's recent aggregation of wealth in the hands of a smaller number of people means that these people have excess to give. "There's an enormous amount of money out there."

About \$306 billion was given away last year, according to the Center on Philanthropy at Indiana University. About 75 percent came from individuals, 13 percent from foundations, 8 percent from bequests or wills, and 5 percent from corporations.

The Giving USA Foundation recently released a report saying that during the last recession, in 2001, donations dropped 2.2 percent. Giving remained flat during the recession of 1982 and dropped 5.4 percent during a downturn in 1974.

Some nonprofit managers said their donations have so far remained steady.

"We have had donors say, 'I'm not going to buy a boat this year or take a vacation,' but they'll still give the amount they committed," said Anthony DiLauro, president and executive director of Boys Town New York, which provides services to impoverished children and families.

But many fundraisers and their advisers said they are anxious as they look toward the winter season, when charitable contributions peak.

"This crisis could not have come at a worse time for nonprofits because it's right at the start of the giving season," said Melissa Berman, chief executive of Rockefeller Philanthropy Advisors, a nonprofit service that assists donors. "This November and December looks like we're going to be in the midst of a very turbulent, uncertain and frightening time."

"People are nervous, particularly about their gala events," said Toni Goodale, whose firm raises money and consults for nonprofits. The galas she has attended in the past few weeks are still packed, but "people bought their tickets months ago," she said.

Ultimately, the corporate restructuring is sure to have a profound impact on other branches of the economy, some nonprofit advisers said.

"There's going to be a whole new relationship between the nonprofit sector, the private for-profit sector and government," said Don Crocker, the executive director and chief executive of the Support Center for Nonprofit Management. "I've been working in the sector my whole life, and this is up there with the most scary times."