

Charities stay optimistic — for now

Steady donations being reported, but area groups brace for tougher '09

BY JOANNE CHIANELLO DECEMBER 19, 2008

OTTAWA — Despite rising anxiety over an economic outlook that gets more grim every day, area organizations say they are not ready to hit the panic button about the level of donations.

Still, there are signs that things are starting to crack.

The United Way's fall campaign raised a record \$29.9 million, but it was still more than \$1 million short of its goal.

The Ottawa Food Bank is ahead of last year in terms of the amount of food it has collected, but behind in cash donations. The Food Bank feeds people all year round, and spends \$1 million buying food and on operating costs. This is a crucial time for the charity since it raises 45 per cent of its \$2-million annual budget between Thanksgiving and Christmas.

Smaller organizations tell a similar story. One project that provides Christmas hampers has received more donations of goods than last year, but not as much cash.

That squares with many surveys that indicate people are still planning to give to their favourite charities this Christmas, but not as much as last year.

Ironically, says Michael Maidment, a public relations representative for the Salvation Army, the fact that there's so much media attention on the tanking economy right before the holidays is good for charities.

"People are generous at Christmas," he says. "But the flip side is, what happens next Christmas?"

It's a concern all charities share: while this holiday season doesn't seem too disastrous for the sector, the community is holding its collective breath about what 2009 has in store for the city.

The effects of the economic downturn are beginning to be felt in real ways in many areas of southern Ontario where people have lost manufacturing jobs. Ottawa's economy, which is largely based on relatively safe public service jobs, is somewhat buffered, but few expect it to be untouched by the financial fallout. It will just take longer to hit us and even longer to affect charities.

"If somebody loses a job tomorrow, they don't come to the Salvation Army the next week," says Mr. Maidment.

"When their employment insurance runs out, and they can't find a job, then they come, six months

later.”

Peter Tilley, the executive director of the Ottawa Food Bank, said when the high-tech sector crashed in the late 1990s area support groups didn't see an increase in demand for six to nine months.

Still, charitable groups are “more optimistic than I would have thought,” says Paul Taylor, chief investment officer at BMO Harris Private Banking.

Anecdotally, charities say that individual donations don't necessarily decrease dramatically during a poorly performing economy.

For example, the United Way, where a large proportion of the budget comes from automatic payroll deductions, has seen donations remain steady or even increase at companies that have experienced layoffs.

“The people who remain (at the company) have a sense of good fortune,” says Michael Allen, president and CEO of the local United Way. “You feel a sense of responsibility when people you know or work beside you are affected.”

Still, Mr. Allen admits that if people lose their jobs, or if those on fixed incomes are seeing their investments dwindle, there will be less money available for charities.

“People's desire to give remains relatively unaffected, but their capacity to give is,” he says.

And that creates a Catch-22 for area charities: the time when people feel they can't afford to give as much is exactly when society needs these organizations' services even more.

“We're bracing for a tougher '09,” says Mr. Allen.

How well Ottawa charities do next year depends on two things: the employment rate and what kind of donations the organizations depend on.

If people feel relatively secure in their jobs, they tend to give — “there's a great deal of empathy around,” says Mr. Allen.

If organizations operate using income from endowments, that's a bigger problem.

Mr. Taylor, of BMO Harris, says most funds are “down 15 to 20 per cent,” due to the financial market collapse.

© Copyright (c) The Ottawa Citizen