



FOR IMMEDIATE RELEASE

October 12, 2006

HAWAII COMMUNITY
FOUNDATION

1164 Bishop St., Ste. 800
Honolulu, Hawai'i 96813
Phone: 808-537-6333
Fax: 808-521-6286
hawaiicommunityfoundation.org

FOR MORE INFORMATION

Contact: Lori Abe
Hawai'i Community Foundation
Phone: (808) 566-5533 or (808) 282-4398 (cell)

HAWAII COMMUNITY FOUNDATION RELEASES FINDINGS OF ITS "HAWAII NONPROFITS 2006" STUDY

Follow-up to 2001 benchmark study to see how the state's nonprofit industry has changed in the last five years

HONOLULU— Hawai'i Community Foundation (HCF) announces the findings of its "***Hawai'i Nonprofits 2006: One Fabric, Different Threads,***" a study the Foundation commissioned SMS Research to conduct on the nonprofit industry in the state. The study is a follow-up to HCF's benchmark study conducted by SMS in 2001 as the first effort of its kind in the state, and one of a few conducted in the nation, to provide a comprehensive view of Hawai'i's nonprofit industry.

Commented HCF President & CEO Kelvin Taketa, "As a resource on community issues and trends, particularly related to the increased vitality and strength of the nonprofit industry, we originally commissioned this study in 2001 to better understand the scope and scale of the industry in Hawai'i. Through that study, the important role Hawai'i's nonprofit industry played in the state's economy was first revealed.

"In 2006, our findings show that the economic contribution of Hawai'i's nonprofits is still quite large, generating about \$3.8 billion in revenues, representing nearly eight percent of the state's gross domestic product, and employing about eight percent of Hawai'i's non-agriculture workforce. Our findings also confirmed that the industry is comprised of many sectors that are very different in their challenges and opportunities, which is why we named this year's study 'Hawai'i Nonprofits 2006: One Fabric, Different Threads,' as a reminder that nonprofit organizations are not all the same," Taketa added.

Based on the findings this year, three themes emerged:

1) Diverse revenue mix of the various nonprofit sectors creates different challenges and pressures.

- more -

- The Arts & Humanities sector tends to have a more evenly distributed mix between contributions, program revenue, and dues and sales.
- Health and Human Services sectors have large components of government funds and fee-for-service revenue.
- Environment & Animals, Public & Societal Benefit, Religion-related and International sectors rely heavily on contributions, gifts and grants.

2) Depending on the kind of organization, growth may not always be the answer.

- Size does not strictly equate with financial stability or longevity.
- Growth can stress organizational capacity, mission, systems, financial health and culture.
- Growth should not just be a result, but the consequence of a thoughtful plan.

3) The competition for talent is heating up.

- For both staff and volunteer leadership positions, it is a growing challenge to find talent.
- Half of all nonprofit executive directors are 55 years or older.
- Forty-two percent of executive directors expect to leave by 2010.

“Hawai'i Nonprofits 2006” was conducted by SMS Research in four phases: 1) literature review of similar studies done in other states in recent years; 2) analysis of financial data from IRS Form 990 records filed by organizations with revenues greater than \$25,000; 3) mail-out survey of all nonprofits that had filed a 990 Form in the past four years; and 4) qualitative research done through one-on-one interviews and a focus group with executive directors.

“We are pleased to again partner with Hawai'i Community Foundation to conduct this follow-up to our landmark study in 2001 that described for the first time the scope and scale of the state's nonprofit industry,” said Faith Rex, president of SMS Research. “More than twice as many completed surveys were returned this year than what we received in 2001. We really appreciate this effort and thank all of the executive directors who participated in this year's study.”

The objectives of this year's study were to:

- raise awareness of the industry and its place in Hawai'i's economy;

- create a “landscape map” so that organizations can find their place in the larger context as well as where potential collaborators or competitors might fit in;
- initiate discussions with different stakeholders about drivers, challenges and opportunities;
- and help refine the investments HCF makes in programs and grantmaking designed to build the organizational and leadership capacity of nonprofits.

“Hawai'i Nonprofits 2006” Fast Facts:

- Approximately \$1.45 billion in wages were paid to nonprofit employees, accounting for about seven percent of all wages paid in the state.
- The majority of organizations filing a tax return are in Human Services field (30 percent), with Education and Arts the second largest fields at 16 percent each.
- Total revenues for all but the largest 14 organizations (those with annual expenses over \$50 million) increased by 32 percent, but with growth in the number of organizations increasing by the same amount, nonprofits are not keeping up with cost of living increases.
- Between 2000 and 2005 there was a 32 percent increase in nonprofits filing a tax return, for a total of 2,076 organizations in 2005. Most of the growth in numbers occurred in nonprofits with revenues less than \$100,000.
- Most organizations rate funding and cash flow as their biggest problems. A new issue taking on more importance in Hawai'i is the high cost and limited availability of space.
- Among human resource issues, attracting effective board members and quality staff are the biggest issues.
- In all areas, except fundraising, there was a significant increase in the use of formal planning and evaluation strategies.

Detailed information and a summary report for “Nonprofits Hawai'i 2006” (and the 2001 study) can be found on HCF's newly designed Web site at: www.hawaiicommunityfoundation.org

#