

Potomac-Bethesda Rotary Club News

Rotary Club Calendar

June 11 – 6:30pm Meeting–Normandie Farm

President Todd Nitkin Presiding

June 18 – 6:30pm Meeting–Normandie Farm



**Robert Nicholas, Executive Director,
The African Methodist Episcopal Church
Service and Development Agency**

Since its founding 28 years ago, AME-SADA has demonstrated the implementation of its mission, *Helping People Help Themselves*, by providing essential assistance to those in need through health, micro-credit and education programs, as well as emergency humanitarian aid in Africa and Haiti.

June 25 – No Meeting

June 27 – 5pm Installation of 2009-2010 Club Officers

Home of President Elect Noel and Gladys Howard

8212 Buckspark Lane, Potomac

June 29 – 6pm - District Governor Installation

Elks Lodge, Frederick

Manna Food Center Report



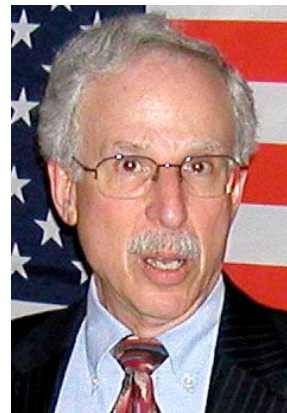
192 boxes were packed in about two hours at the Manna Food Center on June 9. The **Narons** and **Nelsons** were assisted by volunteer Sanjay Patel who snapped the photo. Sanjay is President of his own firm and expressed interest in hearing more about Rotary.

June 4 Meeting Report

There was a warm welcome for **Alex Naron** who coordinates our club's Manna Food Center participation and Past President **Don Smith**. President **Todd Nitkin** reported that **Treasurer Alan Cookson** had back surgery on Monday but is having a painful recovery. **Steve Naron**

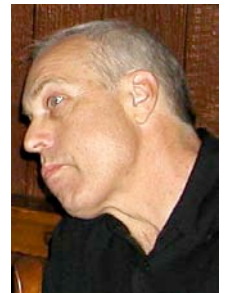


announced that enough Rotary Ambassadorial Scholar Counselors were recruited for the upcoming academic year. **Bob Nelson**



introduced guest speaker **Leonard Sirota** who had a long career with NASA. Len's favorite job was as manager developing the last Space Shuttle Orbiter. He played a video from 1988 showing how the orbiter was constructed and gave some anecdotes from his various positions at NASA. He

mentioned that newly appointed NASA Administrator Charles Bolden demonstrated kindness when at the Alabama Space Center a few years ago, former Astronaut Bolden showed a woman in her 90s how to operate the shuttle simulator. The club was very attentive to Len's presentation and expressed appreciation for the space program.



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MAST 2009

Steve Naron participated in the Mid-Atlantic Scholar Training Program (MAST) held June 5-7 at the Freedoms Foundation in Valley Forge, Pennsylvania. Steve was featured on a panel discussion titled "Communication, Electronic Orientation and Networking". District 7620 PDG Rob Brown was the Rotary Orientation Seminar Leader and other past governors participating from Pennsylvania District 7450 were Hogie Hansen, Tom McCarthy and Jeffry Cadorette. The top photo shows the leadership staff and the bottom photo is of the Rotary Ambassadorial Scholars attending. Steve reports that the meeting was great and when walking the grounds Steve found some interesting wildlife as the photo of the two deer shows.



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Giving In An Era Of Scarcity

by Paul Engleman The Rotarian – June 2009

Market meltdown, credit freeze, economic Armageddon, financial free fall. It's an economy so bad that economists have come to sound like English majors as they grope for metaphors to describe its severity and depth. In an economic climate this gloomy, philanthropy is under immense stress. And many of those who traditionally provide humanitarian aid are finding themselves in financial peril.

As organizations at the center of the philanthropic community survey their members, there is, as one would expect, clear evidence of a decline in overall giving. But there are some surprises, and the harsh conditions have inspired creative proposals that may provide relief, and will likely make for a much sturdier structure for giving in the future.

At United Way of America, the largest U.S. charitable organization, a year-end sampling of its biggest 100 affiliates indicated a drop in donations of about 3 percent from 2007 to 2008. That compares favorably with the performance of the stock market.

"Typically, we see an increase. We were hoping it would at least stay flat," says Sal Fabens, public relations director. "It usually takes a year for us to see a downturn, so we're expecting another decline in this year."

One measure of need is the United Way's 211 phone-based referral program, which links callers to local social services. According to Linda Daily, the program's director, 9.8 million calls were made in 2007. That number soared to more than 14 million

calls in 2008, with a 30 percent increase in calls about housing- and foreclosure-related services.

"Many are coming from people who say they have never called anywhere for help in their lifetime," Daily says. "These are people who are reluctant to seek help, who see it as a matter of pride not to."

The Center on Philanthropy at Indiana University tracks charitable giving through the Philanthropic Giving Index (PGI), a survey of senior fundraising professionals, with higher overall scores indicating more positive attitudes about the fundraising climate. Between December 2007 and 2008, the PGI dropped

A comparison of three philanthropic indicators 2007-08



by 27 percent, to the lowest level since the first survey in 1998. Like the Consumer Confidence Index, which tends to overreact to good news and bad news, the PGI jumps around more than actual giving. But even in this economy, it's still a fairly accurate barometer, says Patrick Rooney, the center's interim executive director.

"Although these are very difficult times, and we want to be respectful of the people who are hurting, this is not a depression, and I don't think it will become one," he continues. "Most of the people who are saying we're in another Great Depression didn't live through the last

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one. They're being provocative and, I think, a little reckless."

Rooney points out that the Depression brought 25 percent unemployment and a 25 percent decline in gross domestic product. "We didn't have any of the checks and balances that are in the system today," he says. He does worry about how deep the economic downturn will be.

The decline in donations at United Way appears to have "affected every level of giving," according to Fabens, but that's not the case throughout the charitable system. Rooney and others in the nonprofit arena say that although contributions from foundations, corporations, and major donors have declined, giving by individuals -- especially those making small donations -- has actually increased.

"Many people feel fortunate that they still have jobs," explains attorney Seth Perlman, senior partner at Perlman & Perlman, a New York firm that has specialized in nonprofits for 50 years. "They want to do even more because they see how hard it is for those who are out of work."

One worrisome issue for charitable organizations: the number of wealthy individuals who made pledges but then incurred significant losses, Perlman says.

"Some people are unable to honor their commitments," he notes. Another troubling question concerns financial institutions that are receiving government bailouts. "A lot of them have multiyear commitments," says Perlman. "If they're receiving a bailout, then basically those commitments are now being made with public funds, by taxpayers. In effect, you have the government taking over what has been the work of charities."

Valerie Lies, president and CEO of Donors Forum, a regional association of grant makers based in Chicago, believes that things will get worse before they get better. "This is an amazingly resilient sector, but this time I think the damage in curtailed capacity to serve and in organizations forced to fold will be more severe," she says. "The organizations hardest hit are those serving disadvantaged populations [with] basic human needs. Many of those organizations are suffering from both a loss of giving and government cutbacks, at a time when the demands for their services are way up."

Lies' observations are seconded by Paulette Maehara, president and CEO of the Association of Fundraising Professionals, with more than 30,000 members worldwide.

"Organizations that work in concert with government agencies are definitely feeling more pain because the government is cutting back on its services, or late in reimbursing," she says.

In any economic downturn, arts and culture nonprofits are often hit the hardest. In addition to the decline in overall giving, individuals and grant makers tend to redirect their donations toward groups that provide food, shelter, and other basic needs. They will shortchange the local opera or theater troupe in favor of the food pantry.

"This is a very scary time for artists and arts organizations," says Ra Joy, executive director of the Illinois Arts Alliance and Foundation. "We do have arts organizations in Illinois that are teetering on the brink of existence, and I'm sure that's the case in other states. There's a shift toward health and hunger that may seem understandable, but that puts our sector in jeopardy."

"The arts are not ornamental," he says. "They are not merely good for our souls and our quality of life. They are a smart investment that fuels economic growth. People tend to underestimate the economic impact of the arts sector."

According to a study by the nonprofit Americans for the Arts, arts organizations contribute more than \$166 billion each year to the U.S. economy and account for 5.7 million fulltime equivalent jobs. In all sectors, survival could be an issue for an increasing number of nonprofits.

"Small regional organizations without name recognition will have it the toughest, and some may end up closing their doors," says Maehara. Others will hang on through mergers. "I'm an advocate for mergers that are mission based," she says. "There's much too much duplication of effort and service. But financially driven mergers are rarely good for nonprofits." The factor that makes it difficult, she says, is "the emotional investment of your staff and volunteers."

Perlman agrees. "Merging is a doubled-edged sword," he says. "It may make some organizations more

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efficient, but it's also likely to narrow the scope of their mission." He would rather they focus on broader solutions. And he believes that some major relief is possible through minor government intervention.

He advocates changes in the tax laws to permit social benefit enterprises to receive tax advantages and allow growth through capital investment. These hybrid companies fulfill the missions of traditional nonprofits while operating under a for-profit business structure. This proposal "would not only provide help to organizations and people in need," he says. "It could stimulate investment and speed the overall economic recovery."

"There's a whole group of social entrepreneurs out there with a lot of pentup demand to do things," says Perlman. "They believe in a triple bottom line: take care of the community, take care of the environment, and earn a profit. They believe that you can do well and do good at the same time."

Amidst economic clouds, the search for good news is difficult. Though many nonprofit organizations are suffering hardships, those that best adapt to this crisis will emerge stronger. Some have been forced to make adjustments that will provide longterm benefits.

"The economic meltdown does present an opportunity to look ahead," says Rooney, the director of the Indiana University philanthropy center. "Just as an individual is best served by having a diversified financial portfolio, you want the sources of your charity's funding to be diversified as well. Although it may be too late for now, this is a good time to set that up, because now you are preparing for the next challenge."

"Here's a positive," says Maehara. "When we ask our fundraisers about their expectations for this year, 54 percent said they will raise the same or more. Now admittedly, they are an optimistic group, but I draw some hope that more than half of them still feel that optimism." Once the comeback starts, she adds, it will take off because of the "globalization of giving" made possible by the Internet. "What will help is the world attitude about the economy," she says. "When there is a belief that the system will work, that is when it will start to turn around."

Paul Engleman is a freelance writer based in Chicago.

Financial Update On The Global Financial Markets And Their Impact On Rotary

General Secretary Ed Futa RI News – 3 June 2009

Dear Rotarians:

I'm happy to report moderate improvement in Rotary's financial situation since my last letter on this subject on 2 April. Both Rotary International and The Rotary Foundation saw positive investment results in March and April, marking the first consecutive two-month period of growth this fiscal year. As a result, our investment losses have dropped from US\$26 million recorded through February to \$18 million as of 30 April for RI and from \$222 million to \$187 million for



the Foundation. Most of the year-to-date losses remain unrealized and should reverse as the markets recover.

Revenues from club dues remain slightly ahead of budget, and total contributions to the Foundation are comparable to last year. However, a

dramatic shift in current fund contributions from the Annual Programs Fund to PolioPlus in response to Rotary's US\$200 Million Challenge has reduced the Foundation's cash available to fund operations. As a result, we will soon be selling some investments to pay for the Foundation's operating expenses. As mentioned in my previous communication, the District Designated Fund remains secure at this time. Also, operating expenses for both RI and the Foundation remain favorably below budget in most areas, with these reductions projected to continue through the end of the fiscal year.

In April, the RI Finance Committee thoroughly reviewed our proposed 2009-10 RI operating budget, which is balanced and will tightly control spending. The committee recommended that the RI Board of Directors approve this budget at their June meeting. At this time,

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it is projected that RI's General Surplus Fund will remain above the 85 percent level targeted by the RI Bylaws through 2009-10.

Also in April, the Trustees of The Rotary Foundation approved an austere operating budget for fiscal year 2009-10.

For more than 20 years, your Foundation has operated on earnings from Annual Programs Fund investments, enabling the Trustees to spend every dollar contributed by Rotarians on humanitarian, educational, and cultural programs and program operations. During this period, the Trustees also spent approximately \$100 million of investment returns on PolioPlus, Children's Opportunities Grants, and other humanitarian programs. However, the current financial situation may prevent us from funding the Foundation's operations in this manner for the next several years. Therefore, at the request of the Trustees, Trustee Chair Jonathan Majiyagbe appointed a special committee to develop an equitable and effective multiyear plan to restore the Foundation's reserves. Additionally, the Foundation's Investment Advisory Committee is reviewing the Annual Programs Fund investment policy to ensure that the value of your contributions is protected and that the Foundation will have sufficient liquidity to meet program payments and operating expenses.

Our Foundation has thrived over the past few decades. The growth in our programs is due to your financial support. If you have not yet done so, I hope you will join those Rotarians who have made a contribution to the Annual Programs Fund by 30 June. Every gift, no matter the amount, counts. Your generosity will make a difference in the 33,000 communities that Rotary serves.

More in-depth financial information is available at www.rotary.org/financials. In addition, the annual Treasurer's Report to the Convention will be posted on the RI Web site during the upcoming convention in Birmingham, England, along with the General Secretary's Report to the Convention, which will provide information on many RI and Rotary Foundation activities over the past year.

Sincerely,
Ed Futa

What Spurs Giving, Even In Challenging Times

Rotary International News – 3 June 2009

How many members of your Rotary club are contributing to The Rotary Foundation's Annual Programs Fund?

According to professional fundraiser Bill Eck, of the Rotary Club of Denver Southeast, Colorado, USA, Rotarians will give, even in tough economic times, if they recognize Rotary's value to them. A former District 5450 Foundation chair and annual giving chair, Eck recommends asking the following questions of Rotarians individually or, preferably, in an interactive group setting. Their responses, he says, will help them realize Rotary's full value, leading them to want to make a gift.

- * What is important about Rotary to you personally?
- * What impact has Rotary had on your life?
- * What is your proudest accomplishment in Rotary and why?
- * What is your most meaningful experience in Rotary and why?
- * What is your role in furthering world understanding, goodwill, and peace?
- * How does The Rotary Foundation of Rotary International strengthen Rotary and you?
- * Why is making a difference to people in the world important to you?
- * What is your part in ensuring The Rotary Foundation's impact?
- * If you had \$1 million dollars to give to The Rotary Foundation's programs, what would you do with it and what does that do for you?

Eck says that "the power of taking Rotarians to the value they receive from Rotary will only strengthen their commitment, ownership, and gratitude" in giving to the Foundation, every year.

*Please send news articles and photos
to Bob.Nelson@NASA.gov
for inclusion in the newsletter*

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