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# Nonprofit Strategies



SAN LUIS OBISPO COUNTY COMMUNITY FOUNDATION

## Challenges, opportunities for nonprofits in 2006

The Chinese proverb “may you live in interesting times” probably applies to what lies ahead for nonprofits in 2006. While forecasting the future is always risky, there are some trends that will affect local nonprofits in the coming year. Some of the more challenging trends are:

**Increased Competition.** There are now over one million registered nonprofit organizations in the nation and more are forming every day. This will lead to increased competition among these organizations, not just for financial resources, but also for volunteers, board members and even clients and patrons.

**More Government Regulation.** The State of California enacted the Nonprofit Integrity Act of 2004, modeled on the provisions of the Sarbanes Oxley Act. The Senate recently passed a set of reforms that would affect how nonprofit organizations are governed. A final package of proposed regulations is expected from Congress this year. This will result in more precious dollars

and time being focused on complying with government mandates, rather than serving clients.

**Higher Demand for Services.** All levels of government continue to shift more and more expectations for service onto the nonprofit sector. Hurricane Katrina relief efforts currently underway show that nonprofit organizations are providing most of the money, and leadership, in the rebuilding of devastated areas. And as the gap between rich and poor in this nation widens, nonprofit organizations will be expected to do more to help those in need.

But there are many good signs on the horizon as well. Some things to look forward to in 2006 include:

**Big Wealth Transfer.** Researchers predict that at a minimum, \$41 trillion dollars of wealth will change hands over the next 25 years. This massive inter-generational

wealth transfer will benefit many charitable organizations. Even if only 10% of this money is given to nonprofits, \$4 trillion dollars will do a lot to improve the nonprofit sector.

**New Residents to the Area.** There continues to be an influx of people moving to SLO County who have both wealth and talent. Many of these people are anxious to invest in local organizations that improve the quality of life here. Connecting with these new residents will bring added vitality to many local groups.

**More Resilient Organizations.** Nonprofit leaders are becoming increasingly creative in finding ways to survive in difficult times. Many are adopting improved business practices and generating additional revenue through creative income producing ventures. Inspired local philanthropists are eager to support enterprising and innovative organizations.

### Resource Use

- Support nonprofit leadership
- Board development/training
- Strategic planning

### Nonprofit Business Column of The Tribune

The San Luis Obispo Tribune publishes a column every other Tuesday in the Business section dedicated to the business practices of nonprofit organizations. Dave Edwards, Executive Director of the San Luis Obispo County Community Foundation writes the bi-

weekly column to help strengthen nonprofit organizations in the community. Each column is reprinted here as a one-page handout for use by local organizations.

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