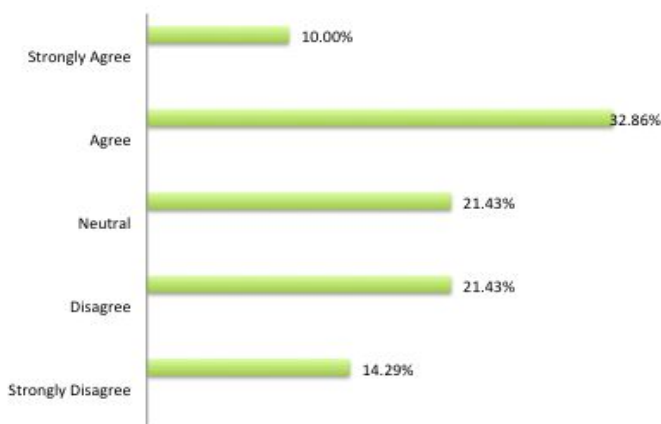


Montana Nonprofit Association Shutdowns, Sequestration and Health Care: Survey Summary

In the last twelve months, Montana's nonprofits bumped up against the fiscal cliff, scrambled to respond to sequestration, and attempted to decipher the implications of the Affordable Care Act. For many nonprofits - this came on the heels of funding rollbacks related to the American Recovery and Reinvestment Act. And then we had a government shutdown. In October 2013, Montana Nonprofit Association asked charitable nonprofits "How are you faring?" 70 organizations responded, and the results demonstrate commonalities as well as unique experiences related to the chain of events. In spite of optimism, a sense of uncertainty prevails.

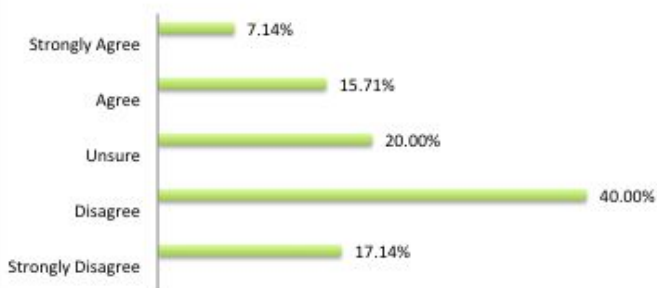
Our nonprofit organization was directly impacted by the government shutdown.



43% of nonprofit leaders agree or strongly agree they were directly impacted by the shutdown.

Summary of impact: difficulties with reimbursement/cash flow, not being able to get information needed to do business – including timely notification of contracts/grants, difficulty completing transactions such as loans, the delay of the combined federal giving campaign, inability to work with federal partners, and irretrievably lost revenue due to necessary changes in program.

The demand for our services was impacted by the government shutdown.



16 of 70 respondents report demand for service was impacted by shutdown.

Summary of Impact: delays and loss of revenue that adds up to loss of services to constituents; mission is compromised; revenue that was already committed for work done was not received.

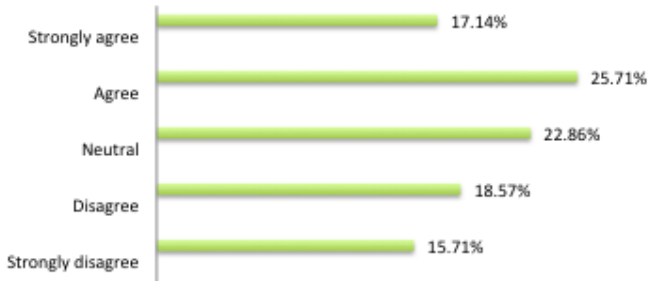
"Our project with a major company came to a halt at a critical time of negotiation which could effect our community for generations." (economic development)

"We stopped receiving phone calls for new projects and from existing clients as they thought we were shut down as well. Also - the uncertainty of the status of the federal government negatively impacted the interest rates on our loans." (small business development)

"We estimate that we suffered a 125k net loss in October due to the shutdown." (national park)

"Some of our major grant programs are with Bureau of Land Management, which became problematic with the shutdown." (environment/conservation)

Our organization has been directly impacted by sequestration.



43% of respondents agree or strongly agree they were directly impacted by sequestration.

“Because of sequestration, we opened our visitor center stores in Glacier National Park later in the season and closed them earlier in the season.”

“The hospital we fund raise for is losing over \$600,000 in reimbursements this year alone. Very difficult to replace through philanthropy.”

“After having two years of primarily flat funding, sequestration reduced our funding levels by 5.27%. It was a major hit to our budget. Just because funding levels remain the same or are reduced the bills continue to come in and the cost of business continues to increase at a rate not adequately addressed by our funding. The needs in the community by low-income families continues to increase and demand for services is ongoing.”

“Because of sequestration, our annual festival sponsorship commitment from the Bureau of Reclamation was held up. We did not receive any funding from them; their commitment amounted to 25% of the overall sponsorship efforts.”

“We were due a payment of \$10,000 from the NEA for a grant distribution at the end of September. Responded to a question they had on October 3 and got an email back saying they were closed and there would be no response.”

“As a membership based organization we struggle with what we can and cannot do without access to funds. The sequestrations and the shut down have impacted the services and training we are able to provide to our member programs that provide direct services to victims.”

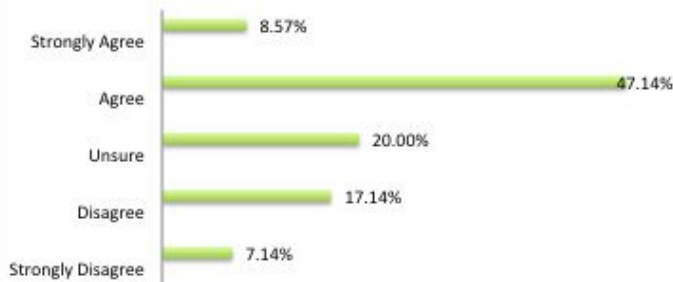
“Grant funding reduced! Service dollars were reduced, resulting in a reduction in the number of participants we were able to provide services to.”

“We no longer are able to provide SNAP E&T - Education and Training for individuals who are receiving Food Stamps.”

“Received a reduces amount of our medical tax credit for non-profits as part of that fund was sequestered.”

“Several agencies budgets that look at proactive approaches to water shortages and quality solutions have been cut in big way”

Our organization understands and is prepared for the implementation of the Affordable Care Act.



56% of respondents agree/strongly agree they understand and are prepared for implementation of the ACA.

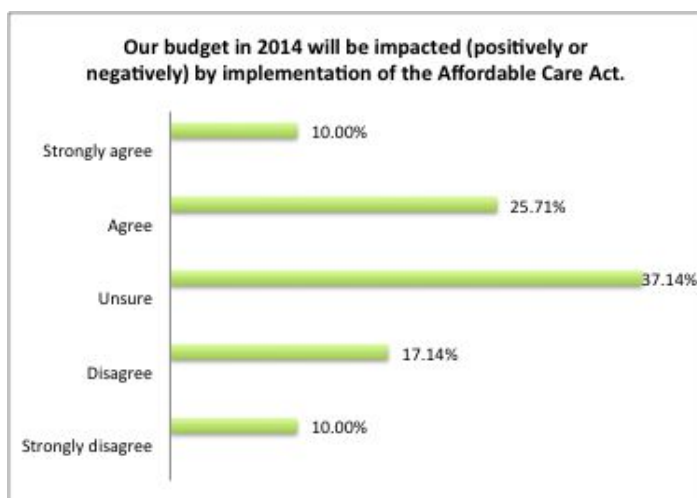
44% of respondents disagree or are unsure if they understand or are prepared for the implementation of the ACA.

Affordable Care Act:

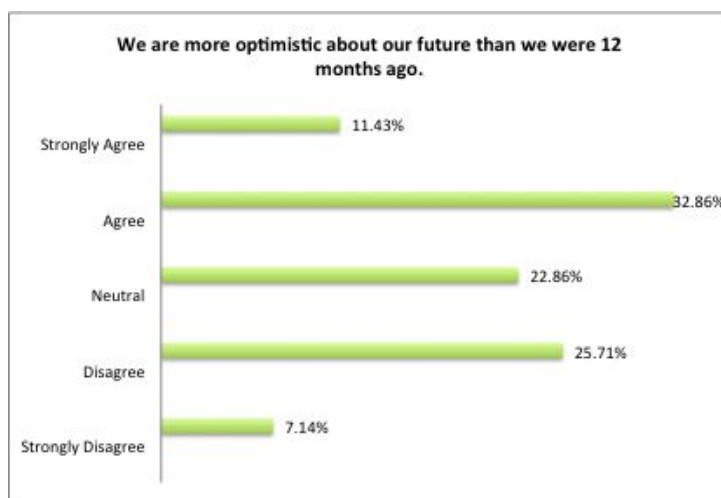
"We have had some training on this. Feel fairly knowledgeable about it. Still unsure about its affect on our staff and individuals. Each employee is unique in terms of insurance needs and family income, so not sure of how it will affect them and (our organization)."

"Our insurance year gives us a full 9 months of current coverage after the Health Exchanges go online, so we've got time to compare offerings and transition."

"Still working through all the information and waiting to see what occurs when our existing term with our insurance requires us to transition."



36% of respondents anticipate change to their budget as a result of the ACA while 37% are still uncertain as to the impact of the ACA on their budgets.



44% of respondents are more optimistic about the future now than they were 12 months ago; 33% are not more optimistic and 23% of respondents are neutral.

"Lots of opportunities, but also lots of questions. We remain hopefully anxious. "

"Will have to see how our annual appeal goes combined with our state and federal grants for next year. We are seeing Foundations drop a bit."

"We're more optimistic because of internal factors (new management model, planning, etc.)"

In what ways (if any) is the combination of sequestration, the Affordable Care Act, and the government shutdown more challenging for your organization than any of these external events would have been on their own?

"The government shut down had a major impact on two of our grants. We are in the process of finishing up bids for one grant with federal funding - contacting their offices was not an option for 16 days. Basically **costing us two weeks of critical communication time** with the funding agent."

"The perfect storm. For healthcare: reduce reimbursements; create the public perception that Charity Care is obsolete and then diminish consumer confidence resulting in **reduced charitable giving**."

"I think just the **insecurity that is generated is unnerving**. It's hard for nonprofits to plan when so much of the external environment is uncertain."

In what ways (if any) is the combination of sequestration, the Affordable Care Act, and the government shutdown more challenging for your organization than any of these external events would have been on their own? (cont.)

"It is basically the **uncertainty** of what is happening in Washington, D.C. and the impact it can have on our long-term budgeting process and our ability to develop organizational long-term planning goals/objectives. We are being forced into crisis management which is never in the best interest of clients or organizational stability."

"We had one elderly lady who is on our Meals on Wheels program call to say she would be willing to get off the program if it would help the program and someone else more in need. This woman definitely needed the services. I was **humbled** by her action."

"The combination has also created an **uncertain environment in the community as a whole**. This in combination with the increase in need for services, reduction in medicaid paid placements and a de-emphasis on residential treatment/care for children has created a challenging environment for providing high quality treatment services for young parents and their children. This should be the very population where we are investing our dollars if we are truly looking at reducing health care costs."

"Since we have not been able to research the Affordable Care Act as it relates to our employees, we are **not sure yet** if the combination of these factors will significantly impact our organization. What we do know is that the **worry** of the negative effects of any of these three factors certainly has added **another layer of concern** on top of the overall economic health for our organization."

"The sequestration and the government shutdown not only impacts our organization but it directly impacts the staff and their livelihood. It impacts their ability to make ends meet personally and **creates undue stress** for the staff to wonder if they will be able to pay their bills. This then impacts the communities that we live in when people are careful about what they can spend their money on and if it means buying groceries to feed their families or providing a roof over their heads."

"**Sense of uncertainty**. Can't plan on the future, just in the here and now."

"There is a **loss of confidence** in the Government both Federal and State. We are in the business of helping people, with the loss of funds and the arguing taking place at both the Federal and State level - it is services to the people most in need who suffer. Very **difficult to think about turning people away** - we have not done this yet, but foresee it happening."

"**Uncertainty and instability** in the external environment, especially at this time of year, could lead to a reduced showing in annual appeals, planned gift programs and major gifts. This is our greatest **concern** at this time."

"I find that the local business community is again **unsure** of our financial future. This affects both my Board's willingness to accept risk and the level of donations we may receive."

"Again it is the way it affects the stock market. If the markets go down, our **fund performance is affected negatively** and endowment distributions go down. . . . It also affects the amount of money donors give to their donor-advised funds and ultimately how much they will grant out to nonprofits as well."

"The combined total effect is **greater distrust** of governing process, **uncertainty** in economy, whether or not people will have employment or what their employment will look like (reduced hours, benefits, etc.). This carries over into giving trends of donors who must measure how much they can give."

"There's a **lot of "unknowns"** in our donor and customer base and so people in general are more conservative . . ."

"There is a **lot of uncertainty** going forward!!!!"