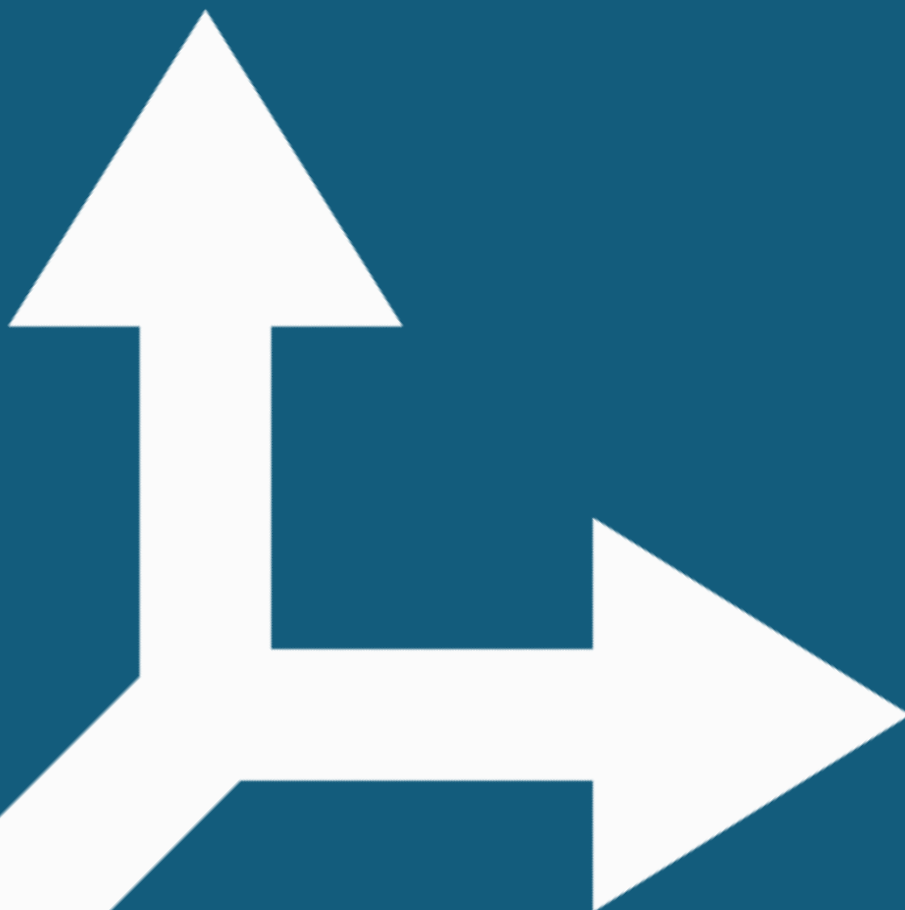


Bay Area Nonprofits and the Impact of Our Changing Times

A snapshot of how nonprofits are adapting in 2020

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Contents

Introduction	3
Programming	4
Strategy & Budgeting	5
Opportunities	6
Finances	7
Survival	8
Recommendations	9-10

Introduction

During a crisis, the ability to stay responsive and flexible are of the utmost importance. The buzzword “pivoting” looms large in the collective consciousness as we navigate a global pandemic, shifting priorities, and greater human need in our communities.

We recently asked nonprofits to tell us how COVID-19 has impacted their organization and those they serve. Over 100 nonprofits from the Bay Area responded, and the stories they’ve shared are rich with lessons in resiliency, struggle, and adaptation.

CVNL launched the “Bay Area Nonprofits and the Impact of Our Changing Times: Nonprofit Sector Survey” to take the temperature of the sector, and to capture the impact of COVID-19 on nonprofits and the communities they support.

The survey was sent out in late July, and was comprised of 30 questions covering topics from budget size, to staffing challenges, to organizational opportunities, and much in between.

What follows are our top-level findings from this survey data, as well as themes and patterns that have been identified. This report is a snapshot in time: our goal is to continue to check in with our nonprofit community to see how needs are changing.

Summary: While not true for all, the data shows that the nonprofit sector is hurting financially and many organizations have had to cut programming or make staffing changes in response to the pandemic. However, opportunities have emerged for “pivots” and shifts in strategies/ goals to keep serving communities who need these services more than ever.

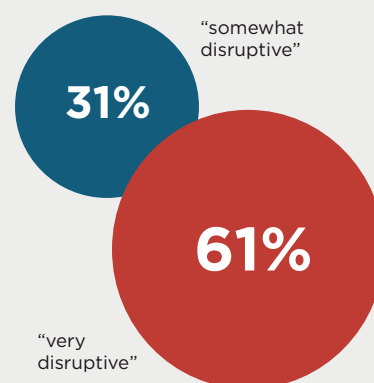
NONPROFITS NEED STRONG LEADERS, FINANCIAL RESOURCES, AND ORGANIZATIONAL SUPPORT IN ORDER TO BUILD THEIR CAPACITY TO ADAPT, OVERCOME, AND CONTINUE BEING THAT LIFELINE FOR OUR COMMUNITIES.

Sector Disruption

One thing is abundantly clear amid all this uncertainty: the pandemic has caused change.

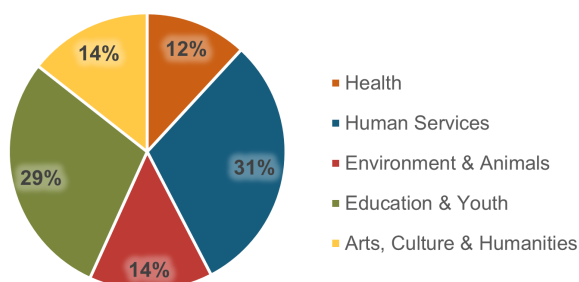
31% of our respondents said this has been “somewhat disruptive” to their organization and **61%** said it has been “very disruptive.”

This change and disruption are occurring at a scale that was unimaginable in the beginning of 2020.

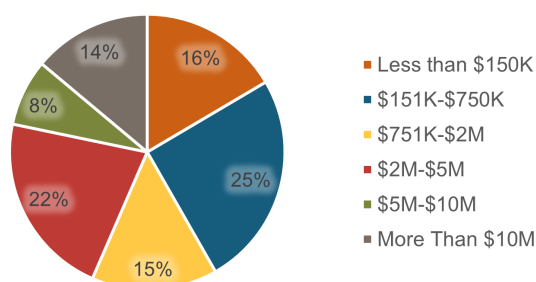


Respondent Profile

Respondents by Sub-sector



Respondents by Budget Size



Programming

What We Heard

“We discontinued our volunteer program because of the age/risk of our volunteers.”

“Three-quarters of my staff work in our school program - so they all went on furlough when schools closed in March.”

“Onsite education programming was modified and shifted online. All volunteer activity was temporarily stopped and then resumed on limited basis. Fundraising event was cancelled.”

“Took one new program online, cancelled several, developed and then cancelled a new class, created a new program then drastically changed the new program and developed several pivot strategies.”

One of the first facets of the nonprofit sector to be impacted by COVID-19 was programming, which brought many operations to a screeching halt.

Public events were postponed and then cancelled, volunteer-based programs were suspended, hours were reduced, and programs were not operating at full capacity.

38% of respondents reduced overall programs and services, and **33%** temporarily halted programming.

These changes often represent a significant loss in income and organizational capacity. **30%** of respondents said these changes resulted in staff reductions or

furloughs, **24%** experienced loss of donor support, and **73%** said this would result in changes to future budget predictions.

When asked the likelihood of having to make further staffing changes if the crisis continues, **61%** said it was likely they would have to make temporary or even permanent reductions in staff.

And when asked about the likelihood of having to (further) reduce programs and services as the crisis continues, **61%** of respondents answered that this was also likely.

30%  staff reductions/furloughs

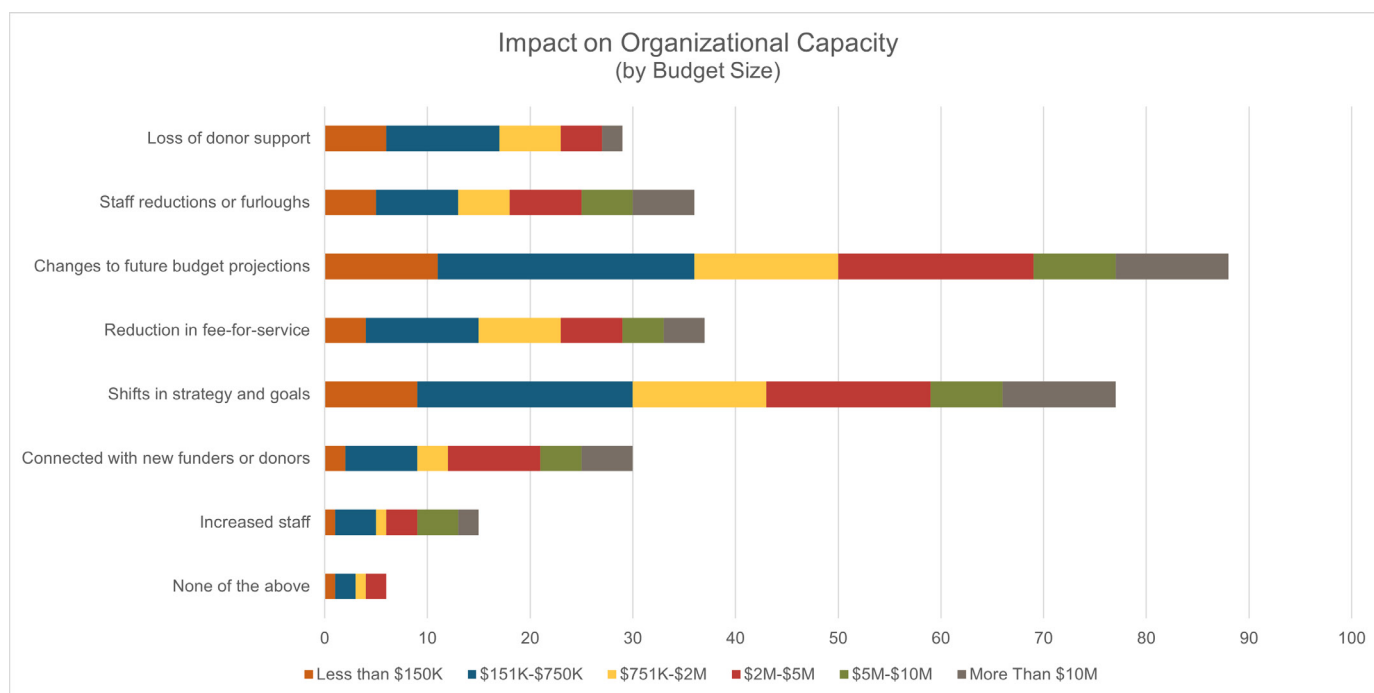
24%  loss of donor support

73%  change to budgeting

Strategy & Budgeting

Planning has been particularly difficult: many nonprofits indicated they needed to make revisions to strategy based on increased and changing needs in the communities they serve.

Organizations of all sizes are needing to make adjustments to their budget projections for the coming year. For many, this has meant building scenario-planning into the budgeting process and developing more rigorous monitoring protocols. With an unstable financial outlook, nonprofits are investing time and energy into planning, re-planning, and contingency planning, all while urgent community needs continue to accelerate.



What We Heard

“We started a work group of staff and board to update our strategic plan in light of the current environment.”

“We temporarily furloughed a number of staff when the shelter in place was initially ordered, but we were able to bring all back once work projects were rescheduled, and we secured our PPP loan.”

“We see challenges for 2021. We expect to have higher need for our services. Safe distancing will require higher staff costs in our kitchens to meet increased production and we don’t believe donors will be able to sustain higher levels of giving and federal support will not continue.”

Opportunities

Interestingly, a number of nonprofits (27%) responded to this crisis by expanding programming, and 59% of respondents have redirected or “pivoted” to meet increasing needs and a changing environment.

Additionally, **12%** of respondents increased their number of staff, and **25%** reported that they had connected with new funders or donors. Despite the enormous pressure, there are some bright spots and opportunities emerging for organizations.

Bright Spots

“We have added partnerships to provide additional assistance to reduce food and housing insecurities through food box distribution and processing housing support payments.”

“We stopped in-person services and activities for the seniors we serve, but added grocery and pharmacy pickup services.”

“I hired four people to handle the demand we were getting and also added about 25 webinars we were not expecting to do.”

“We have more than tripled our home delivery of medically tailored prepared meals from 1,600 a week to more than 5,000. We have also expanded eligibility and added new services to address clients who are experiencing food insecurity as well as a medical challenge.”

“We have joined COAD (Community Organizations Active in Disaster) and are now working more in disaster planning and emergency preparedness. We also give out masks for free, other medical supplies, and equipment.”

Going Virtual



One common “pivot” is the shift to virtual programming and working remotely. Half of our respondents indicated that their operations are now **75-100%** virtual or remote. Taking programming virtual has made it easier for folks to access some services from the comfort of their homes. The rise of telehealth, webinars, and Zoom meetings will likely outlive the duration of the pandemic.

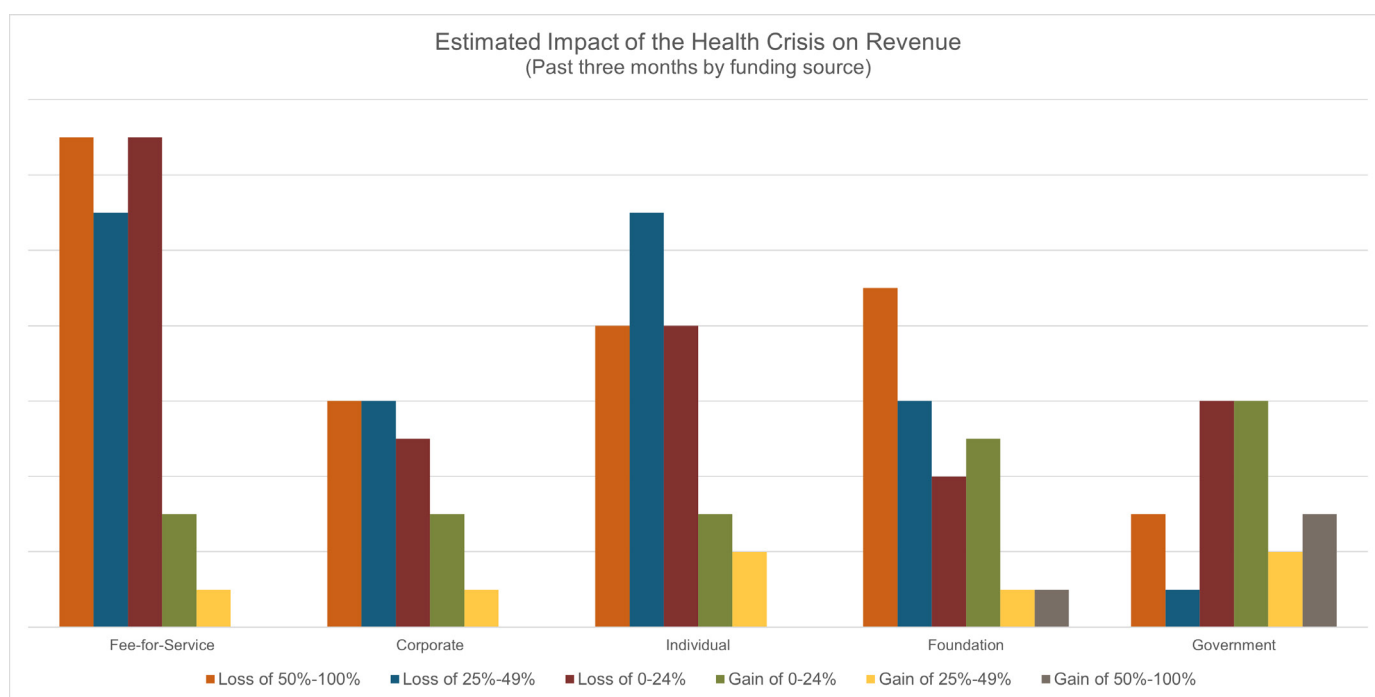
When we can’t be together in person, it’s important to have alternative ways to deliver and receive community support. **65%** of respondents reported that they were finding new ways to deliver and expand programs using online tools, **70%** said they were embracing new technology for remote work, and **62%** said they were providing new services/programs to meet emerging needs.

With this shift to virtual/remote work, we see a corresponding change in need for volunteers. **44%** of organizations reported a decreased demand for volunteers, and **73%** of those said this was because they had less or no work for volunteers right now. **53%** said it was due to an inability to host volunteers in compliance with social distancing requirements. We can also see these effects on the elder volunteer force: **34%** of respondents reported that volunteers over the age of 60 were reluctant or unable to serve due to their higher risk of severe complications from the virus.

Finances

The financial ramifications of the crisis on the nonprofit sector cannot be overstated.

Overall, revenue across the major five sources of funding (Fee-for-Service, Corporate, Individual, Foundation, and Government) has seen a significant decrease, with many respondents reporting up to a **100% loss** of revenue in one or more areas.



Of those organizations that saw an increase in revenue, **56%** received grants and other funding to support administration or operational needs. **51%** secured funds through specific COVID-19 appeals to donors and funders, and **50%** received restricted private or public funds for COVID-19 direct client support. Government funding has helped alleviate some of the financial strain, but deep concern about the future remains. PPP loans, EIDL grants, CARES Act funding, SBA loans, Fed EID loans, and FEMA and Emergency funds have helped nonprofits make it from March to October, but there's a lot of uncertainty about how long support from individuals and government will continue. Additionally, the forgiveness process for PPP loans is just starting and it is unknown if all will be forgiven. **The bigger question is: will this funding be significant enough to keep services running?**

What We Heard

"We don't know if our individual giving will maintain as the pandemic continues."

"This has not replaced what we could have earned had there been no pandemic."

Survival

What We Heard

“We lost all of our income from our thrift store and rely only on grants currently to pay our staff that haven’t shut down during the entirety of the pandemic.”

“There is no room for allocation of anything that’s not absolutely essential.”

“With the changeable nature of this time, it’s extremely difficult to plan for the coming fiscal year. We don’t know if we can open, we don’t know what will be allowable as far as openings. It’s a very difficult position to be in.”

Dire straits have prompted some organizations to make contingency plans, and to draw from their financial reserves or assets (if they had any to begin with).

When asked if they plan to draw from or have already drawn from reserves, **9%** said yes -- for specific strategic investments with longer term focus.

32% said yes -- for operating funds with shorter term focus.

20% said yes -- we plan to draw from reserves in the coming year to maintain priority services under certain financial scenarios.

10% said “we don’t have a reserve to draw from.”

This highlights a larger issue: organizations with financial resources and reserves are in much better position to survive the crisis, whereas nonprofits without these are in danger.

AS MORE AND MORE PEOPLE LOOK TO OUR SECTOR TO HELP THEM IN THEIR TIME OF NEED, WE MUST KEEP INVESTING IN LONG-TERM EFFECTIVENESS AND FUTURE SUSTAINABILITY THAT ENABLES US TO CONTINUE THE IMPORTANT WORK WE’RE DOING RIGHT NOW.

What’s Keeping You Up At Night?

The answers we received to this question were sharply insightful and poignantly illustrate the depth of this crisis. We asked respondents to rank several issues from most to least urgent. The number one concern was **programming**: “meeting emerging needs and adapting program models.” A close second was **fundraising**: “managing donor relationships, foundations, grants, and events.” Third most urgent: **financial management**, “meeting budget projections and compliance.” Fourth was **HR issues**: “supporting staff and navigating employment laws and potential layoffs.” Ranked fifth was **business continuity**: “shifting infrastructure and systems.” Less urgent, but still concerning, was **organizational culture** and addressing diversity, equity, and inclusion. **Working from home** ranked last: this included adaptive technology, productivity, and service delivery. *It appears that figuring out the transition to virtual work is the easy part: adapting programming and securing funds are much more challenging.*

Recommendations

Passion alone isn't enough to keep nonprofits afloat during a crisis. Nonprofits need financial resources, organizational support, a strong board of directors, and excellent leaders to succeed. With many nonprofits relying heavily on grants and donors to sustain what are already razor-thin margins, this pandemic has brought to light how necessary it is to make investments in organizational capacity-building.

1. Nonprofit leaders need multi-year funding, flexibility with project outputs/deliverables, and the ability to adequately fund overhead costs and professional development of staff.



To help with this need, public and private funders and the philanthropic community should consider providing unrestricted grants to allow for more funding to support critical infrastructure within the nonprofit sector. Nonprofits need sizable, predictable, and flexible funding in order to plan, adapt, and continue responding to this crisis. Donors typically focus on funding specific programs, understandably so as programming is the outward-facing part of the sector. However, support for general operations can actually free up staff time and resources, streamline processes, and allow for more impactful program delivery. This is especially true in the case of technology: updating hardware and embracing new software systems can enable organizations to meet new challenges such as working from home and offering effective virtual programming. In fact, national research has shown that shifting more resources towards general operations is one of the most effective changes that grant makers can apply in order to improve nonprofit results.

2. Nonprofits need advocacy.



Nonprofits often are so busy providing services and doing work on the ground that they rarely venture into advocacy work. Yet, because of the sector's deep knowledge of community, nonprofits are uniquely positioned to advocate for the needs of the most vulnerable members of society. Further, the sector needs to educate and advocate for itself and the important role it plays in helping support the community. The true importance of that role is being highlighted in the wake of the current pandemic — as the stakes grow higher. People's overall quality of life hangs in the balance of whether nonprofits succeed or fail. Because of this, nonprofit boards need training in effective advocacy in order to drive this work on behalf of community stakeholders. Nonprofits becoming involved in policy work can create a ripple effect of positive change for everyone in society.

Recommendations

3. Nonprofits need support, resources, and alignment from local and federal government, businesses, and philanthropic leadership in order to be effective and make a positive impact.



Nonprofits are often the best-suited to help meet the challenges of shifting demographics, economics, environmental conditions, and crisis response. When nonprofits operate well, the communities they serve benefit greatly. This crisis has demonstrated how crucial the social safety net truly is, and the outsized role nonprofits play in keeping folks above the waterline. Investing in nonprofit capacity development is investing in healthy, happy, safe, and most importantly, resilient communities.

What We Heard

“It has become clear that we need a stronger, more involved board to continue.”

“The need in the streets is more critical and growing - and we need to restructure and get on our feet to provide care and services.”

“What is keeping me up at night is the longer-term impact of COVID - especially 2021, and how we will raise adequate funds to sustain this level of services.”

Our world has been forever changed by this pandemic, and we have more work ahead of us. Nonprofits have done so much to respond to and stem the tide of this crisis in the past seven months, and working together to develop a continued response in the coming months will be just as critical.

We must consider the varied needs of our communities and organizations so that we can lift each other up and provide support. When nonprofits and our community leaders collaborate, everyone wins. And in order to serve everyone equitably and inclusively, our sector must reflect the diversity of our communities.

Together we can address the challenges that arise by building our capacity to pivot, adapt, and create a path towards greater sustainability and resiliency.

Thank you to the organizations that shared their stories and information with us so that we might better understand how to support the sector.

Read stories here:
https://cvnl.org/blog_posts/nonprofit-stories/

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