



NONPROFIT RESPONSE TO COVID-19 CRISIS

APRIL 2020

OVERVIEW

The nonprofit sector was birthed many years ago out of a need for assistance in times of crisis. It is not surprising nonprofits are now at the forefront of the SARS-CoV-2 and incidence of COVID-19 (COVID-19). Yet, as organizations respond to increasing demands for food and other essential services, they now face their own crisis. Protecting the health and well-being of their employees and volunteers, being cut off from those they serve and losing funding due to event cancellation and disruption of program activities have left many organizations vulnerable.

To better understand the effect of COVID-19 on nonprofits, BKD distributed a survey to Midwest nonprofits on March 20, 2020. Participating organizations represented a wide variety of organizations ranging from large to small operations. The largest representation came from nonprofits with fewer than 10 employees, which accurately reflects the sector's composition.

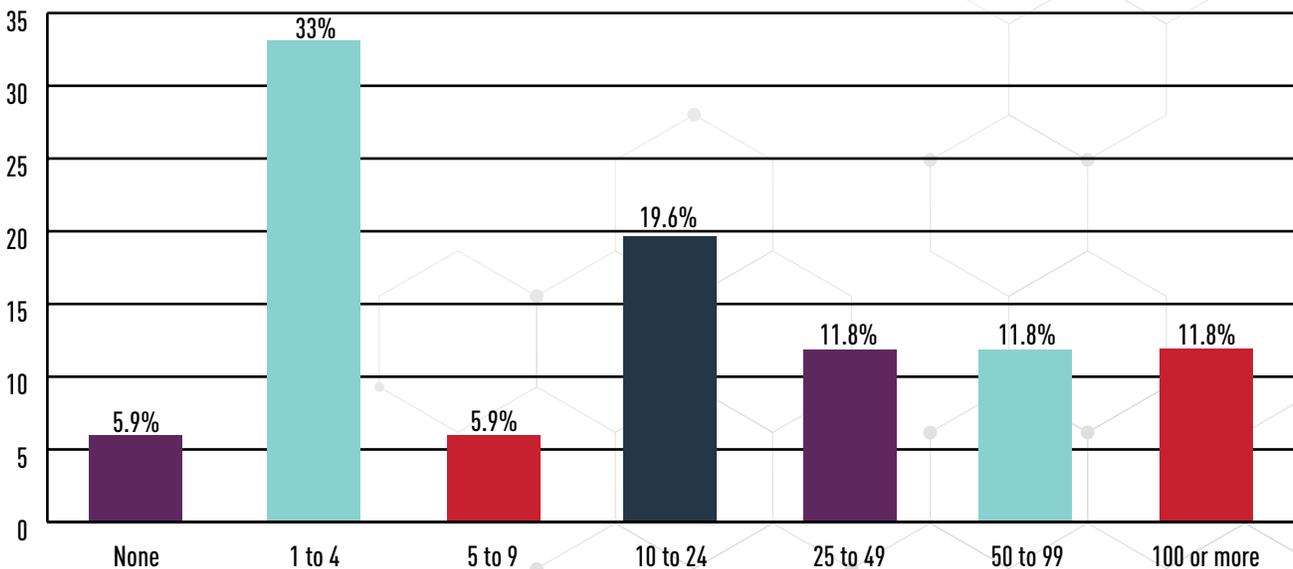
This report is intended to inform foundations and funders, public legislators, industry practitioners, business leaders and other decision makers about the pandemic's effect on nonprofit organizations and the need for immediate and long-term support.

SURVEY RESULTS

As unemployment and other hardships escalate at an alarming rate, organizations are struggling to meet the increasing demand for services and support. Small organizations with thin margins are being hit especially hard.

Figure 1: Size of Organizations

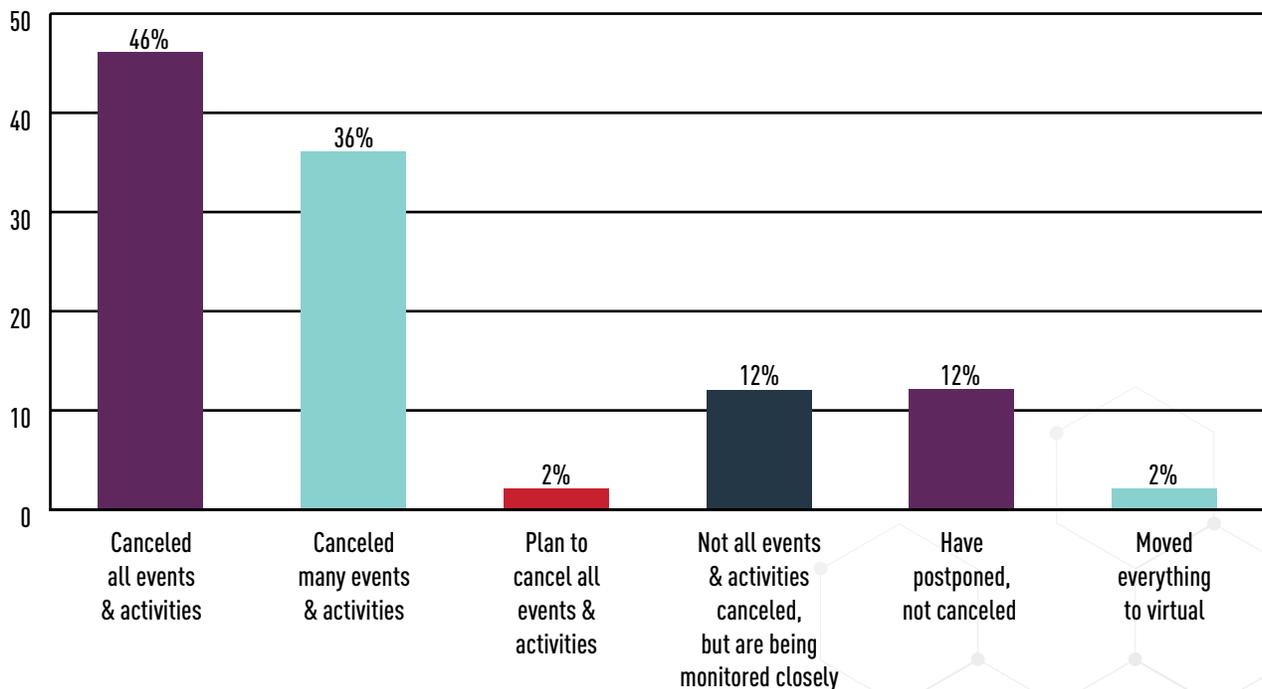
NUMBER OF EMPLOYEES



COVID-19 has created a pressing need for nonprofit organizations that rely on fundraising events. Spring and early summer are typically filled with 5K runs, golf tournaments and other events to help raise funds and awareness. As government authorities forbid public gatherings, nearly all events have been canceled, postponed or moved to virtual spaces.

Figure 2: Have you canceled (or do you expect to cancel) any of the events or activities your organization had planned?

PERCENT OF CANCELLATIONS OR POSTPONEMENTS



The vast majority of nonprofit events and activities have been canceled or postponed.

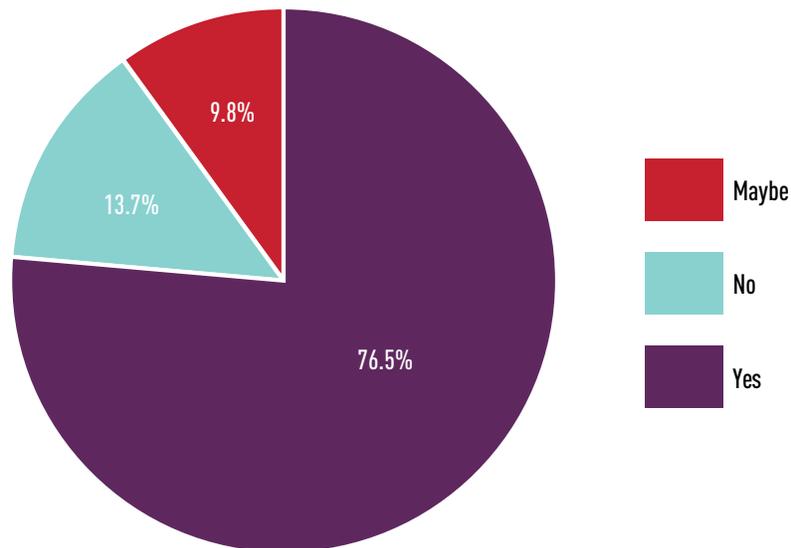
LOSS OF SUPPORTING REVENUE IS A GREAT CONCERN FOR ORGANIZATIONS

The primary source of income for many nonprofits is fees for goods and services. A report by [GrantSpace by Candid](#)¹ found fees and contracts account for nearly 75 percent of all nonprofit income.

Survey respondents were asked about their concern regarding the potential negative effects of these changes on their organization's stability. As Figure 3 shows, more than three-fourths fear the cancellations and postponements will cause them to lose vital funds.

¹ <https://grantspace.org/resources/knowledge-base/how-are-nonprofits-funded/>

Figure 3: Are you concerned the cancellation or postponement of events will have a negative impact on your organization?



“We are at odds with two warring priorities: safety and sustainability. We are forced into a position where we are having to take safety risks in order to stay open.”

“We are missing hours of social/emotional support to kids and families, this will impact our metrics of ‘growth’ and could result in the year looking ‘worse or less impactful’ to donors and grantors.”

“With many of our donors experiencing huge losses financially, there will be a reluctance to make donations at this time despite however great our need is.”

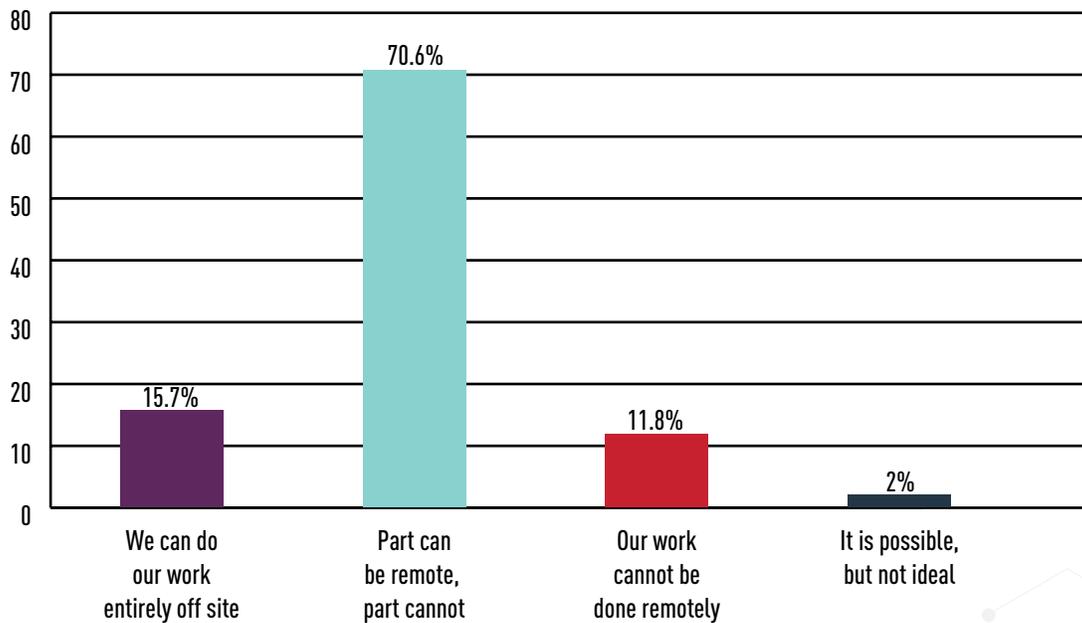
NEW WAYS OF CARRYING OUT THE WORK

COVID-19 has forced organizations to find new ways of delivering their programs and services. To comply with shelter-in-place orders and protect themselves, nonprofits are rapidly shifting to remote offices, working from home.

Operating off site presents challenges for organizations that provide direct services to certain population groups and those lacking access to technology.

Figure 4: Considering the type of programs/services your organization provides, is it possible to continue your work remotely, off site?

WORKING REMOTELY



Only 15.7 percent of responding organizations have programs and services that can be fully implemented remotely. More than 70 percent (70.6 percent) can provide only a portion of their programs remotely. Nearly 12 percent (11.8 percent) offer the type of assistance that must be delivered on site or in-person. These include homeless shelters, medical clinics and food assistance programs.

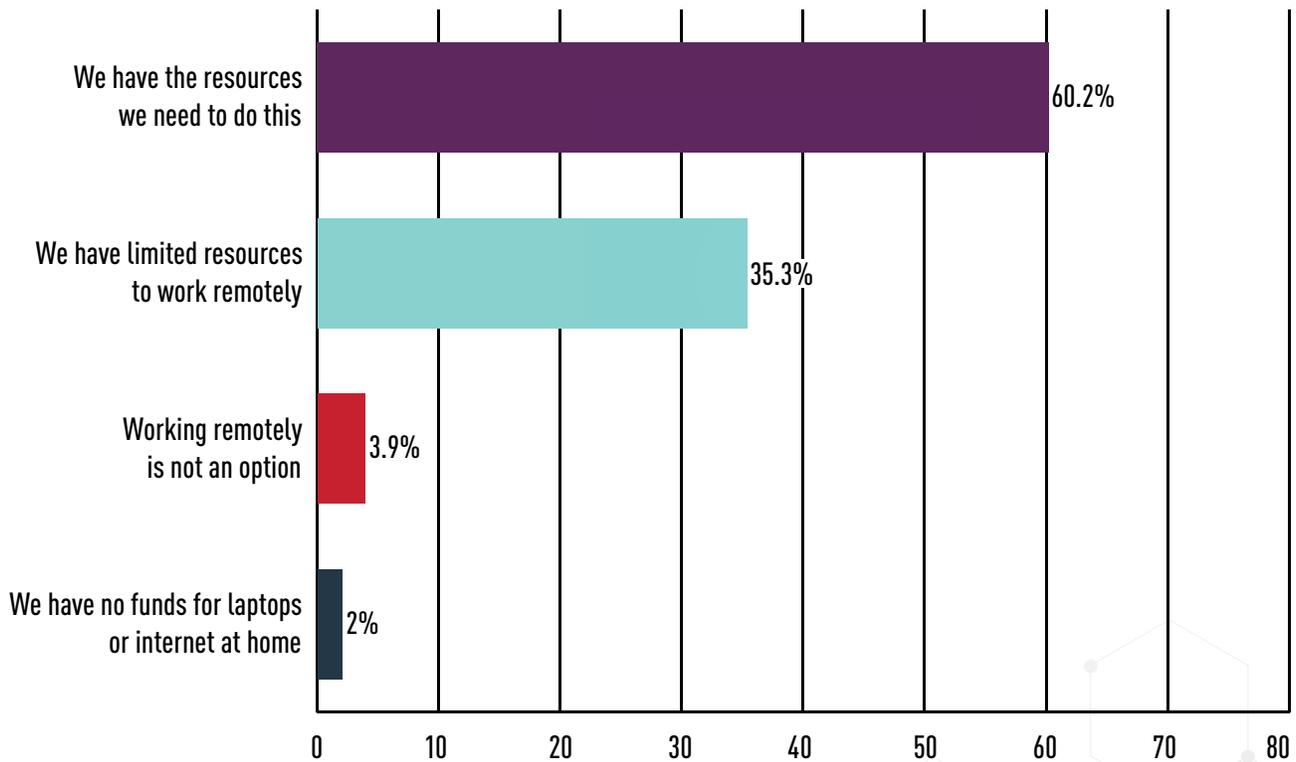
“We have had to suspend several of our support services to limit exposure. Our entire client population falls under a high-risk category.”

“Some of our core services require person to person interactions, which is going to be impossible in many situations to do.”

“We have moved the majority of our program to drive-thru services. We are sending things home with families and checking in weekly.”

Nonprofit organizations often operate with limited resources, and up-to-date technology is not always within their means. Larger organizations frequently have an advantage, whereas smaller ones may struggle with antiquated systems and outdated software. For them, working remotely can be inefficient and ineffective, if not impossible.

Figure 5: Does your organization currently have adequate technological resources to work remotely (laptops/computers, virtual networks, etc.)?



Working Remotely Hampers Organizations' Abilities to Serve

Organizations are a vital source of safety, protection and health for many communities' most vulnerable citizens. More than half (58.1 percent) of responding organizations indicated they have all the resources needed to work off site. Yet nearly 40 percent (37.3 percent) of respondents indicated they do not have adequate resources or cannot continue providing their programs and services remotely.

"Like most nonprofits, we put far more funding into programming than technology. We tend to take advantage of free remote products and don't have enough cloud-based software."

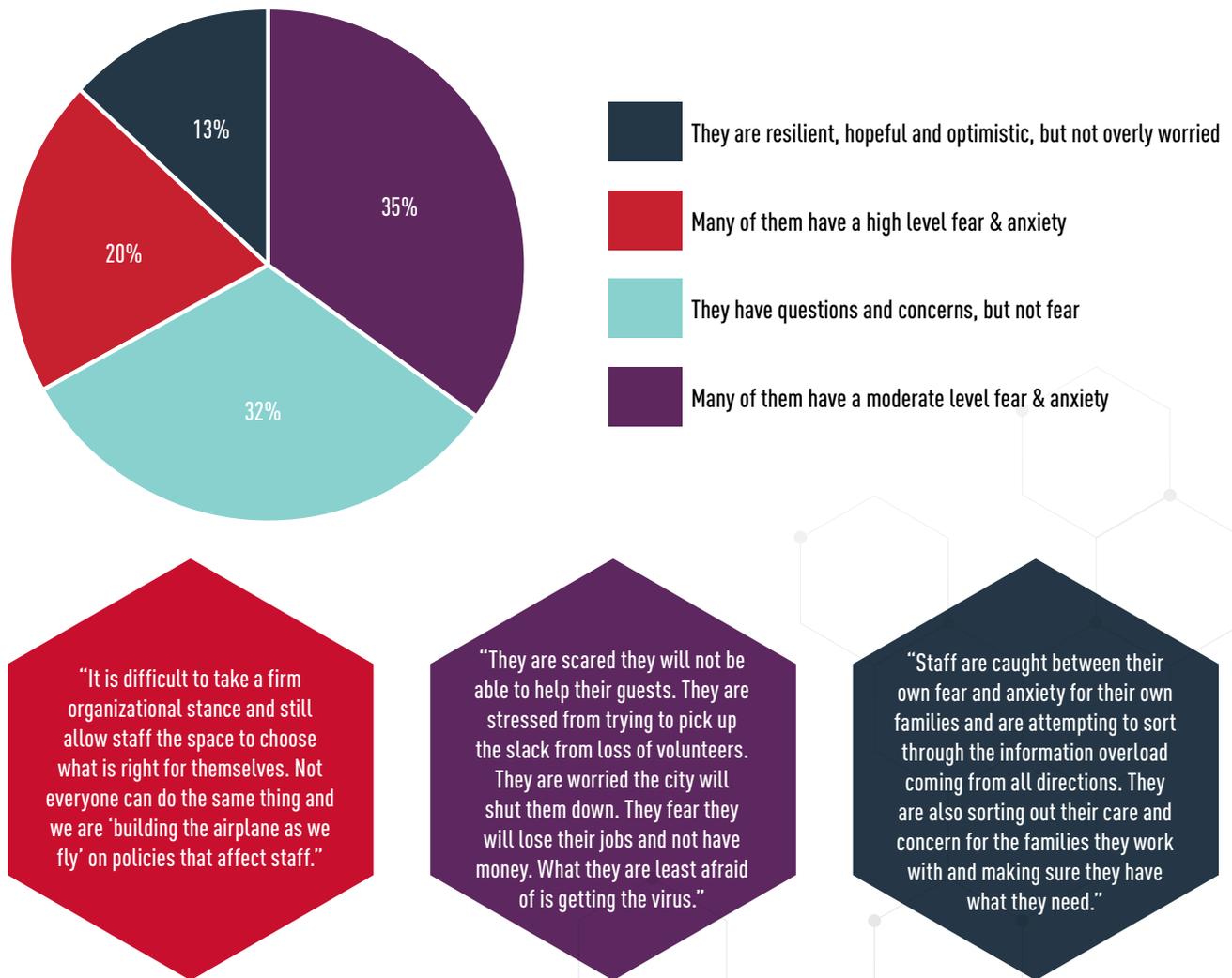
"We are asking many staff to use their own resources and access our network remotely which is difficult to manage from an IT perspective."

"Half of our staff has office laptops, others do not. Our shared network drive is not able to be accessed remotely regardless."

EMOTIONAL IMPACT

The COVID-19 pandemic presents challenges for employees in all sectors. In addition to health concerns and the struggles of social isolation, individuals working in the nonprofit sector may experience other issues. Driven by a passion to serve, nonprofit employees are experiencing anxiety over an inability to provide services and assist individuals in need.

Figure 6: What impact—emotionally, mentally and other ways—do you feel this crisis is having on your staff?

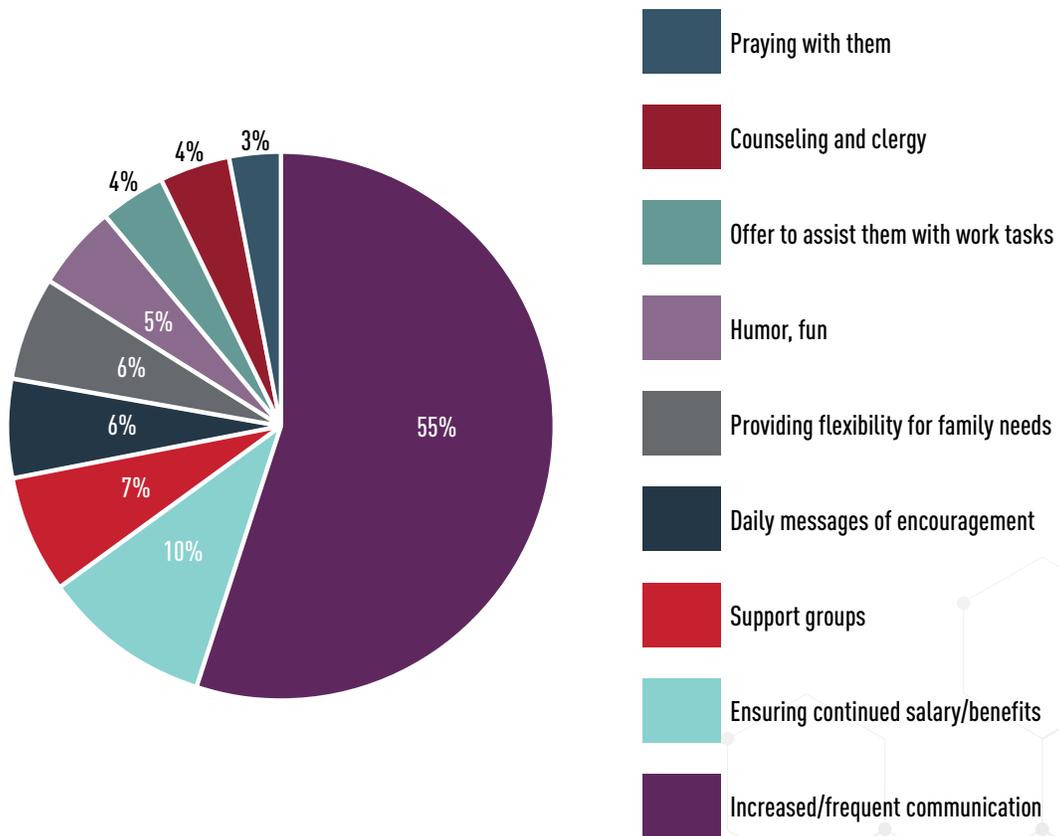


The results indicate more than half (55 percent) of nonprofit employees are experiencing a high or moderate level of fear and anxiety as a result of the crisis.

Leaders are trying to be supportive and help employees cope with these hardships. Increased communication and information sharing are common methods of keeping employees informed and engaged. Others are offering counseling and religious support.

Figure 7: What steps are you/your organization taking to address the emotional/mental impact of the crisis on your staff?

STAFF SUPPORT



“We have plenty of check-ins, making sure they aren’t working around the clock.”

“We are daily giving our staff and clients updates while at the same time having daily times of prayer and worship.”

“Daily encouragement, regular updates and highlighting our successes and celebrating them.”

Burnout in the nonprofit sector has been a common problem for many years. One [national study](#) says annual turnover is around 19 percent.¹

¹ <https://www.nonprofitr.com/creative-ways-minimize-burnout-encourage-self-care-among-social-sector-employees/>

The deep commitment of nonprofit employees can cause them to sacrifice personal well-being to meet the needs of others. One participant's response reflects this approach:

“We don't have time to take the steps we really need to care for ourselves. We know we are supposed to take care of ourselves first, then others. But we are not doing that ... We are taking care of others first and ourselves last.”

The final part of the survey asked nonprofit leaders their advice for other leaders. Common themes in their responses include relaxation, avoiding panic and staying connected

8. What is the best advice you can give to other nonprofit leaders to help them address their personal needs and needs of their staff and their organization during this crisis?

- “Smile. Our clients and co-workers need to see us as hopeful, joyful and ready to go. Lean into your network for support.”
- “Take a deep breath. Lean into your team and empower them. Stop waiting for others to make decisions for you. I have realized this week that the true leaders are making the tough decisions. Not every decision is going to be right in hindsight, but we are in uncharted territory and nobody should be judging.”
- “Talk to other leaders for input and moral support. Don't isolate yourself (virtually) from colleagues and mentors. We all need support.”
- “Take care of yourself, or you won't be there to take care of your staff.”
- “Relationships drive all we do. If we want our staff to practice this with clients, we have to model this with our staff first.”
- “Stop and breathe. Count to 10 and pace yourself. This is a marathon, not a race, and it's about making sure we all finish well. Prioritize and remember that this too shall pass.”
- “Stay flexible, prioritize health and wellness and long-term growth and success.”
- “Stick together as a staff. Make each other the priority, so the agency has strength to continue serving others.
- “As the crisis lengthens, donors are more likely to stop their giving, especially if they aren't set up with recurring giving. The organization needs to keep their story in the public spotlight. But it needs to be modified, so it doesn't come across as tone-deaf. Point out what you are doing for the community in light of the outbreak. What unique-to-the-outbreak things are you doing?”

CONCLUSIONS

Nonprofit organizations play a pivotal role in building and maintaining healthy communities. They serve the most vulnerable communities affected by the pandemic.

Not only do they provide essential services and programs, they also provide an incredible economic engine for the region.

The findings in this survey demonstrate how organizations are facing serious financial difficulties and constraints.

Unless funders, government officials and community supporters take immediate and decisive action, COVID-19 may force some nonprofit organizations to close their doors.

If this occurs, who will pick up their services? Who will assist the homeless and elderly? Who will care for abused and neglected children? Who will feed the hungry?

As nonprofit organizations step up to aid, many are urgently needing donations to carry out this work during the crisis. For most, it is best to donate money, allowing them to use it where it is needed. Some need donations of products or services as well. You also can help by donating blood to a local blood center.

As with most topics related to COVID-19, changes are being made rapidly. Please note that this information is current as of the date of publication. If you have questions about this or other topics as we carry on through the COVID-19 outbreak, reach out to your **BKD Trusted Advisor™**.