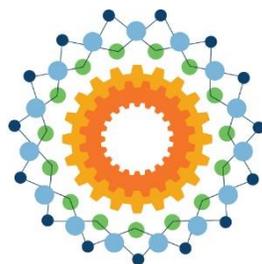


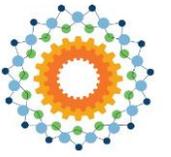
Northwest Lower MI Nonprofits & COVID-19

May 22, 2020



ROTARY
CHARITIES

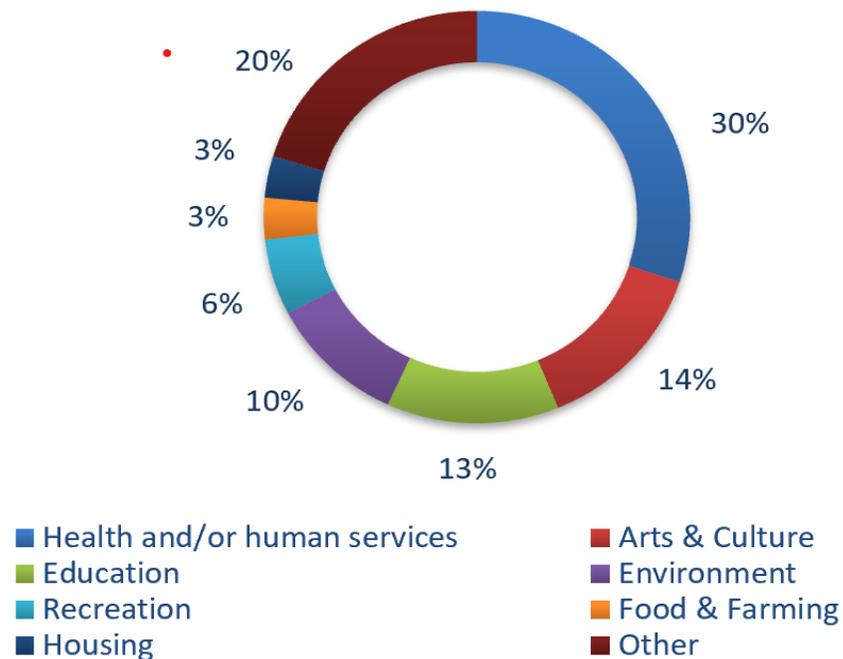
Resources for change.



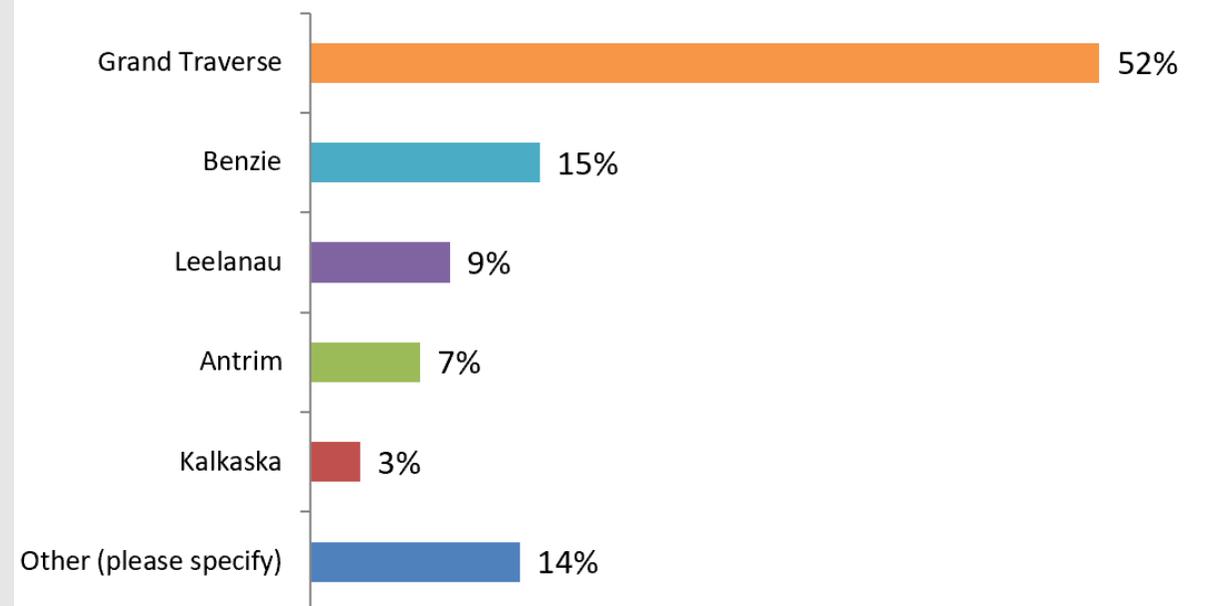
Nonprofits & COVID-19 Survey and Respondents

In early May, Rotary Charities surveyed nonprofits in our 5-county region. **153** nonprofit organizations responded and shared their experiences since COVID-19. They represent a diversity of sectors and counties in our region.

What is the main focus of your organization?



In what county are you headquartered?



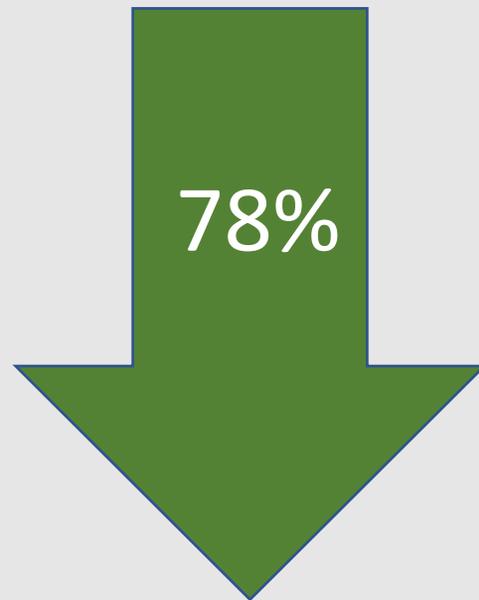
State of the Nonprofit Sector

Financial Stability



Declining revenue and steady, or increasing, operating costs are creating financial instability for area nonprofits

REVENUE



Report declining revenue due to COVID – 19

EXPENSES



Report increasing operating expenses due to COVID – 19

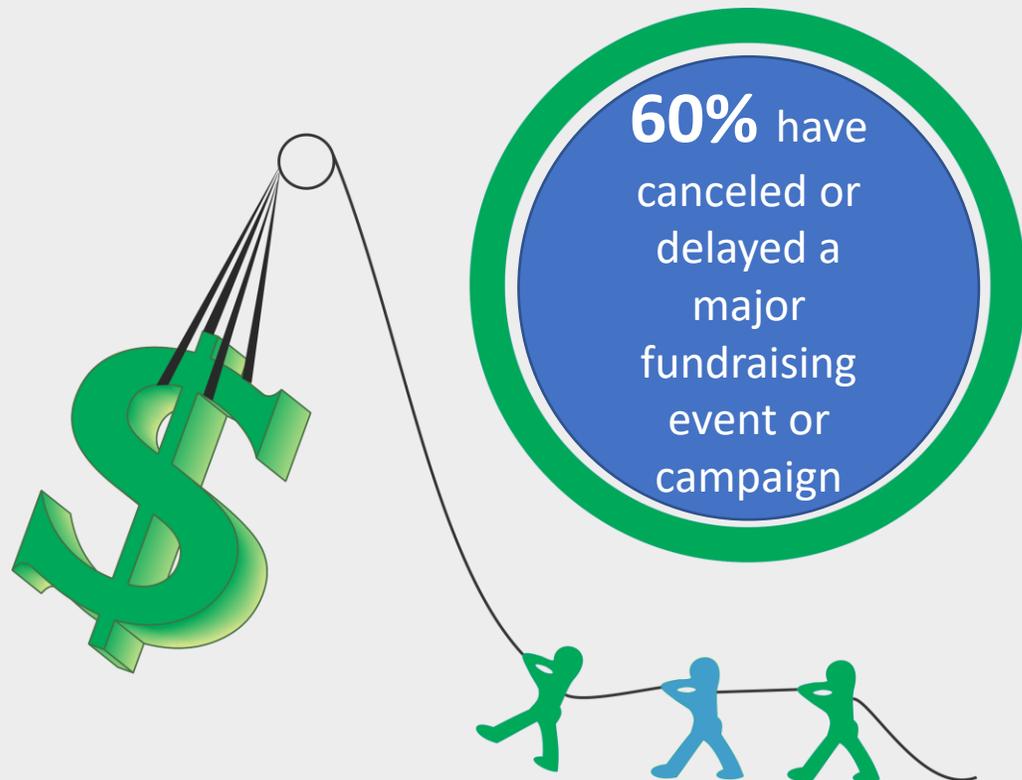


Report no change in operating expenses



Fundraising, grant seeking and earned revenue are all impacted by COVID-19

Fundraising and earned revenue are significantly limited by stay at home orders, changes in funder/donor priorities, and increased competition. Uncertainty about the future is impeding planning.



"It has been challenging to know how to fundraise in an appropriate way during this time. Our organization is not providing "essential" services, so is it appropriate to ask for support? What is the right tone to strike with donors?"

"Like so many others, all our live-events remain threatened into the summer and fall, so we're essentially planning two events at once to try and salvage our fundraising: the live-event versions we planned for, and the online or virtual options we need in case the situation makes these changes necessary. This dramatically increases the complexity, so the unknowns of how to handle the rest of the year are the most impactful this month."

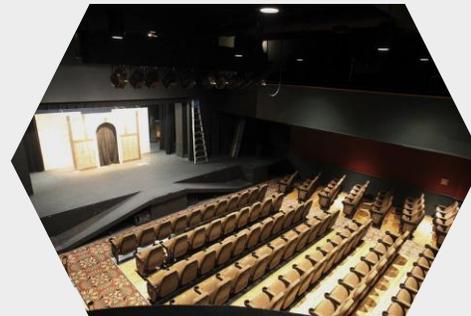


Arts & culture organizations appear to be the hardest hit

Arts and culture organizations were much more likely to report:

- Significant declines in revenue: *71% vs. 49% of all responses*
- Limited ability to meet their mission while social distancing or working remotely: *72% vs. 49% of all responses*
- Being denied state and federal assistance: *19% vs. 5% of all responses*

“The focus now seems to be on health, human services, and welfare - and rightly so. But if we want to have a local/regional arts and culture sector coming out of this, we will need to find the will and capacity to support it.”

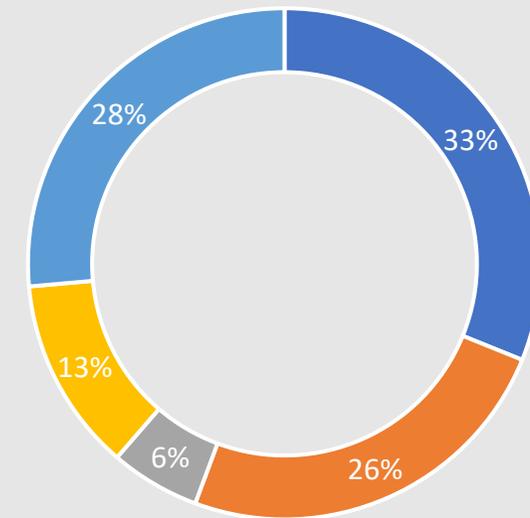




The majority of respondents (65%) have applied for State or Federal financial assistance*

Nonprofits in the region have had mixed experiences trying to access State and Federal relief assistance. Those that report a negative experience point to unclear or complicated guidance, lack of preparation and communication from banks, a time-consuming process, and long time delays between application and notification. Those that report a positive experience mention helpful local banks and credit unions.

Status of State & Federal Financial Assistance



■ Received Funding ■ Pending ■ Denied ■ May apply in the future ■ Not likely to apply

"I had all information ready prior to application opening and quickly submitted everything. I followed up with my lender on a regular basis. My application was not even processed during the first round. Now in the second round and the status of my application has not changed. I think the lender is more worried about the big dollar clients and the smaller businesses that could go under, they are just not a priority."

*As of May 6, 2020

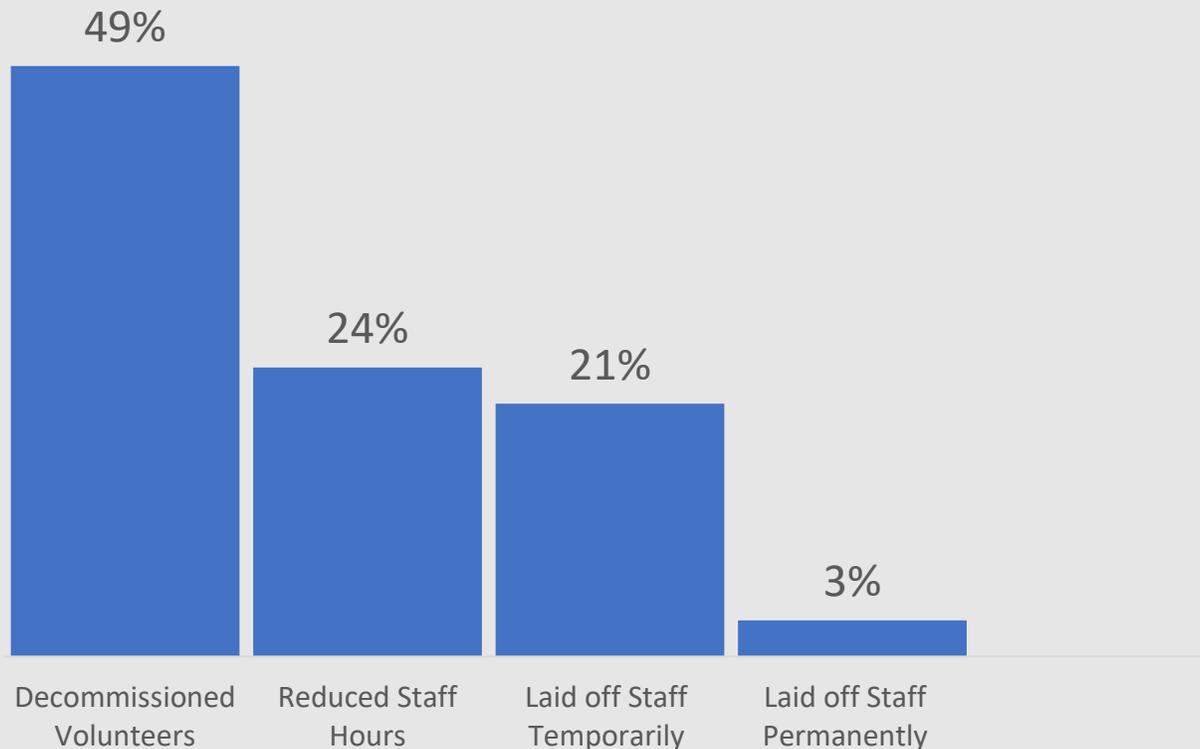
State of the Nonprofit Sector

Operations & Staffing



Cash flow concerns are leading many organizations to lay off workers and reduce hours

Staffing Decisions



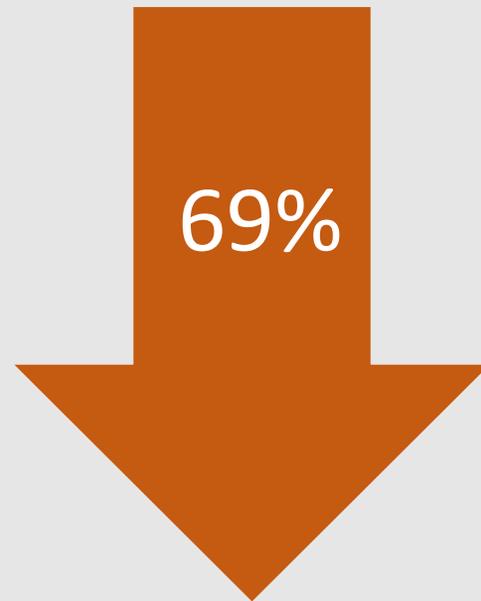
“Staff is the most important part of our machine, and in non-profits, we already stretch our staff pretty thin and wear multiple hats. Maintaining standard operations and staff is key to our survival.”

“We are having serious cash flow issues and have placed 50% of our staff on temporary leave. We are planning to cancel or significantly modify our three major revenue-generating events this summer.”

Reduced staff and volunteer hours and increasing, or steady, demand for many programs/services is stressing organizations

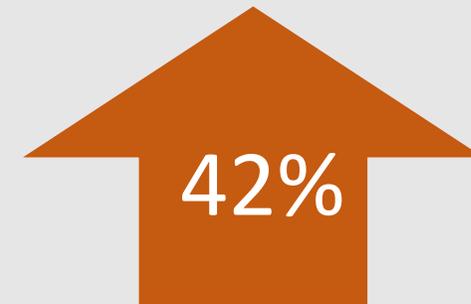


STAFF/VOLUNTEER HOURS



Report they have decreased staff and volunteer hours

DEMAND



Report an increase in demand for their programs/services

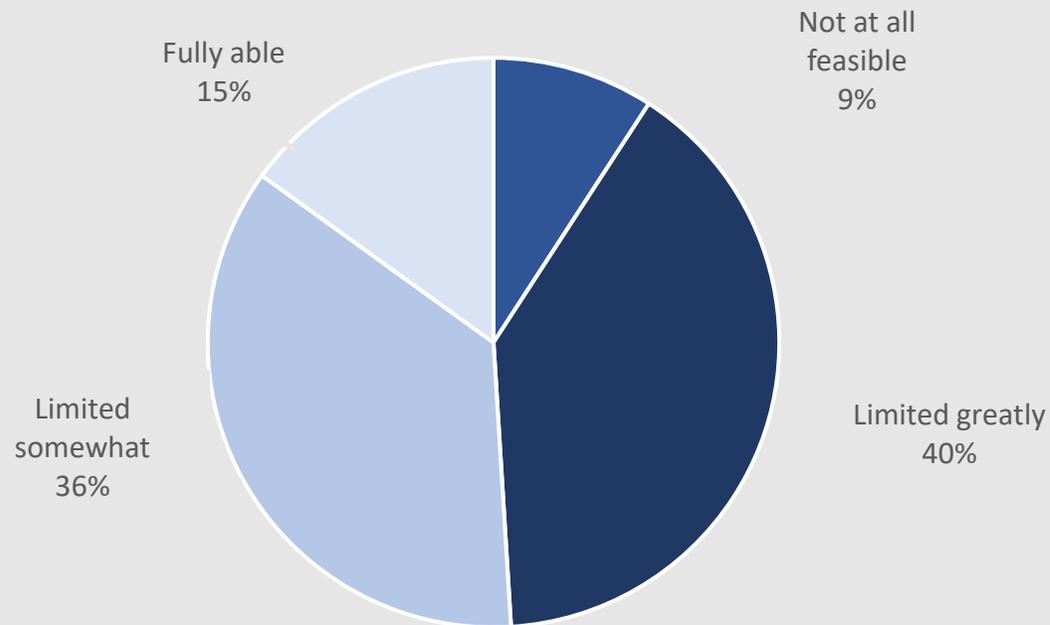


Report no change in demand

Working remotely is significantly hindering about half of nonprofits



Ability to meet mission while social distancing and/or working remotely



Many in our rural region go without internet access or adequate equipment. This is a challenge for the nonprofit workforce, but also for their clients that are in danger of losing the supports nonprofits provide. The Digital Divide is deepening inequities in our region and endangering health and safety.

“Broadband internet access for all is necessary for equity in service provision.”

ON HOLD

20%

of organizations have discontinued **all** operations temporarily

64%

of organizations have discontinued **some** programs/services temporarily



Organizational capacity to connect, learn and grow has been disrupted

50%

Report a decreased ability to connect with new and existing peers and partners

49%

Report a decreased capacity to take advantage of professional development, consulting or coaching

40%

Report a decreased ability to learn from their constituents



"We are in a crisis. So focus is on surviving this while keeping in mind we will never return to the way things were. We need to keep in mind the longer term."

Many organizations are adapting programs and services to meet changing needs and requirements



48% Have increased their focus on creating more equitable and resilient systems

47% Have adopted a new role, strategy or service temporarily

37% Have worked on disaster plans & policies

55% Have started planning how to transition back to in-person work



[Wish funders understood] “The speed and intensity of our day-to-day. We need to know that we have the support to make it through, as we are making very difficult financial trade-offs. Also that we cannot return to how things were before. We have a great opportunity to fully explore how we should be organized and structured to build stronger community. This may involve new partners that we hadn't expected.”

“The process of recovery will be a lengthy one. Opening our doors is a very small part of it. Re-engaging, training and raising funds will be our heavy focus.”

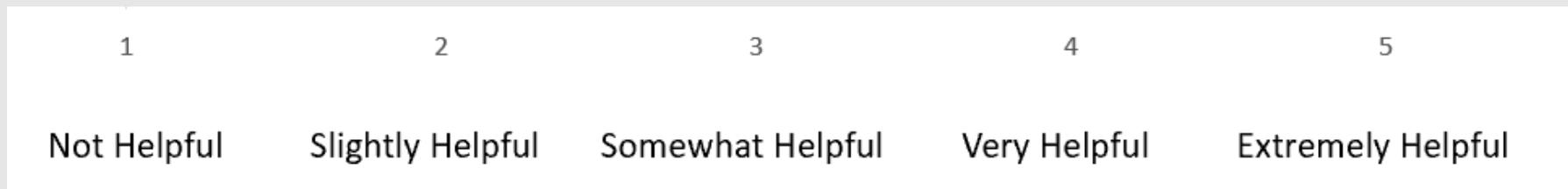
Helpful Adaptations
Grantmaking & Capacity Building



Respondents prioritized more frequent grant opportunities and new eligible uses to help them adapt and respond to changing needs*



- Grants to help nonprofits adapt programs and services to continue to deliver on their mission (avg 4.1)
- Larger grants available at multiple times per year (rather than once/year) (avg 4.0)
- Operating support for nonprofits that may be in danger of closing doors permanently without operating support (avg 3.9)
- Grants for re-building more resilient systems that work better for all (3.6)



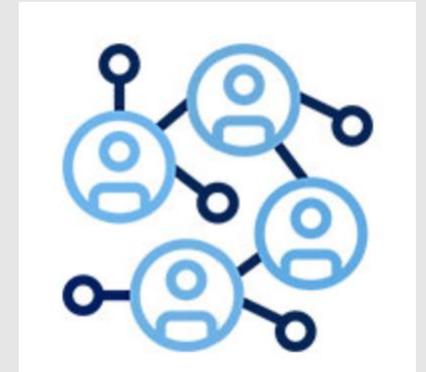
*Please see Graph 5 in Appendices for full results



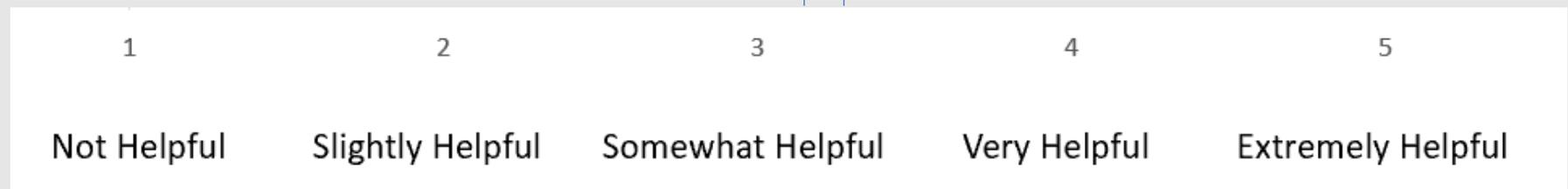
Respondents prioritized specific learning, connecting and support that may help them connect and adapt*



- Virtual learning related to organizational sustainability (avg 3.3)
- Virtually convening nonprofit staff by role and/or by sector area (avg 3.3)
- Virtual learning/consultant support related to goal setting in a crisis (avg 3.2)



*Please see Graph 6 in Appendices for full results



APPENDICES

Qualitative Themes & Full Charts

Besides those described above, what other challenges are you facing as we enter May 2020?

This crisis has put many nonprofits in dire straits financially. Everyone is learning as they go to adapt fund development among a crowded field of organizations seeking critical dollars. Best practices in fund development are no longer possible during the pandemic without significant adaptations, including revenue-generating enterprises that require social contact and relationship-based donor cultivation. Nonprofits are also being impacted by state and federal budget cuts. The fundraising landscape is especially unsettling for organizations who aren't on the frontlines providing basic support, but offer essential services to our region like arts and culture or environmental preservation.

All respondents are considering how to adapt despite uncertainty to maintain momentum toward their missions. Most are planning for multiple futures with limited resources. For those who host a public space, ensuring the safety of patrons as they reopen is a top priority.

“So much mid and long-term uncertainty coupled with limited ability to engage in anything with financial risk. The continued need to perform and plan as if business were usual PLUS the need to adapt, pivot, and respond to new urgent needs and restrictions layered on top.”

“We don't know whether to cancel all or some of our summer programming. How late can we make the decision to give people enough time to plan? What will restrictions look like in August? The fall school year? Once restrictions are lifted, how long will it take for the public to engage as "normal"? It has been extremely challenging not having answers to these questions and making programming decisions accordingly.”

“It has been challenging to know how to fundraise in an appropriate way during this time. Our organization is not providing "essential" services, so is it appropriate to ask for support? What is the right tone to strike with donors?”

Is there anything that would improve your ability to meet your mission while social distancing? (e.g. laptops, better internet service, remotely accessible files/server/apps, remote workplace training)

Adapting work to the virtual environment is a challenge for a majority of nonprofits that do not have the equipment or software necessary to streamline their work via technology. They also need technical support and remote work training to transition to virtual. Some are well equipped to work from home. Building and tending to professional relationships from home is an added challenge.

Many in our rural region go without internet access or adequate equipment and are in danger of losing the social supports nonprofits provide. The Digital Divide is deepening inequities in our region and endangering health and safety. Health and human service organization are concerned about the mental health of their clients as unemployment, an indicator for suicidal epidemics, soars and isolation continues.

“Broadband internet access for all is necessary for equity in service provision.”

“Without the ability to meet people where they work and see, first hand, the needs of students and parents in the area, it is difficult to fully understand where my place is in my ecosphere.”

What do you wish regional funders knew/understood about what you're experiencing right now?

Nearly all respondents, including both those on the frontlines and those working virtually, are working hard to move forward despite the current chaos. Nonprofits that are not on the frontlines of the crisis, especially smaller organizations, are concerned that their work is not considered essential and encourage donors to imagine our region without the arts organizations or natural areas that shape our community.

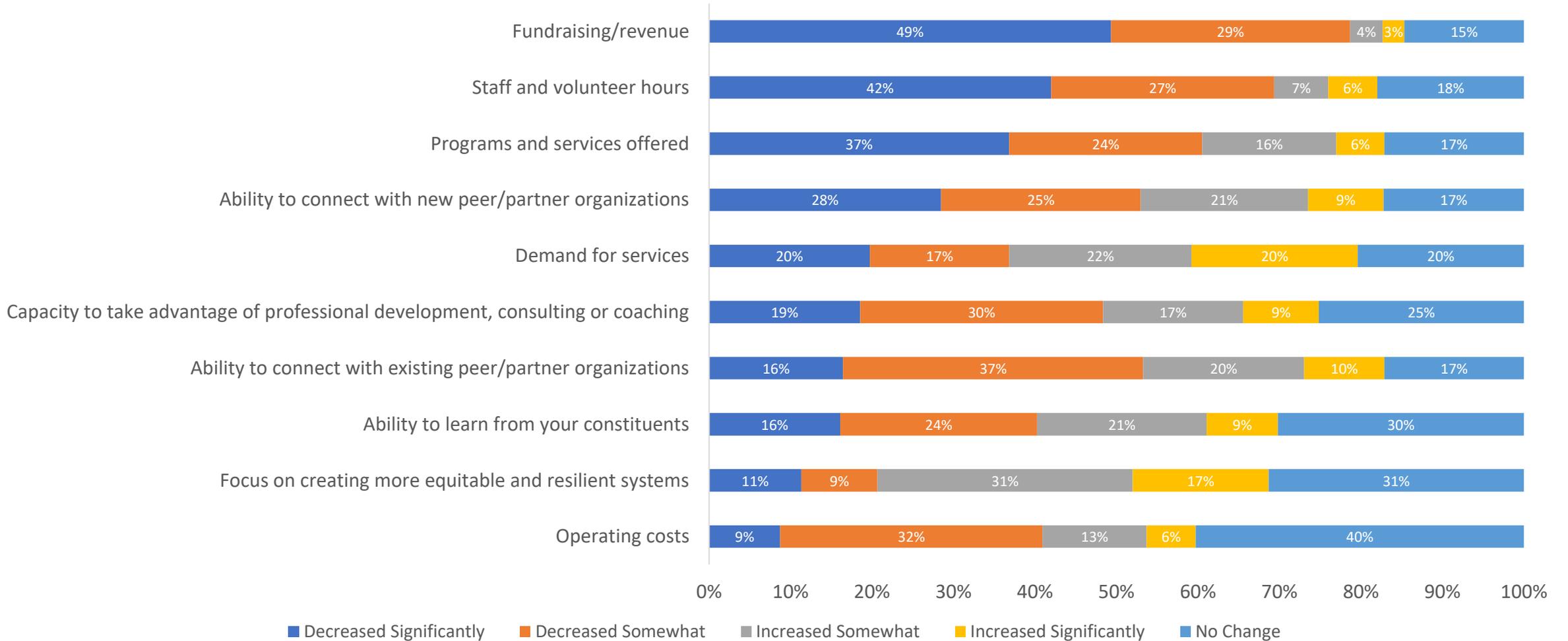
Organizations are grateful for the thought partnership philanthropy provides and share that funder partnership is more important than ever. Some encourage philanthropy to work together to ensure nonprofits can continue to fill critical gaps in our social and environmental structures. Nonprofits advise that onerous processes like restricted funding, lengthy applications, and stringent evaluation take needed time away from what is most important right now.

“Our day-to-day is intense and rapid. We need to know that we have the support to make it through, as we are making very difficult financial trade-offs. Also that we cannot return to how things were before. We have a great opportunity to fully explore how we should be organized and structured to build stronger community. This may involve new partners that we hadn't expected.”

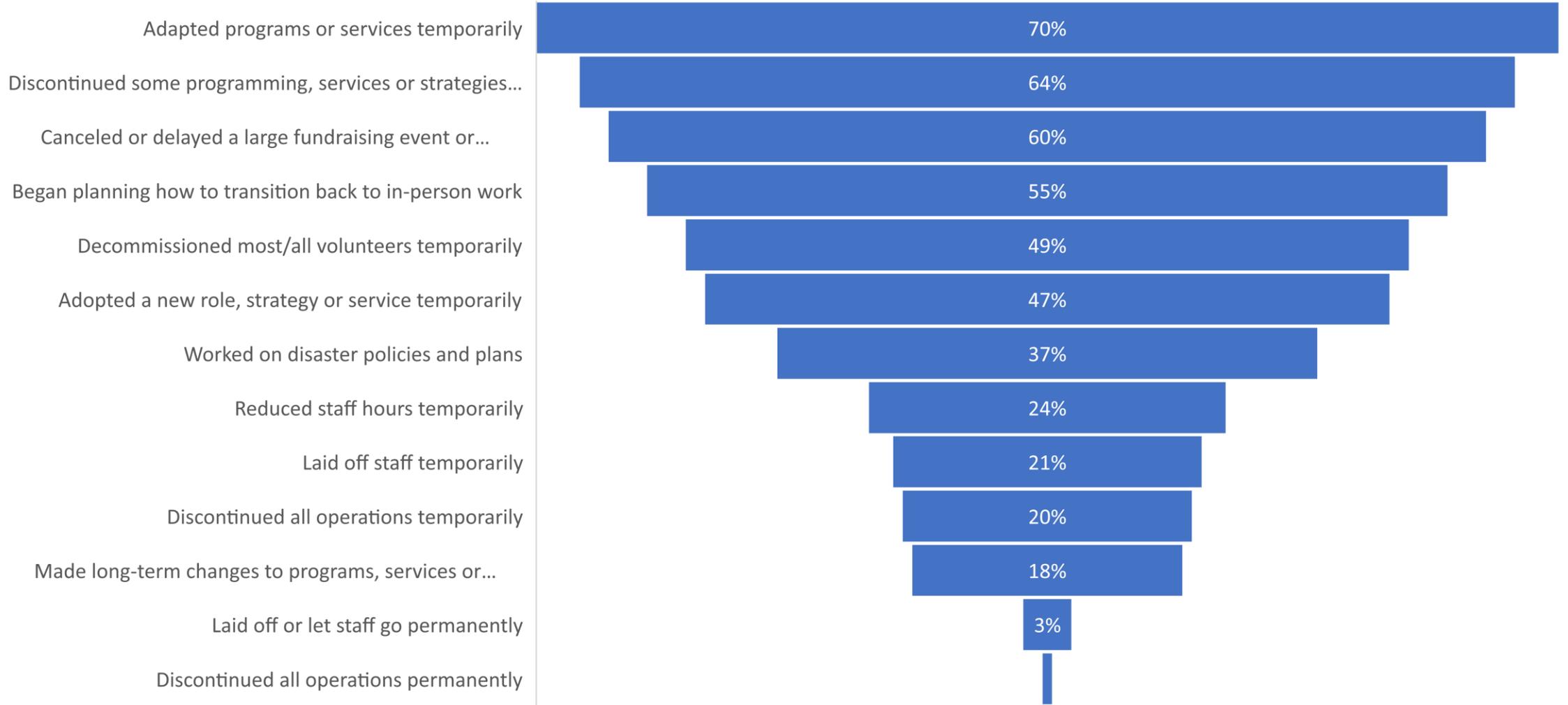
“Our programs will change, but our mission will remain unchanged. Now more than ever, multi-year operational support is so valuable. If you have a rainy day fund TODAY is that rainy day.”

“Our community's need for services has never been greater, but the economic impacts of Covid-19 on philanthropy are absolutely unpredictable for the foreseeable future. Most nonprofits expect giving to decrease significantly as people are unable to earn a living and scarce funds are rightly directed to high-priority front-line services. The inability to predict funding revenue (as well as social distancing) is forcing many nonprofits to scale back, pause services and delay or cancel significant portions of their missions. But doing so may have a cascading impact on relevancy to the community and the audiences that support them. We understand funders too are impacted, and we simply desire a shared understanding of the enormity of the challenges these unknowns pose for our collective work in the next 1-2 years or more. In the meantime, we are deeply grateful for your leadership and compassion.”

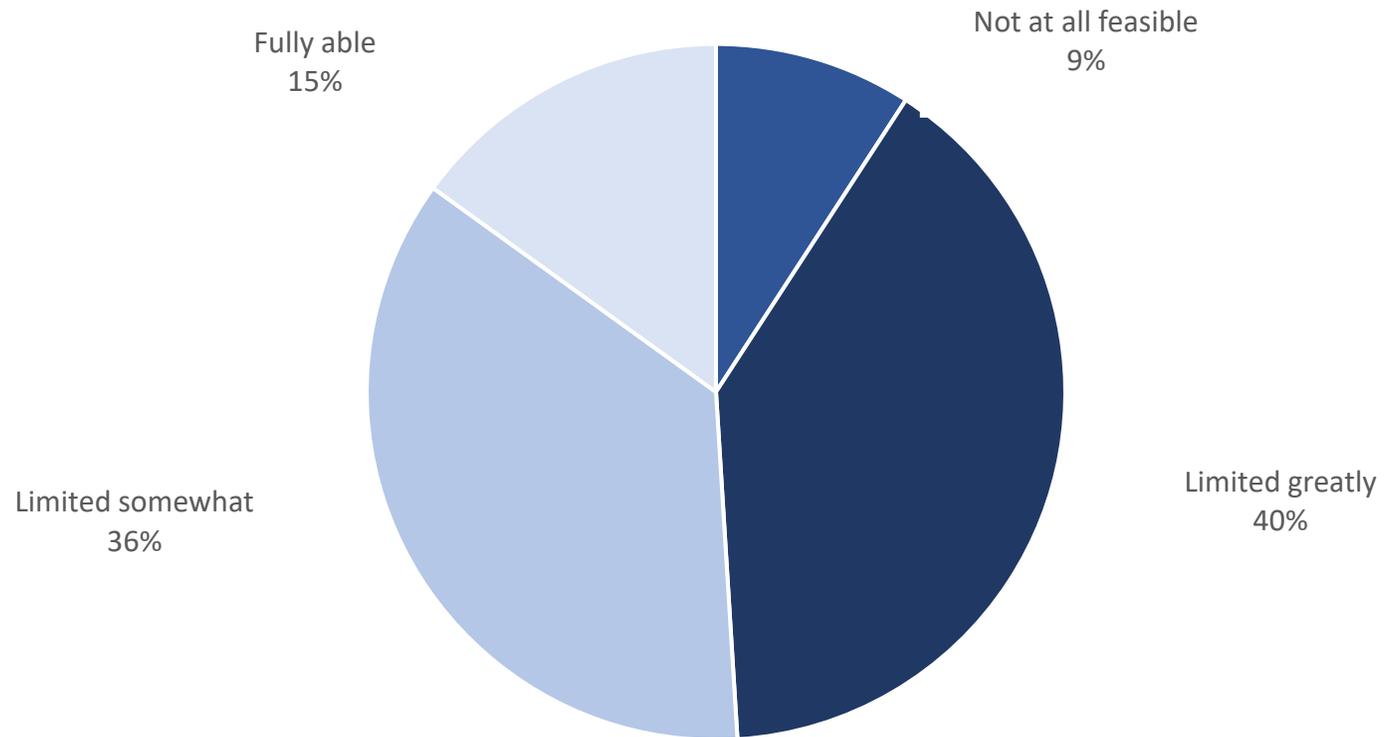
Graph 1: How has COVID-19 impacted the following for your organization?



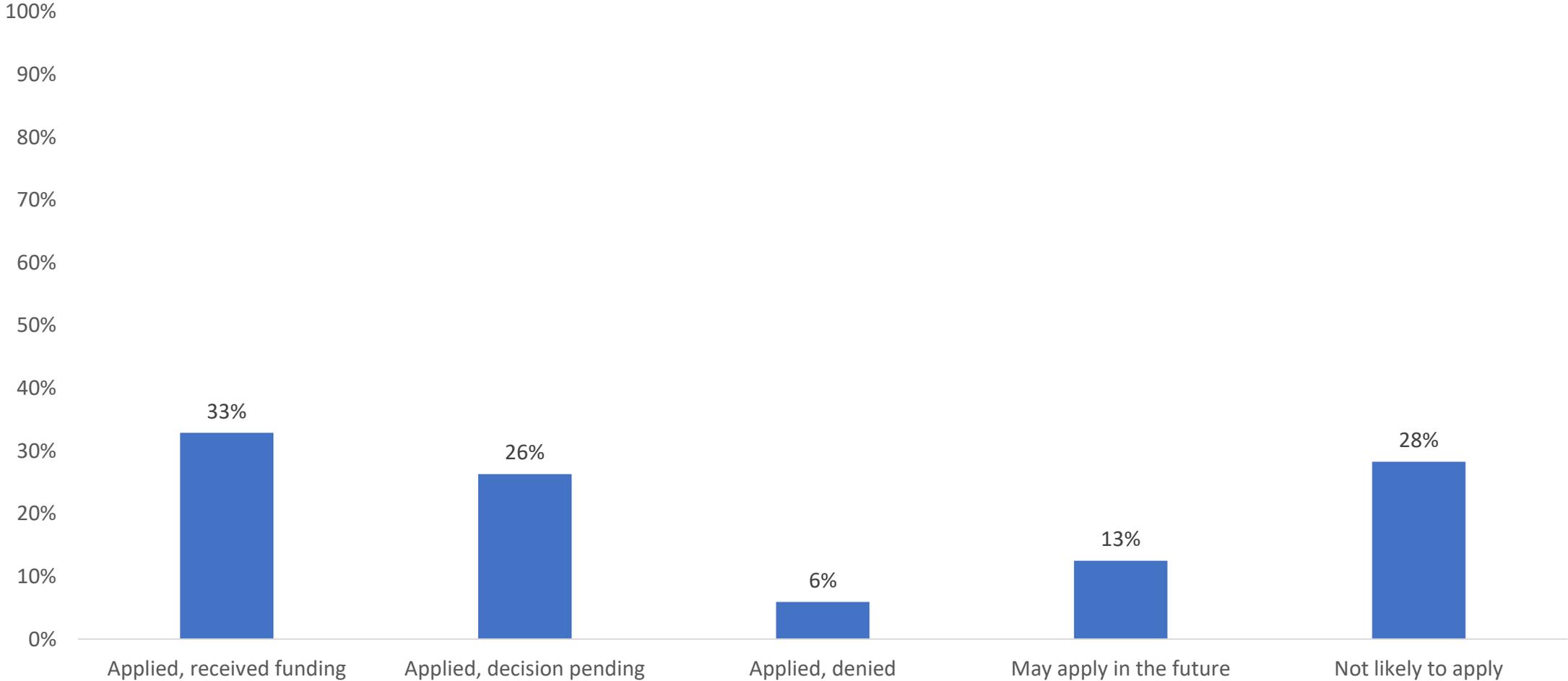
Graph 2: What actions, if any, have you taken as a result of COVID-19?



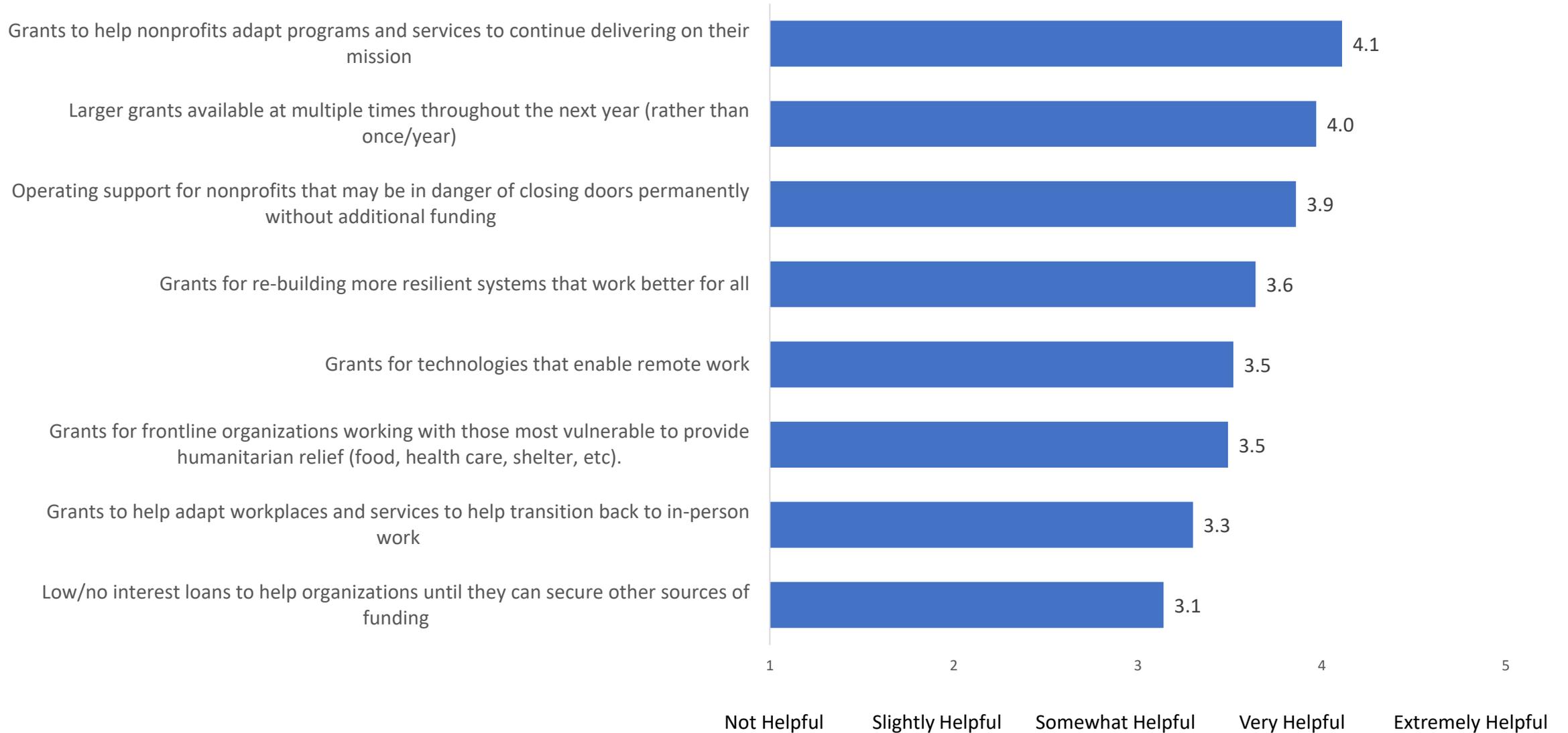
Graph 3: To what extent are you able to meet your mission while social distancing and/or working remotely?



Graph 4: Have you applied for or received any state or federal COVID-related financial assistance?



Graph 5: Please indicate how helpful each of the following may be in the coming months



Graph 6: Please indicate how helpful each of the following would be to you in the coming months.

