

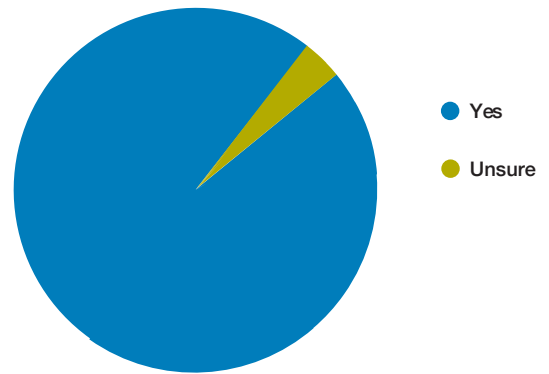
PART THREE

Nonprofit Capacity and Impacts of COVID-19

An Update

On March 13, 2020 around 4:00 pm mountain time, our media and the state health department announced the first officially diagnosed case of COVID-19 in Idaho. Within a matter of a few days, schools were closed, offices were shuttered, businesses closed, many employees were sent to work remotely and the economy began it's slow descent.

The Idaho Nonprofit Center deployed the first of three surveys meant to measure both the already realized and perceived future impacts on the nonprofit sector, the impact of canceled events to annual income and the financial sustainability of our nonprofits, and to better understanding the knowledge capacity gaps we all face as there appears to be no end in sight to the pandemic.



Our first survey, dated March 22 asked the following questions:

Have you been or expect to be impacted by the spread of the coronavirus? 96% reported yes, no one said no.

We then asked what impacts were happening or anticipated:

Type of Impact	% Response
Cancellation of programs of events and corresponding reduced revenue	82.35
Disruption of services to clients and communities	69.61
Increased and sustained staff and/or volunteer absences	54.90
Disruption of supplies or services provided by partners	33.33
Increased demand for services/support from clients and communities	39.22
Budgetary implications elated to strains on the economy	72.55
Other	12.75

The greatest and most common impacts have all been tied to the financial health and well-being of the nonprofit. Our State of the Sector report highlighted the challenges nonprofits face, particularly those who are small and/or based in rural communities. COVID-19 did not create new financial constraints, but it certainly amplified them significantly.

Most nonprofits experienced an increased demand on their services while sustaining a decrease in reduced income/revenue.

We also asked nonprofit to estimate the level of severity that any of these impact are or were predicted to have on their programs, services or general operations. Not surprisingly 68% reported high (significant) impact and 28% reported a moderate impact or disruption.

We also wanted to get a sense of how our nonprofit sector might respond to the spread, keeping in mind we asked these questions on March 22, but even early on we all knew we would be faced with canceling or rescheduling events, moving work and meetings to remote, updating sick leave policies (this was before the CARES Act) and taking it upon ourselves to remain informed.

Event Impact	% Response
Rescheduling or canceling programs and events	84.47
Changing in-person events to virtual events using video software	75.73
Revising remote work and sick leave polices	59.22
Encouraging employees who feel sick to stay at home	84.47
Encouraging proper hygiene (hand washing, cough/sneeze/etc.)	88.35
Staying informed via news, CDC, and state of Idaho	90.29
Other	27.18

In the fall of 2019 we asked nonprofits to tell us what, if any, emergency contingency plans they had in place. 82% reported having a plan at that time. On March 22 we asked about very specific plans that nonprofits could have in place. We asked the question to not only reinforce best practices but to identify capacity gaps that the Idaho Nonprofit Center could work to fill.

The results of this question were stunning. 50% had remote work policies in place for staff and 63% had technology infrastructure in place to support remote work. 41% reported having health care benefits and 43% had an emergency communications plan. 48% reported having 3-6 months of operating expense in a savings account.

Emergency Contingency Plans	% Response
Finical Contingency Plan	23.33
Emergency Contingency Plan	28.89
Remote Work Policy for Staff	50.00
Technology Infrastructure	63.33
3-6 Months Operating Expense in Savings	47.78
Short Term Investments	21.11
Long Term Investments	28.89
Risk Management Policy	23.33
Health Care for Staff	41.11
EAP Plan for Staff	21.11
Telehealth Benefits	16.67
Current Donor Stewardship Plan for Current Conditions	21.11
Event Contingency Plan	24.44
Emergency Communications Plan	43.33

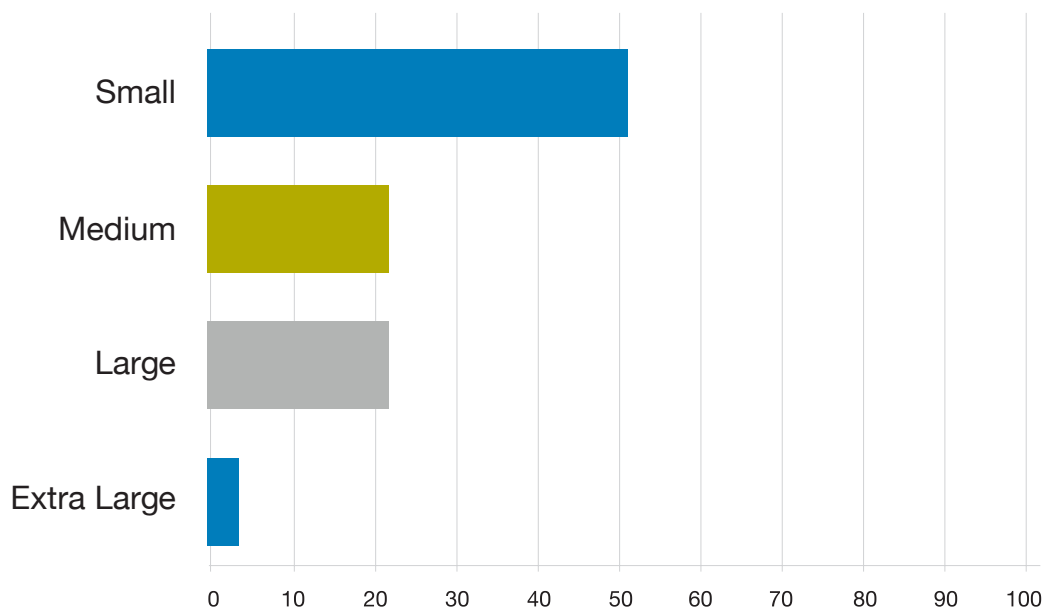
The Idaho Nonprofit Center worked quickly to build knowledge capacity in many of these areas and at some point we'd like to go back and measure the efficacy of our efforts, but the nonprofit sector feels, collectively and rightfully so, that we're everyone's research project. Over surveyed, over analyzed and under appreciated for how we, collectively, have risen to this challenge and shown what intelligent, compassionate and creative problem solving leaders our entire sector represents.

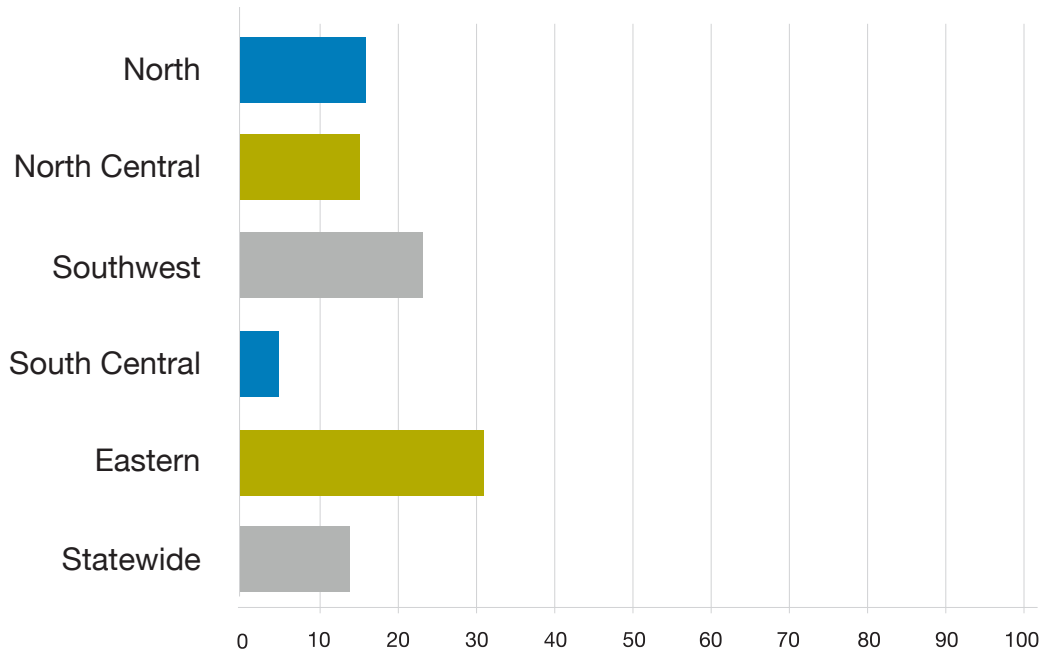
Nonprofit Sector Needs in the “New Normal”

On April 19 the Idaho Nonprofit Center sent an additional follow up survey, less than a month after our Governor issued our “stay home” order. We wanted to better understand, on a deeper level, how we could support the nonprofit sector by organization size and by region. What we found were very few nuanced differences no matter how we sliced and diced the data. In other words, we really are all in this together. We are tied together not only by our desire to make our communities safer, healthier and better, but by the challenges we all face.

Just over half of the responses to our survey are what we consider small nonprofits, those with a budget of under \$250,000. Medium and large organizations represented 22% each with the rest falling into the over \$5 million category.

Surprisingly regional representation was skewed slightly to the east:





We also wanted to know the sub-sector representation, and it seemed to fall in line with where most of our nonprofits are categorized proportionately, with 42% falling under the health and human services category:

Subsector Classification	% Response
Arts, Culture, and Humanities	11.94
Education	8.96
Environment and Animals	6.72
Health	16.42
Human Services	42.54
International, Foreign Affairs	0.00
Public, Social Benefit	8.96
Religion Related	2.24
Mutual and Membership Benefit	2.24

As we thought more deeply about the challenges we were facing in our own organization, we also wanted to make sure that we had a broader understanding of the entire sector’s concerns. We asked specifically where nonprofits saw their own knowledge capacity gaps.

The responses correlated to every other survey we’ve done and tied back to our state of the sector survey: fundraising and fund development will always be an area of growth opportunity for our entire sector.

The need for volunteers (as reported in the SOS) also did not change, but how we engage with volunteers did. Suddenly we needed to know how to engage volunteers in a virtual setting, which included engaging board members in a virtual meeting and beyond.

Other areas of need were (and still are) making difficult decisions, building a strong office culture in a virtual office environment and virtual staff management and supervision.

Potential Challenges	% Response
Fundraising	59.70
Fund Development	54.48
Virtual Meetings	32.84
Virtual Board Engagement	35.82
Board Meeting Legalities	29.85
Difficult Decision Making	23.13
Nonprofit Mergers	11.94
Surplus Investment Options	14.93
Virtual Volunteering	38.06
Office Culture in Virtual World	27.61
Inexpensive Health Benefit Options	24.63
Virtual Management	35.07
Other	7.46

Impact of Canceled Events on the Nonprofit Sector

As we discussed in the State of the Sector report, nonprofits can play a critical role in policy decisions being made and the local, state and federal level. Part of our mission at the Idaho Nonprofit Center is to serve as the voice for the sector on issues that impact our ability to fulfill our missions.

When the first case was announced in Idaho hundreds of nonprofit fundraising events were either canceled or postponed, which left a critical cash flow gap for most of those organizations who were impacted. As we noted in the SOS not every nonprofit has money in the bank, and if they do it's only a few months of expense. Fundraising events are usually positioned to bolster income during certain parts of the year so the organization can sustain its operations. Suddenly you cancel your event, losing money spent on facility rental, marketing and the staff time to prepare which could have been redirected to mission fulfillment.

As the state formed their coronavirus advisory task force, we were able to partner with a critical member of that committee to provide information and data to ensure our nonprofits had a voice at the table.

As a result, we were asked to collect some data on the true impacts of event cancellations on the nonprofit sector and share that with the Governor and his task force. Again, this all ties back to the State of the Sector report as events are a significant revenue source for our nonprofits. The ripple effect of the impact of canceled or postponed (or events that have gone virtual) will be felt for years to come.

Generally (not always) the larger nonprofits in more urban areas are better resourced. Their events may drive up to 10% of their revenue but they have larger budgets. The impact is significant, but not to the same degree as in a smaller more rural community.

Nonprofits in our regions tend to have smaller budgets and events can drive anywhere from 25 – 75% of their annual budgets, often times their budgets are under \$100,000.

Not all events are created equal. Some events lend themselves well to changing over to a virtual event, others such as large concert series, art/music festivals and outdoor athletic events are difficult, if not at times impossible to change. Speaking from experience, even changing a racing event to a “virtual” one while reducing production costs on the one hand, dramatically decreases event participation as part of the experience of the event is being in person.

Churches are impacted as well, each week that they do not pass the collection plate in person during their service reduces the amount of operating income they receive. Though many churches are set up for credit card giving weekly, monthly or annually, it is not something all of them will either offer or have the capacity to effectively promote and manage. Additionally, like all of us with the economy struggling that also means a decrease in giving as it is.

Event Types Most Commonly Reported

- Church services (ex: 22,000 on weekends for mass – missing collections with no parishioners)
- Large summer concert series
- Fun Runs/athletic events
- Outdoor festivals (art, music, food, beverage, etc)
- Golf tournaments
- Monthly or biweekly revenue generating events (CCG, FoH)
- Conferences
- Fundraising galas/auctions/etc

Statewide Summary of Impacts

Total estimated* net revenue loss from reporting nonprofits: \$18,880,986

- \$82,449 average loss per reporting organization
- 290 events reported, 990 average attendance
- Smallest reported event:
- 20 attendees Largest: 50,000

*we asked respondents to base their estimated lost revenue based on 2019 actual event net revenue VS projections or budgets for 2020

What percent of the organization’s annual budget to large events support:

Annual Budget to Large Events	% Response
Up to 10%	31.90
10 to 25%	25.86
25 to 50%	19.40
50 to 75%	14.22
75 to 100%	8.62

These results are a little bit nuanced, in smaller and rural communities reliance on fundraising events is greater. When we looked at north Idaho specifically, we noted that more than 50% of reporting nonprofits rely on events for 50 - 100% of their annual budget. The largest reported event from north Idaho was also over 5000 attendees, with the smallest at 75.

Summary of COVID Capacity Report

Nonprofits are resilient, creative small businesses who consistently deliver the quality of life we all enjoy here in Idaho. COVID-19 pandemic aside, the capacity gaps we identified after March 13, 2020 were not new to us. This pandemic amplified some, identified even more, but overall has given the nonprofit sector a chance to shine. We’ve been able to deliver on our missions, more than ever before despite our funding, staff and volunteer limitations.

We cannot estimate how long this pandemic will impact our sector, at this stage there is no end in sight. However, we know that nonprofits not only know what their gaps are but in addition to working tirelessly to fulfill their missions, they are accessing the resources, training and support they need to do what they do best.