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COVID-19 Impact to Delaware Nonprofits

November 2021

Methodology & Perspective



Beginning in March 2020, the Delaware nonprofit sector has been surveyed to understand the impacts of Covid-19 and identify nonprofit organizational needs. These surveys are part of the COVID-19-19 Response Initiative, a collaborative among the Delaware Alliance for Nonprofit Advancement, the Delaware Community Foundation, Philanthropy Delaware and the United Way of Delaware.

The information has been used to inform funding strategies by the United Way, the Delaware Community Foundation, the philanthropy community and state government. This information also guided DANA's training and capacity support services.

Since the last survey in November, nonprofits have had access to a second round of Paycheck Protection loans, grants through the United Way and the Strategic Response Fund managed by Philanthropy Delaware and the Delaware Community Foundation. Government agencies have also been able to pass through federal funds dedicated to a variety of critical needs.

This fifth survey was deployed in mid-July; after the end of the state of emergency in Delaware. Similar questions from previous surveys were asked to understand how the impact has changed and in what way needs for support have evolved.

125 organizations participated in this survey. Though it is unknown which organizations participated in all five. Given participating nonprofits may not be the same in each survey, this is not intended to be a longitudinal study. However, where data collected was similar, perspective is shared on the responses in previous surveys compared to now.

Note it is estimated there are over 1400 nonprofits actively operating in Delaware.

Highlights of the July COVID-19 Impacts to Nonprofits Survey

- Most nonprofits have re-opened their facilities to provide some on-site services. More than half indicated their service demand exceeds that of 2019 levels.
- Concerns about their clients continue to be about access to services, either through digital means or via transportation. Mental health concerns remain high, and encouraging vaccination is a concern raised in this survey. Financial hardships for some clients remain, though not for lack of finding a job, but being able to work. Access to childcare was cited by some.
- Thanks to improved revenue, and the paycheck protection loans, most nonprofits have held staffing levels to 2019. Some have increased staffing to offset the loss of volunteers and to meet increased service demand. Nonprofit leaders expressed concern about staff mental health and their health safety. The ability to retain employees through competitive wages and benefits was cited by many.
- Covid-related expenses remain an issue for nonprofits. Most saw an increase in expenses in the first half of 2021 compared to the second half of 2020. Nearly half (48%) have been able to raise some funds to cover the expenses, while a fifth (22%) have not.

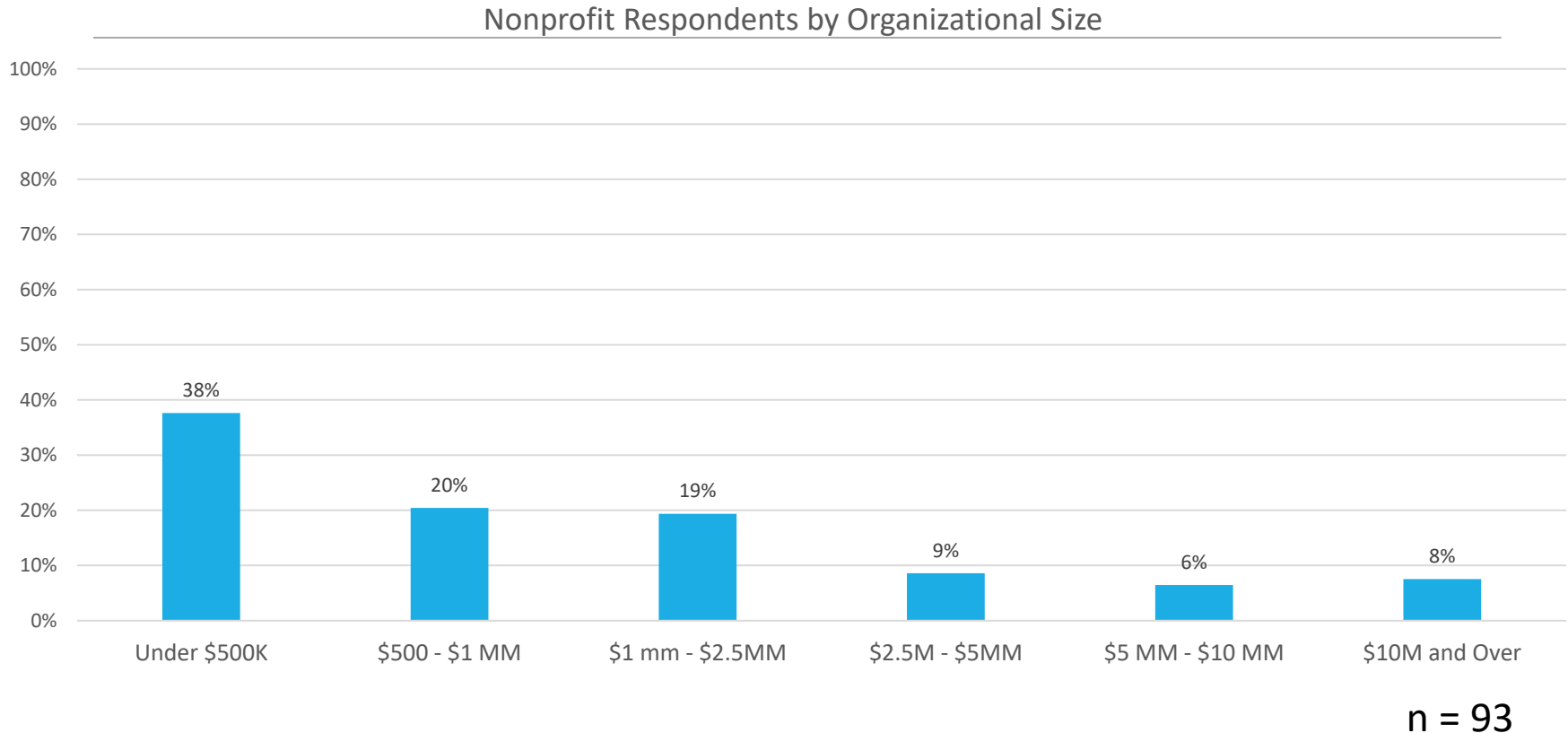
Highlights of the July COVID-19 Impacts to Nonprofits Survey

- Revenue losses in 2020 were not as dire as originally projected. Though most nonprofits lost revenue compared to 2019, fewer lost revenue to the levels they estimated. Some nonprofits realized an increase in revenue due to grants to support increase services.
- Sources of revenue increases were from foundation grants and individual donor gifts. Many organizations, particularly in the arts, saw earned revenue decreases in 2020. Fewer nonprofits applied for Covid-19 grants in the first half of 2021. This could be due to limited availability of grants.
- There is more optimism for 2021, with nearly half (46%) of nonprofits expecting revenue increases.
- However, there are still many organizations (39%) which are operating with less than 10 weeks of cash on hand. 43% Health and human service organizations have less than 10 weeks. And nearly half of the very small nonprofits, and the largest are also in this tenuous position.

Highlights of the July COVID-19 Impacts to Nonprofits Survey

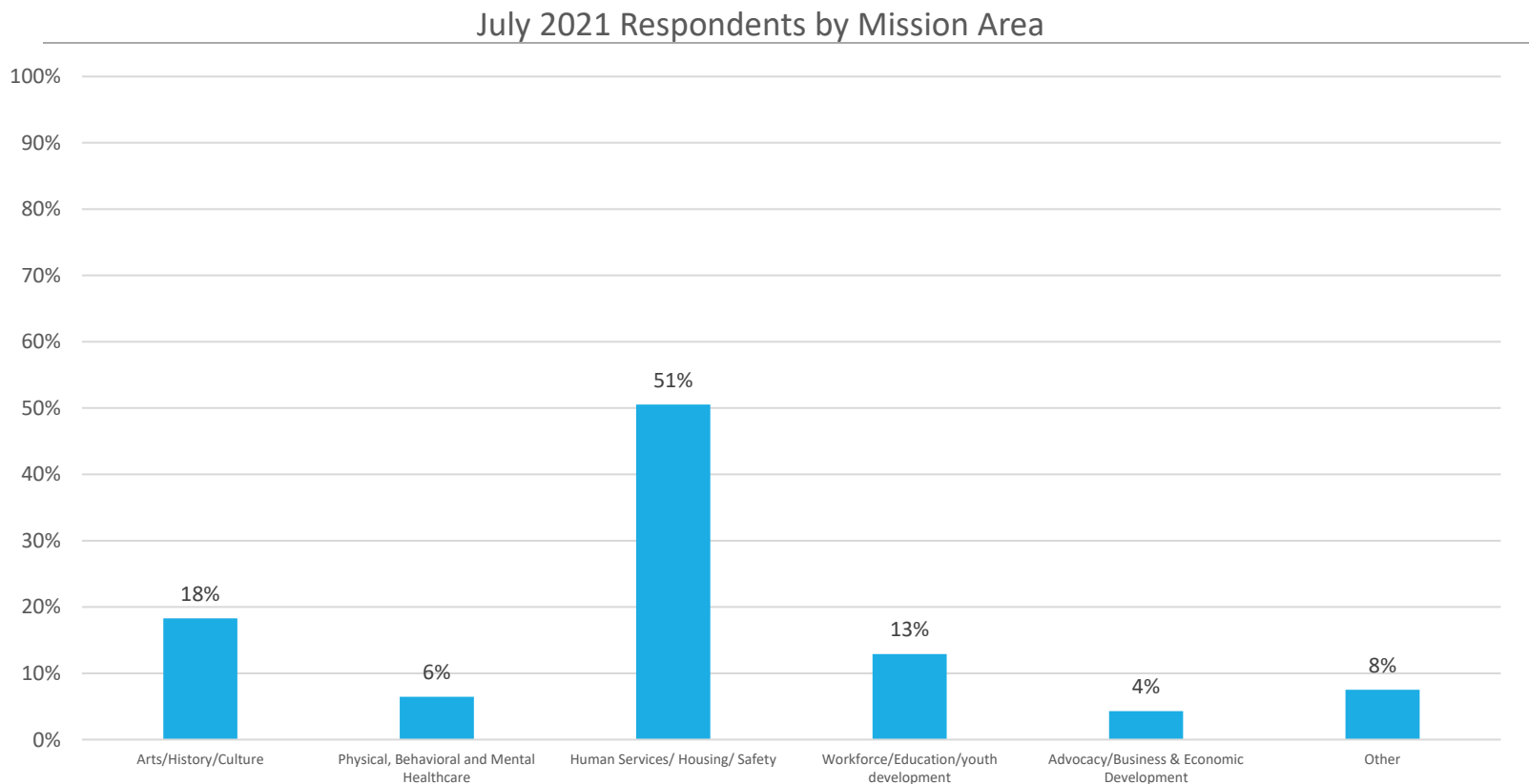
- Nonprofits are seeking partnerships with other nonprofits and with government entities to help with their recovery.
- Access to unrestricted funding is still a high concern for nonprofits. They need this to pay for increased staffing costs, technology, and technical support to help them with planning, staff development, and writing grants.
- A desire for improved government communication and coordination is also desired.
- Many nonprofits are hopeful they can access the Federal ARPA funding to assist them in their recovery and with increased service demand.

As in prior surveys, small organizations represent most of the survey respondents



Note: Not all respondents answered this demographic question. The respondents' organizational size skews towards larger organizations. According to Share Delaware.org ,78% of Delaware nonprofits are under \$1 million., and 4% are over \$10 million. (DE Nonprofits who filed 990's in 2017)

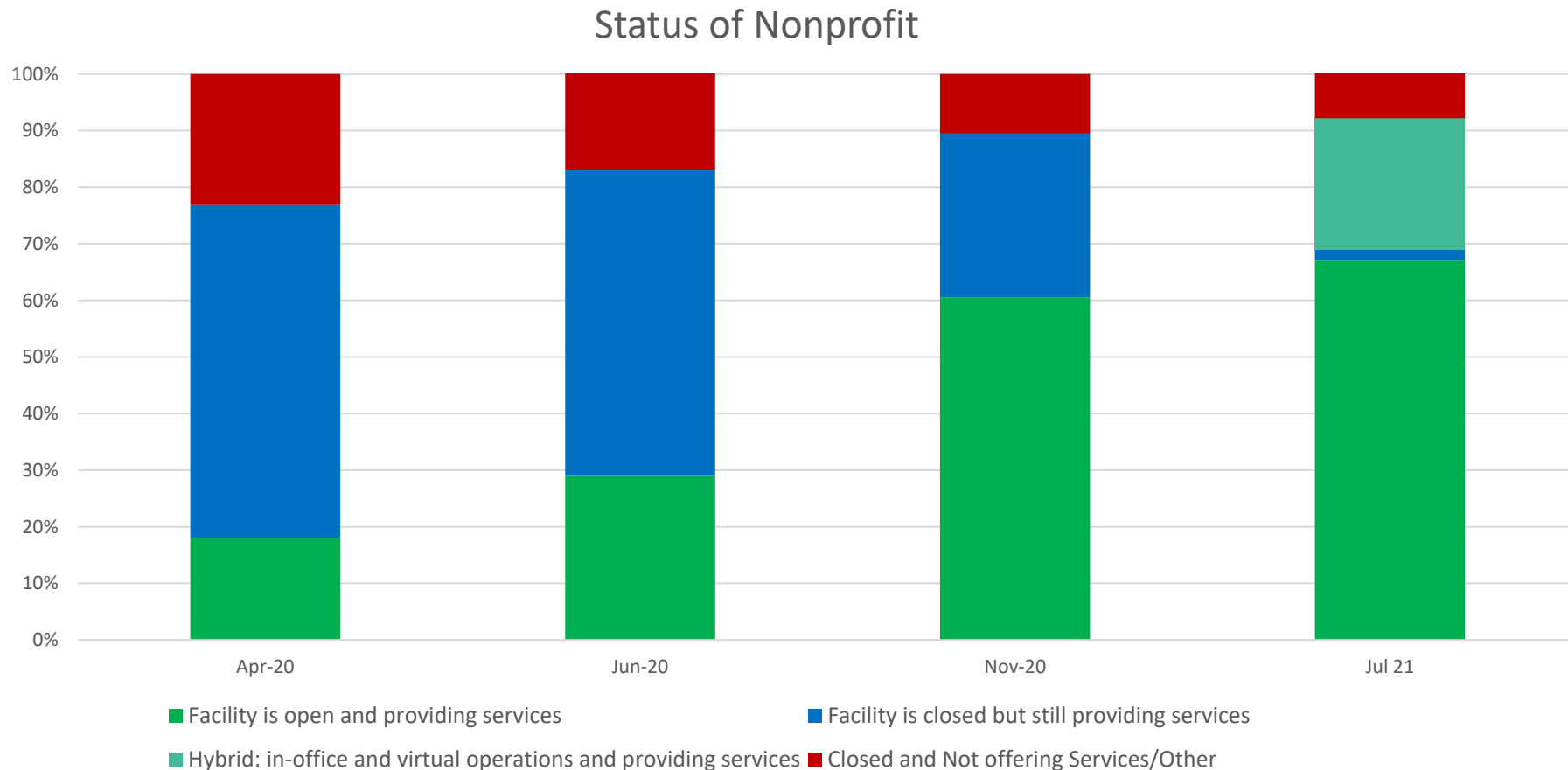
Nonprofit Mission Area



n = 93

Note: The respondents' organizational mission area has a higher percentage of arts & culture and lower representation of health than the Delaware sector as a whole. (ShareDelaware.org, DE Nonprofits who filed 990's in 2017)

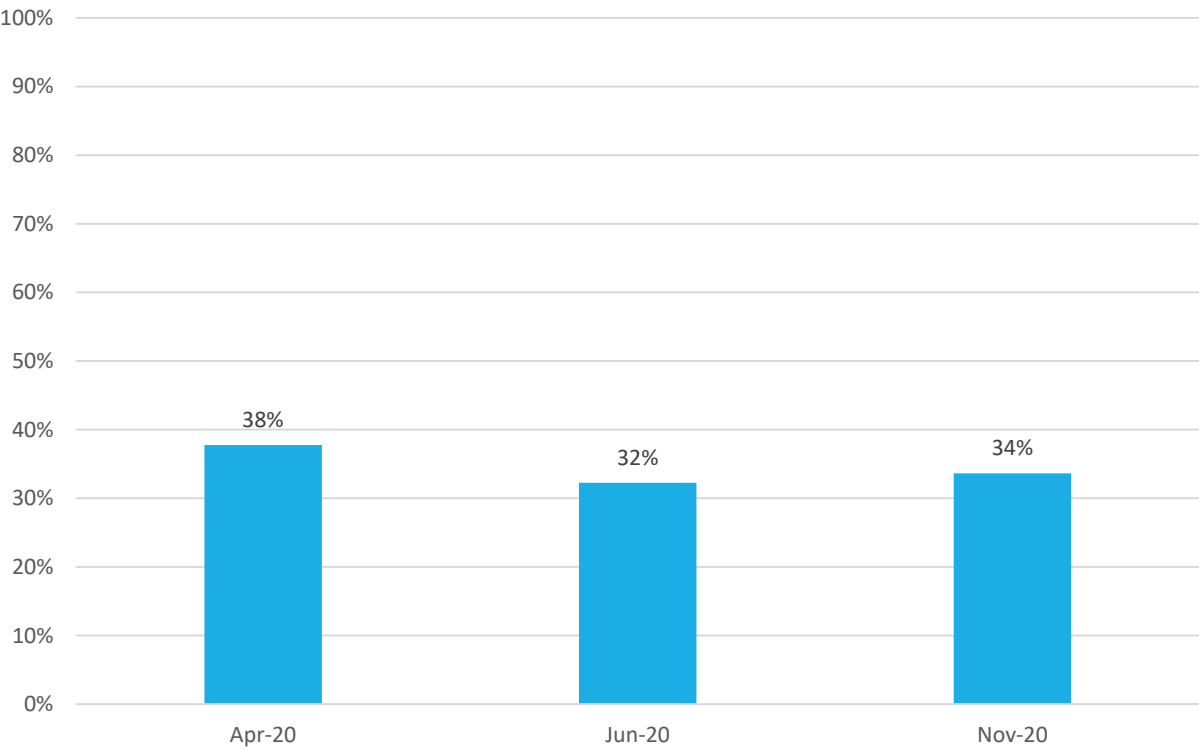
As the year has progressed, most nonprofits have opened their facilities for in-person services



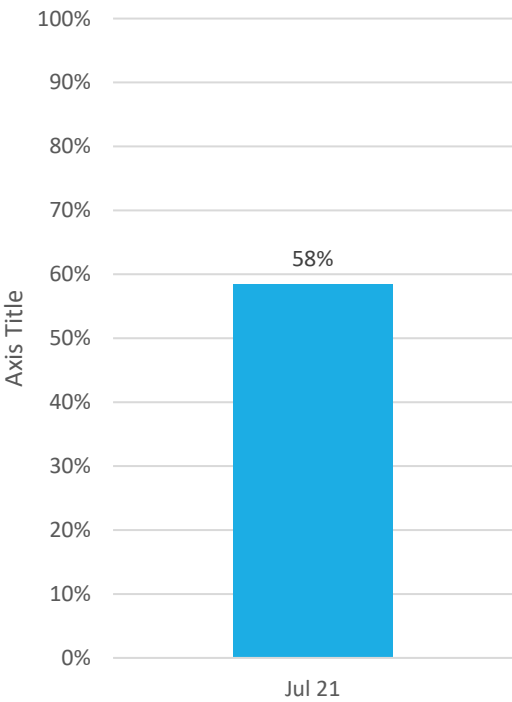
Response counts: April n = 186, June = 125, November = 108, July = 125

In 2020 a third of nonprofits indicated service demand increase. More than half in 2021 have experienced increases

% Nonprofits Service Demand Increase since March 2020



% Nonprofits Experience Service Demand Increase in 2021



Nonprofit concerns about their clients remains consistent with last year.

NOVEMBER 2020

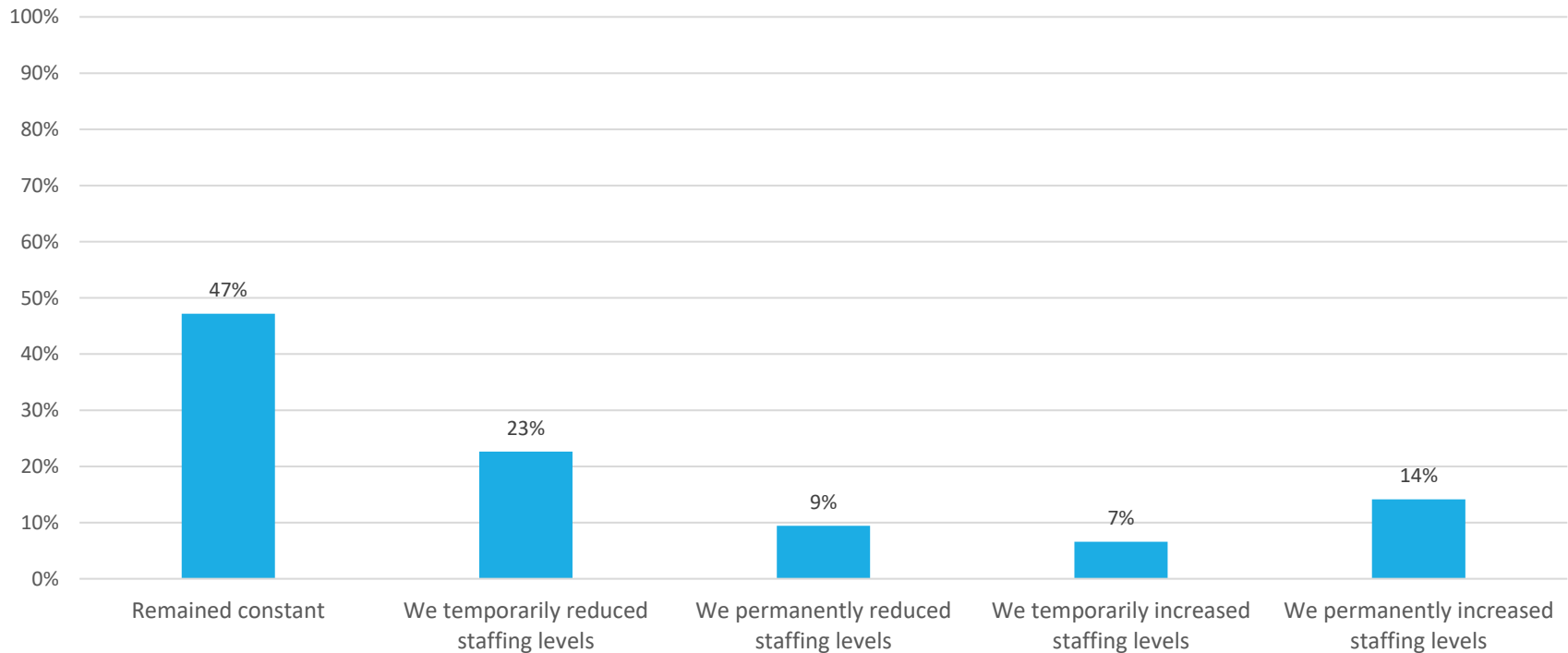
- Barriers to Access – Digital
- Barriers to Access – Transportation
- Barriers to Access – Hours
- Mental Health Wellbeing
- House instability
- Financial hardship – lost job
- Hispanic Engagement

JULY 2021

- Barriers to Access – Digital
- Barriers to Access – Transportation
- Barriers to Access – Hours
- Mental Health Wellbeing
- House instability
- Financial hardship – can't work
- Vaccination Levels/Hesitancy

Most nonprofits have held onto staff, given PPP loans and other relief funding. Increases to staff were due to loss of volunteers and service demand.

Change in Staffing Levels Compared to 2019

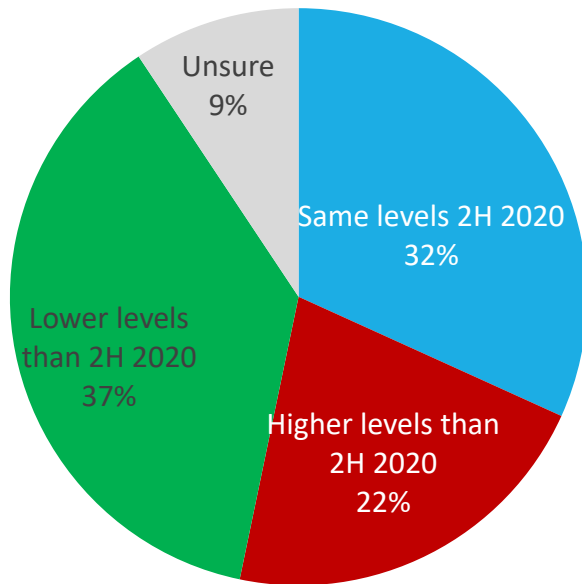


Staff Concerns

- Anxiety about health safety
- Management of vaccinated vs unvaccinated (clients/staff)
- Mental health – burnout, family-work balance, motivation, workload
- Financial – competitive wages, benefits

Trajectory of Covid-Related Expenses relative to second half of last year

Covid-Related Expense Trajectory
1H 2021 vs 2H 2020

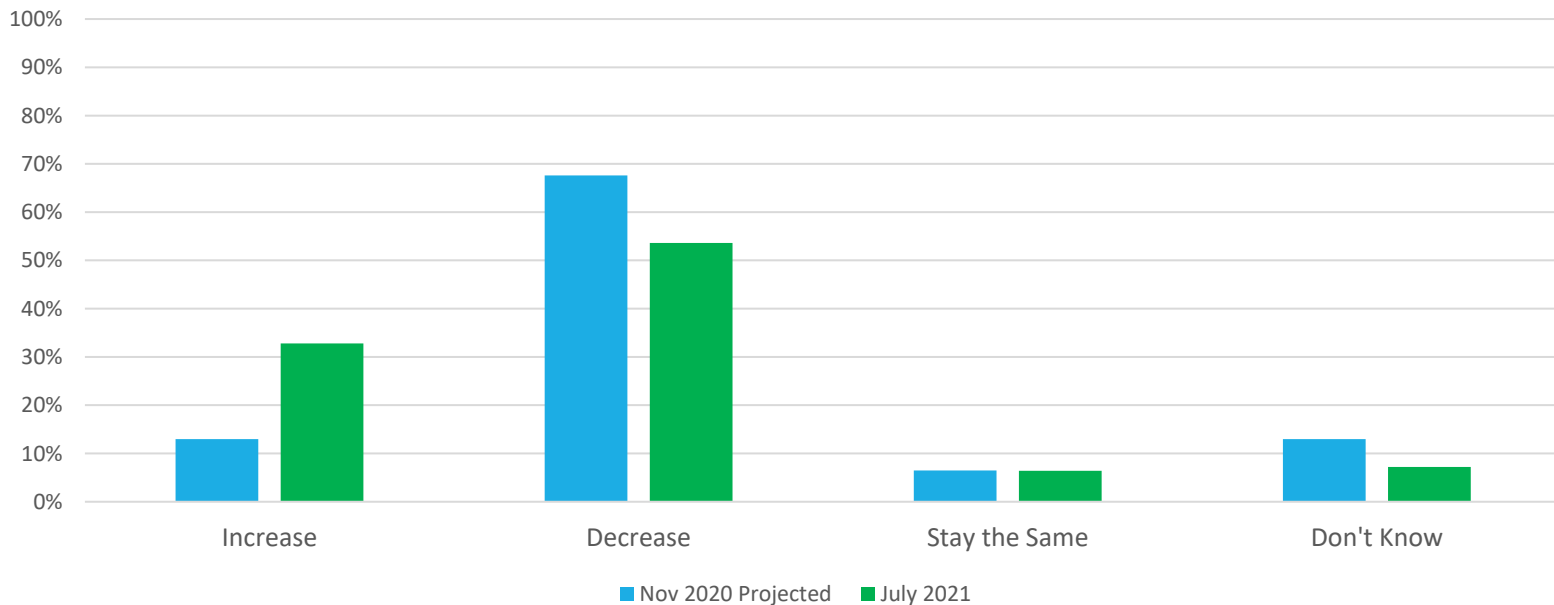


- 22% indicated they have not been able to raise funds to cover these costs
- 48% have raised funds to cover some
- Primary expenses:
 - Higher food costs, higher service delivery costs (supplies for food carry out)
 - More staff/staff overtime to compensate for less volunteers or difficulty hiring
 - Cleaning supplies & PPE
 - Technology, some equipment but also the ongoing subscription fees

Organizational Impacts – Revenue Results 2020 vs prior year

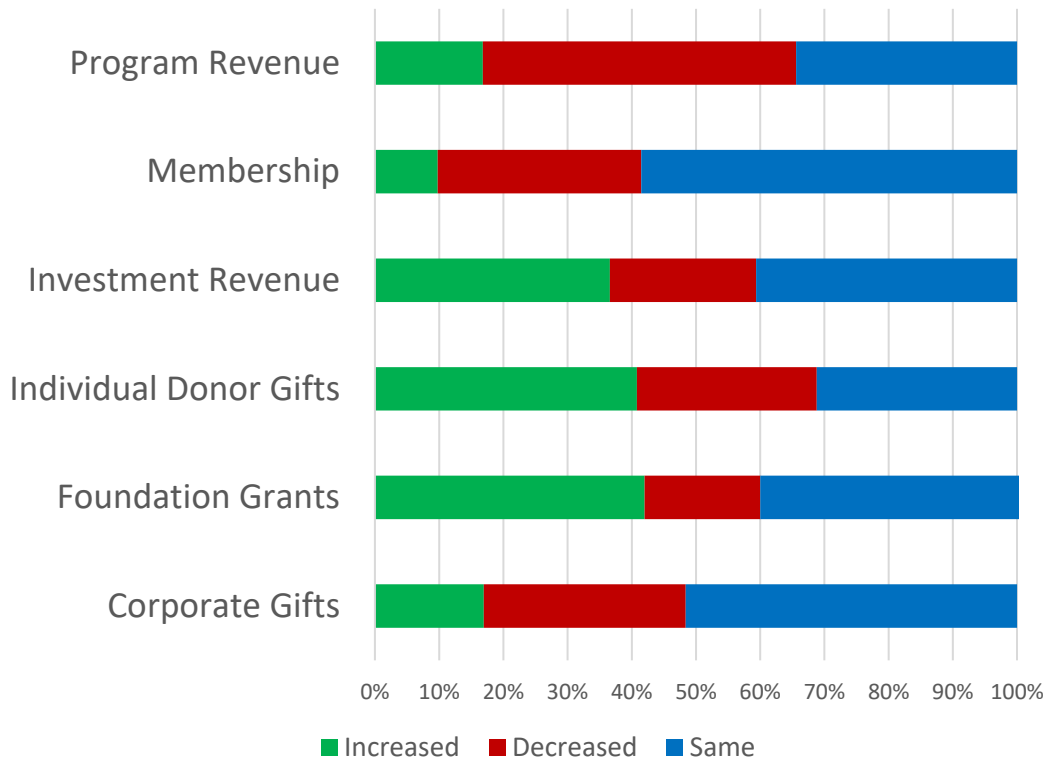
In November 2020, a third believed their organization would realize a loss of 25% or greater compared to 2019, whereas a fifth realized this loss. Two percent expected revenue increases by more than 25% and 13% realized.

2020 Revenue Trajectory vs 2019 Perception and Reality



Revenue Source Impacts

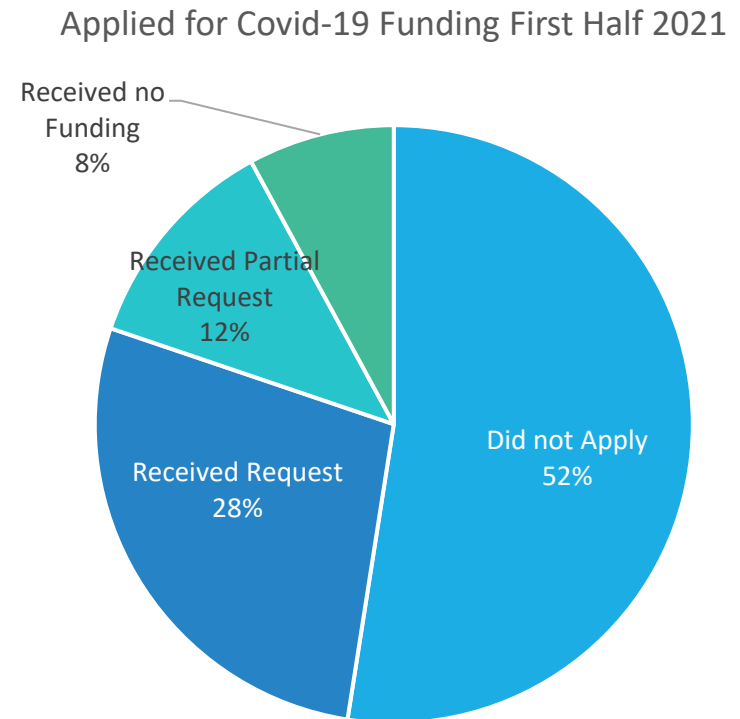
Change in Revenue Sources 2020 vs 2019



- 77% of organizations sized \$5mm+ saw increase in foundation grants
- 65% of Arts realized an increase in individual donors, but 71% had program revenue declines
- 57% of organizations sized \$1mm had program revenue declines

Less than half of Nonprofits applied for Covid-19 the first half of 2021

- 42% received support from government-related grants
- 22% Through the Covid-19 Strategic Response Initiative
- 16% through private foundations and individual donors

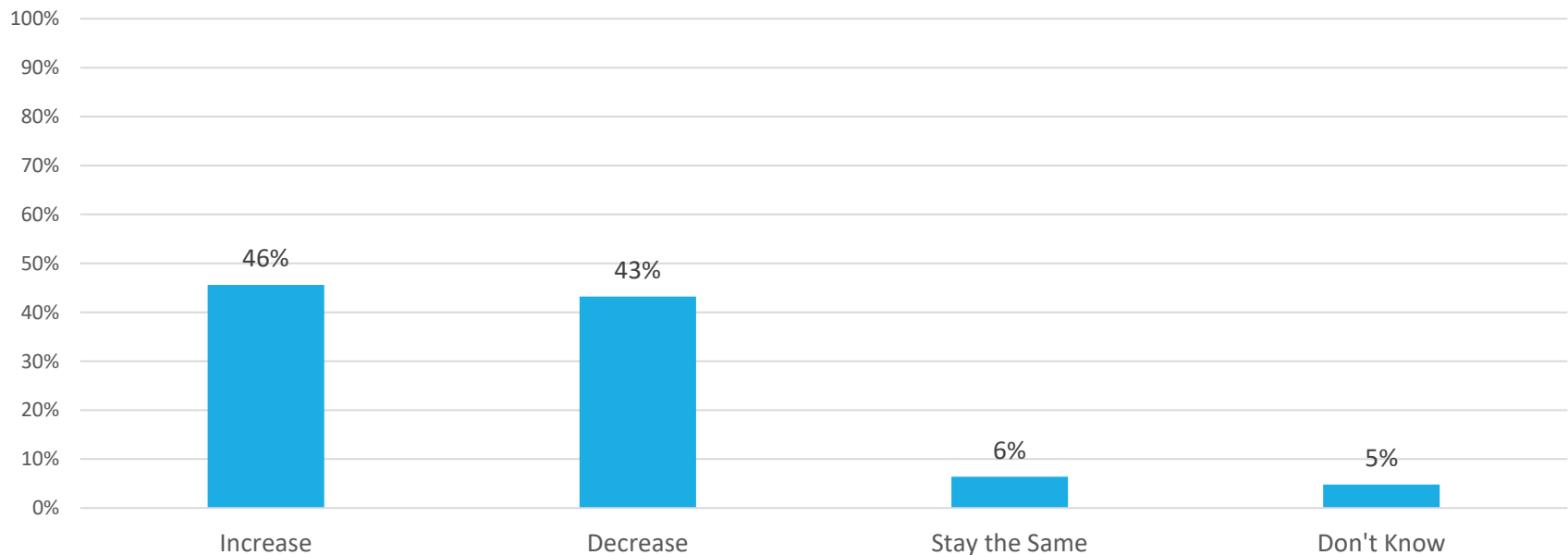


N = 101

Organizational Impacts – Anticipated 2021 Revenue

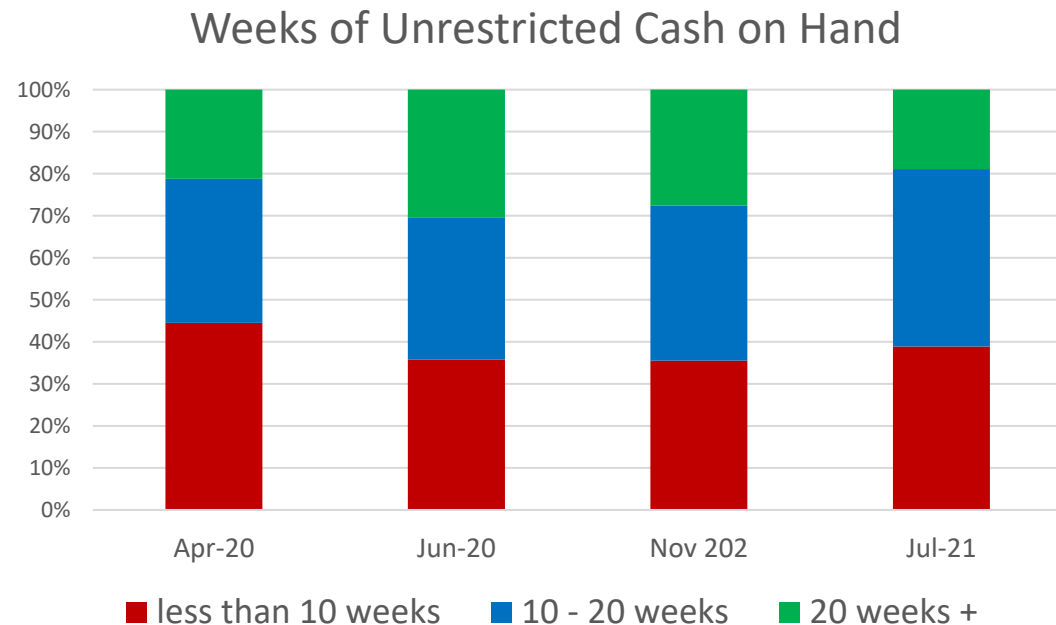
Nearly half anticipate an increase in revenue, while 43% expect decreases. 11% anticipate revenue declines of over 25% compared to 2019.

As of July, 2021 Estimated 2021 Revenue Trajectory vs 2019



Organizational Impacts – Cash Flow

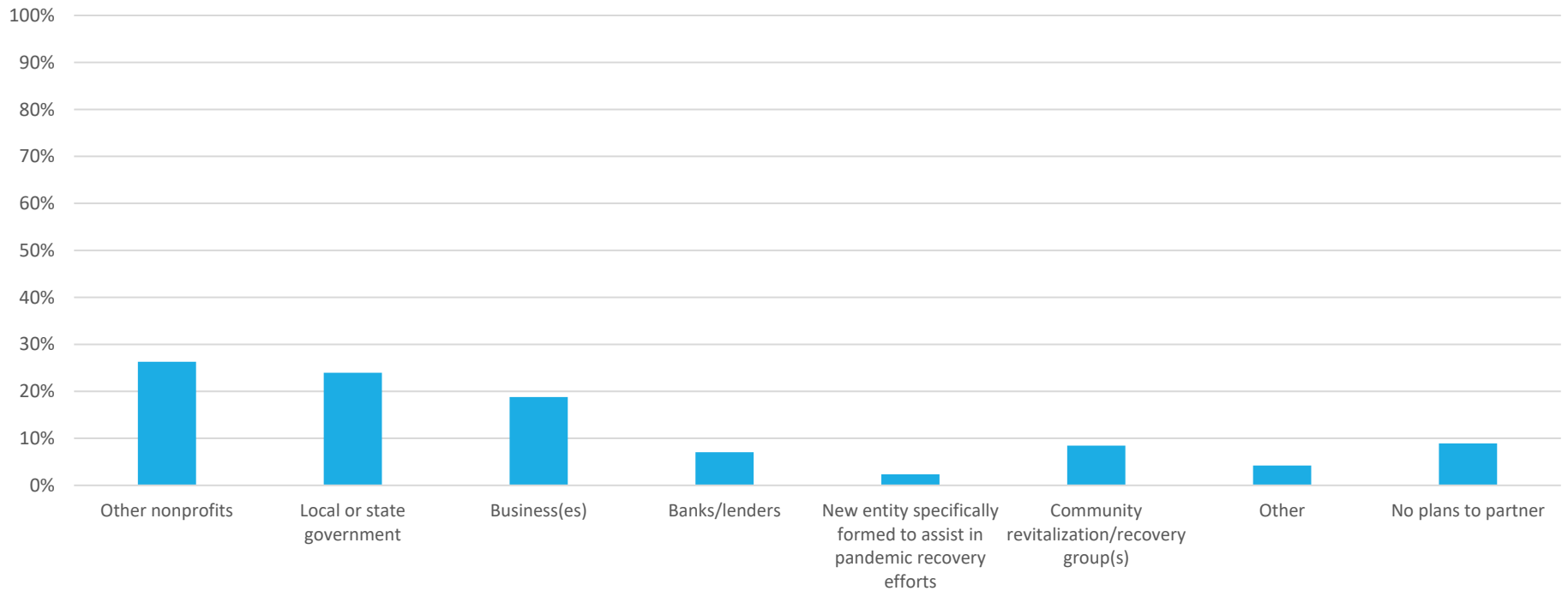
- 39% of nonprofits have 10 weeks or less in cash as of July 2021. This is a better position than in April 2020 when many nonprofits had closed their doors and cancelled events.
- 43% of Health/Human Services have 10 week or less of cash
- 48% of very small organizations (<\$500K) and 50% very large organizations (\$5mm+) have 10 weeks or less of cash



Note: removes those who did not know their cash position – nearly third in each survey

Most nonprofits intend to seek partnerships to assist in their recovery

Partnerships to help nonprofits Recover to Pre-Pandemic Levels



What Nonprofits Say they Need

- Unrestricted funding
- Technology Supports
- Volunteers
- Technical and Consulting Supports
 - Marketing/Communications
 - Strategic Planning
 - Leadership Coaching
 - Shifting programs to align with new “normal”
 - Financial planning & risk management

What Nonprofits Say they Need

- Improved Government Communications
 - Funding sources
 - Guidelines
 - Partnerships
- Advocacy
 - Education to Government on unique issues
 - Funding from ARPA
 - Partnerships/Collaboration