

NONPROFIT PULSE

FALL 2020/WINTER 2021

Planning for Resilience



M A R K S P A N E T H

ACCOUNTANTS & ADVISORS

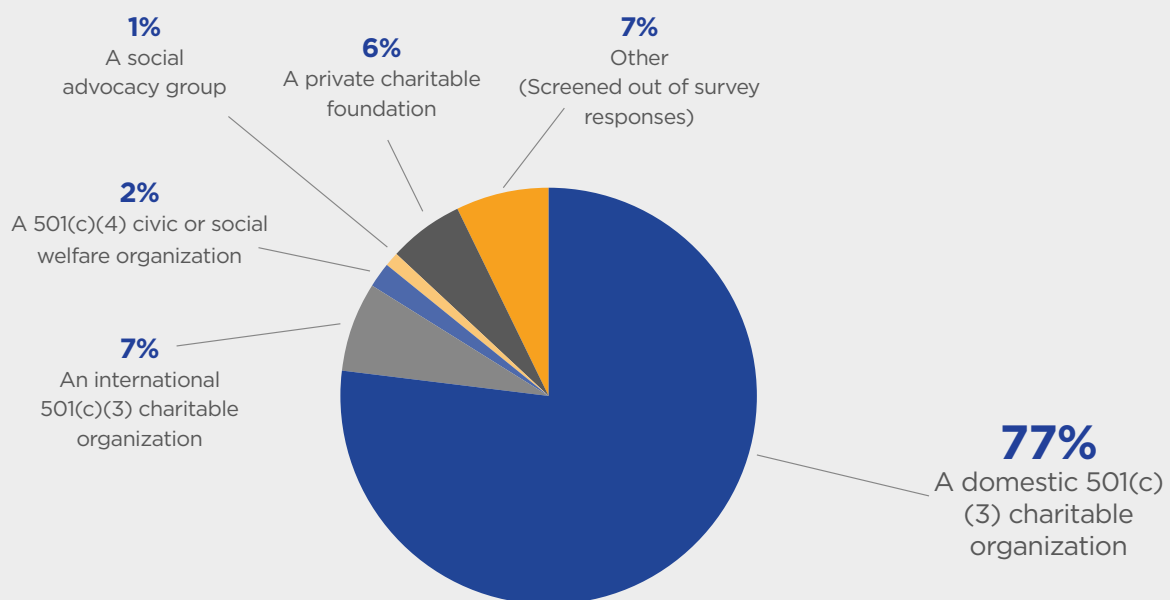
To Our Clients and Friends

For several years, Marks Paneth has conducted a Nonprofit Industry Pulse Survey for the benefit of the greater nonprofit industry. Our continuing work with nonprofit organizations is more than a professional pursuit. We seek insights through our annual research on best practices, opportunities and strategies to help nonprofit leaders manage change and fulfill their missions in exciting new ways.

In 2020, the need for insight was greater than ever before.

To acknowledge the rapid changes and uncertainty brought on by the COVID-19 pandemic, we knew that our normal annual survey methodology would not be sufficient to capture timely data. Instead, we conducted short polls of nonprofit leaders in June and October 2020. Based on those responses, we created and sent out a pulse survey between November 16 and December 9, 2020, just after the Presidential election. We were pleased with the honest and informative responses among leaders from a variety of nonprofit organizations.

Types of Organizations



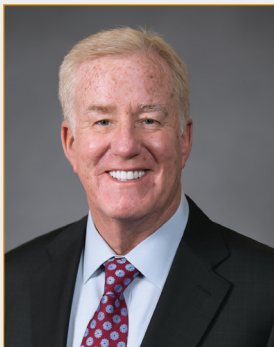
We wanted our survey to focus on how nonprofit organizations can plan and move forward after this unprecedented experience. Survey questions asked leaders to anticipate as much as possible how their organizations are rethinking and reimagining 2021 and beyond.

Based on those survey results and our knowledge of new federal stimulus for 2021, this report is designed to help leaders compare their plans to other leaders and organizations, acknowledging that there are still unknowns but also clear opportunities to manage change and succeed.

Through a brief SWOT analysis, we establish a baseline of leader opinions, and then we focus on ways that leaders are planning to move forward and achieve a stronger, resilient team and to continue to fulfill their missions.

Success is Personal

After much disruption in 2020, we know you have been through a lot. There is admittedly lost ground to recapture in areas such as funding sources, cash flow and talent. These were already areas of concern for many nonprofits before 2020. However, we believe the following report demonstrates that leaders like you are already establishing positive methods to deliver needed products and services. You are seeking alternatives, efficiencies and advisors. You are dedicated. Thank you for serving your communities – and sharing your plans in this survey.



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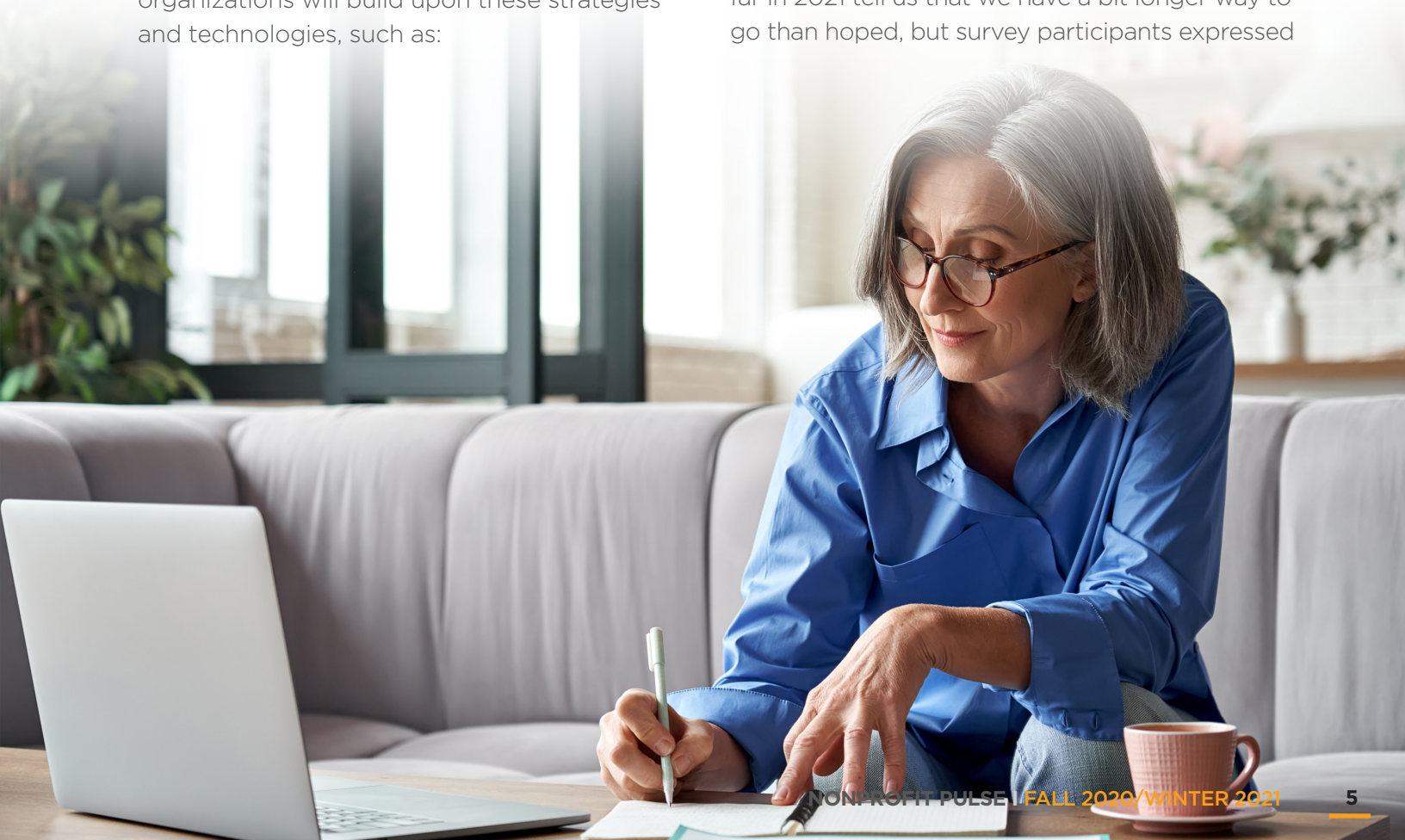
Executive Summary

The 2020 Nonprofit Industry Pulse Survey confirms several ongoing realities for the industry. Existing challenges that appeared to be stabilizing in 2019 – based on our past pulse survey results — were amplified for many organizations during the global pandemic:

- Declines in government funding
- Access to new donors
- Limited staffing
- Cash flow and reserves
- Virtual programming
- Remote staffing
- Flexible budgeting
- Online workflow, communications and marketing tools
- Business continuity planning
- Cybersecurity and data protection

Out of sheer necessity in response to the crisis, organizations were steered in a positive direction toward strategies and solutions that previously seemed like “nice to have” or lower-priority investments. These operational changes and investments suddenly became critical for 2020 program delivery, communications and workflow. After the crisis abates, it appears that organizations will build upon these strategies and technologies, such as:

Higher levels of optimism for the coming year are dependent on an end to the pandemic with consistently successful testing and vaccinations as well as strong guidance from government leaders and a stable economy. Indications so far in 2021 tell us that we have a bit longer way to go than hoped, but survey participants expressed



a desire to move forward with lessons learned from 2020. Regardless of the current state of the country, nonprofit leaders want to strengthen their organizations through strategic planning, maintaining low debt and investing in technology tools to support their staff and visibility.

Cash, Staffing and Resilience

On the plus side, while leaders are concerned about their cash flow, few expressed concerns about paying down debt or seeking loans. Those dependent on government funding expressed the greatest need for legislation to support local, state and federal aid. However, the new \$900 billion pandemic relief package passed and signed into law at the end of December 2020 did not include additional state or local funding. Unless the new administration includes such funding in promised economic stimulus later this year, it signals that organizations dependent on state and local aid should seek possible alternative revenue sources while building flexible or multiple-scenario budgets.

The pandemic relief package does include a \$15 billion grant program for theaters, live venues and museums as well as \$3 billion in additional funding to reimburse pandemic-related expenses at hospitals and health care facilities.

To manage cash flow, organizations that are dependent on donations also anticipate fresh campaigns to fund more targeted programming – aligning gifts directly to outcomes. About two-thirds of responding organizations see opportunities for alternative funding and partnerships with other for-profit or nonprofit organizations. Such partnerships can maintain or expand programming while managing expenses.

Federal aid from the CARES Act, such as

Paycheck Protection Program (PPP-1) loans, were designed to maintain nonprofit staff levels in 2020. At this time, many if not most nonprofit organizations have completed the covered period and/or received loan forgiveness for PPP-1. With the new relief package more organizations will likely seek forgiveness. It is also possible that many organizations will seek additional funding through the Paycheck Protection Program Second Draw Loans (PPP-2) reopened through the federal pandemic relief package. Leaders, therefore, will assess staffing from all angles: keeping headcount budgets the same, re-allocating staff to different roles and adding staff in new areas depending on their plans to apply for another PPP loan. At the time of this survey, 38% of organizations planned to operate with fewer staff in 2021 than they had in 2020 while 21% percent of organizations planned to reduce headcount budgets in 2021.

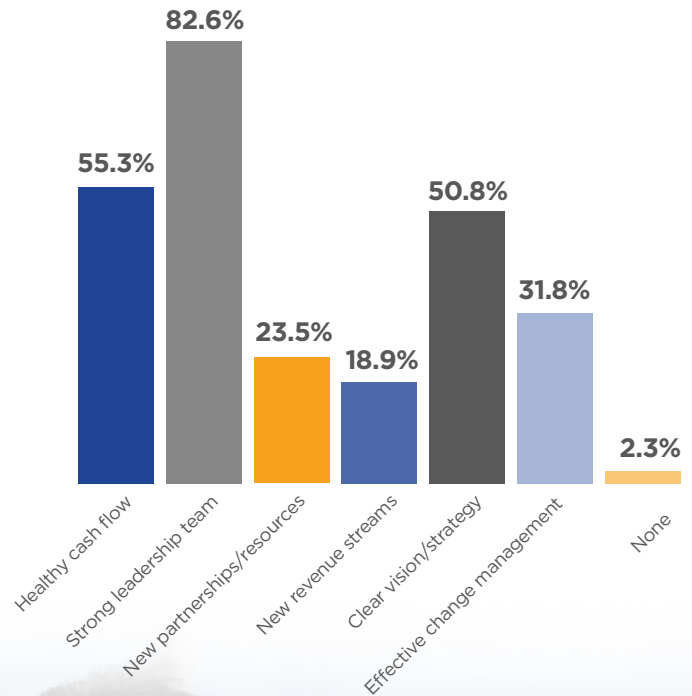
Survey participants noted that the adoption of new technologies may also impact future hiring: improved productivity may reduce the need to hire new people, but it may also require new people to operate the technology. Some organizations already plan to add staff or reallocate existing staff to other roles as they rethink service and product delivery. In addition, we anticipate that organizations that can hire remote staff will expand their hiring practices in that way.

A big part of the coming months and year will include flexible budgeting and forecasting as well as business continuity planning. It appears, quite logically, that leaders don't want to be caught off guard or challenged by situations that are in their power to anticipate. While they can never know every curve ahead, survey responses indicate that nonprofit organizations will pursue resilient organizations with newfound strength and hope.

SWOT Analysis

Based on short polls conducted in 2020, we developed questions in the Nonprofit Industry Pulse Survey for a brief SWOT analysis, examining any emerging assets or lessons among nonprofit leaders. Survey participants selected strengths and opportunities that will help their organizations manage common areas of weakness and future threats. Here is an analysis of their responses. We will address potential solutions to their stated weaknesses and threats later in this report.

Strengths



The majority of respondents (83%) realize that a strong leadership team will help them move through and adapt to change.

Interestingly, the second largest asset for organizations is healthy cash flow (55%) followed by a clear vision and strategy (51%). Effective change management appears to be a work in progress, with 32% reporting this area as a strength. New partnerships/resources (24%) and new revenue streams (19%) received the smallest number of responses as existing strengths, which indicates opportunities for programming and funding diversification strategies. Only 2% of organizations reported that none of these strengths exist in their organizations, which is a positive sign for industry resilience.

Weaknesses



The word image above derives from open-ended answers to a survey question about perceived weaknesses in nonprofit organizations. Participants were asked to list one or two areas of weakness. By analyzing their responses, we noted that primary weaknesses within these nonprofits include the following:

- Cash flow long-term – the unknowns of replacing lost, declining or inconsistent revenue streams and creating reserves
- New funding strategies – needing fresh ideas to engage donors and identify new funding sources, fund programming and deliver services

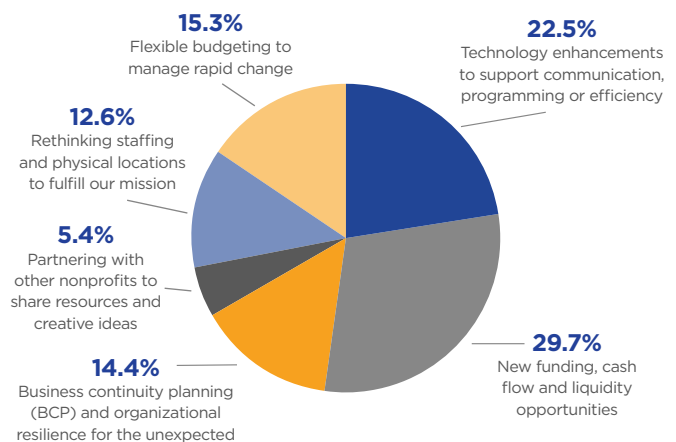
- Board, staff and volunteer capacity – lack of training, time or energy to implement changes quickly
- Improved systems – the need to modernize accounting, budgeting, event management, communications and marketing to respond to change



We have a need for new revenue streams. We are too dependent on donor timing of deciding when to send funds.”

Opportunities

Based on our polling questions last year and our conversations with nonprofit clients and leaders, we selected specific opportunities for this SWOT analysis question. We asked survey participants to choose just one option from our list that represented the most significant opportunity for their organization. Our goal was to see if any single opportunity emerged that most organizations planned to pursue.

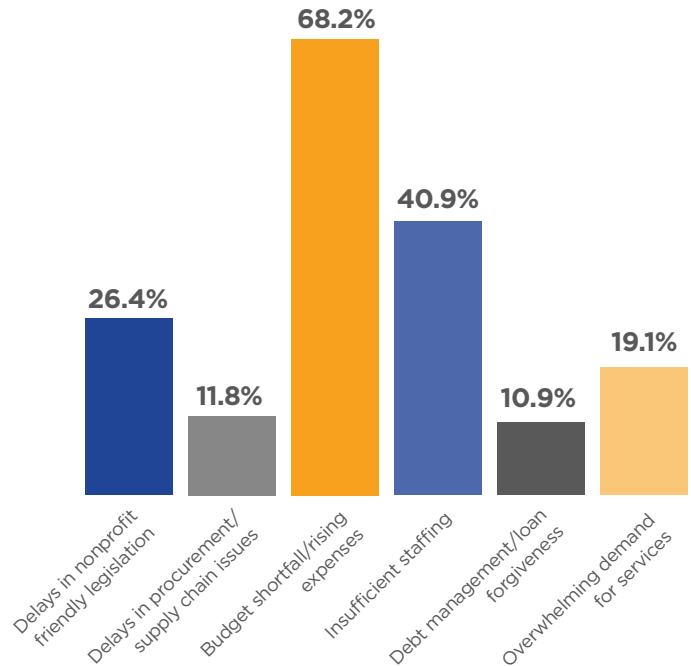


One-third of respondents (30%) chose new funding, cash flow and liquidity opportunities as a significant focus. But it's also clear that technology enhancements to support communication, programming or productivity are a close second choice (23%). We believe this is due to the need for many organizations in 2020 to adopt online solutions quickly when in-person meetings and communications couldn't happen. They now see more advantages to developing robust technology solutions to deliver programs and services effectively. Flexible budgeting is another clear focus for organizations (15%) as well as business continuity planning (14%). We will explore all of these areas further in the next section of this report.

Threats

Future threats to nonprofit organizations were identified based on polling answers earlier in 2020 as well as conversations with nonprofit organizational and financial leaders. We asked survey participants to select all threats that applied to their organizations.

Budget shortfalls and/or rising expenses dominated this question (68%), showing that financial concerns are clearly on the minds of nonprofit leaders and financial professionals. How will they address adequate funding to fulfill their missions and plan for new or rising expenses? They are also concerned about implementing these changes under the threat of insufficient staffing (41%) – made worse by COVID-19 and the specter of smaller or inconsistent revenue. While some participants (26%) last fall were waiting on Congress to deliver solutions that shore up the nonprofit industry, others had concerns about an overwhelming demand for their services (19%). Any forecasted or continued economic fall-out of the pandemic in 2021 could place a larger burden on nonprofits already serving the poorest people.



With these factors in mind, let's review how leaders are moving forward to plan for 2021.



We have been approved for a new indirect rate from the City of New York. We only received 60% of that rate for FY 2020. We are unclear how much we will receive in FY 2021.”

Opportunities

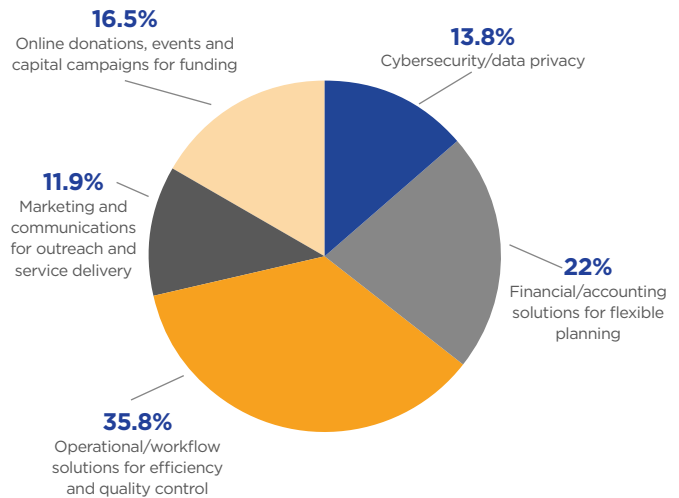
Building Stronger Nonprofit Organizations

After developing our SWOT analysis, we created several questions that asked survey participants to clarify how they are pursuing solutions in seven areas of opportunity. We hope this section of the report helps you compare your plans to these organizations. Their responses may help you plan new strategies and reassure your team and stakeholders that you are moving in the right direction.

Technology

Over the past few years, we have seen the following technology solutions/initiatives (pie chart) quickly evolve for nonprofit organizational

management and growth. After their experiences in 2020, survey participants were asked to choose just one technology solution to comprise their focus in the coming year. We wanted to see if any one solution emerged for most organizations.

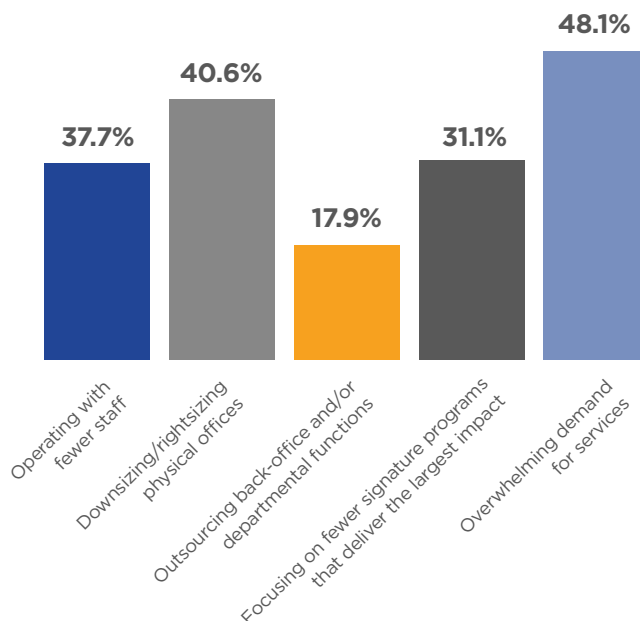


Based on their responses, the largest technology focus in 2021 will be operational/workflow solutions for efficiency and quality control (36%).

We believe that concerns over headcount budgets are driving this future focus by more than one-third of survey participants. The next largest focus will be financial/accounting solutions for flexible planning (22%), which we believe will include flexible budgets. Leaders want to view and forecast the organization's dynamic financial picture and anticipate changes faster. The third largest focus area will be technology solutions for online donations, events and capital campaigns for funding (17%). By branching out into more forms of funding and programming engagement, organizations are addressing the needs of their current and future audiences. We also see a clear focus by several organizations to maximize their security and data privacy (14%) as well as leverage new technologies to communicate and market their missions (12%).

Cash Flow

Because future cash flow and funding emerged as a major area of concern in our earlier 2020 polling, we concentrated this survey question on different methods to improve cash flow and liquidity. We asked survey participants to choose all options that applied to their organization.



The largest response by almost half of survey participants (48%) was special funding requests tied to specific events, programs or research. When the ask is very specific and outcomes are clear, giving to support a special event or program heightens engagement because donors see a direct benefit to their gifts. It appears that organizations are targeting this strategy now to boost revenues.

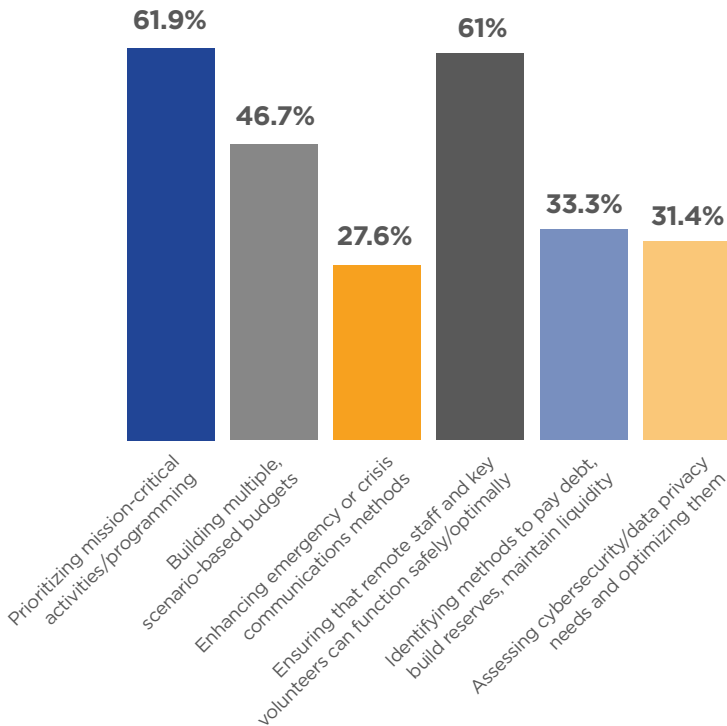
Closely tied for second and third are plans to downsize or right size physical offices (41%) and operate with less staff (38%). While some organizations were able to maintain headcount budgets as part of CARES Act relief funding, they are now looking ahead to the prospect of reducing headcount budgets...unless of course they can apply for another PPP loan in 2021. Also, remote work arrangements during 2020 may have shown leaders that they don't need to lease as much physical space in the future. These changes can help them manage uncertain cash flow and redirect funds from payroll and overhead to other areas such as technology, development and programming.

A full third of respondents (31%) also plan to focus on fewer signature programs or events with the hopes of bigger mission outcomes for their investment. About 18% of respondents plan to outsource certain back office or departmental functions. This could come in the form of outsourcing to other advisors or consultants or by reducing headcount budgets through contract-for-hire arrangements, if necessary.

Business Continuity Planning (BCP)

Over the past year, nonprofit leaders personally experienced the importance of planning for the unexpected. Responses to our earlier polls in 2020 identified planning areas that leaders

viewed as important for business continuity. We asked survey respondents to choose their preferred approach.



Almost tied for first place were (1) mission-critical activities and programming (62%) and (2) ensuring the safety and efficiency of remote staff and key volunteers (61%). These areas of focus are not surprising, as nonprofit organizations had to quickly mobilize and address these areas as a result of pandemic shutdowns and safety protocols. They want to be ready for any future situations by strengthening their plans.

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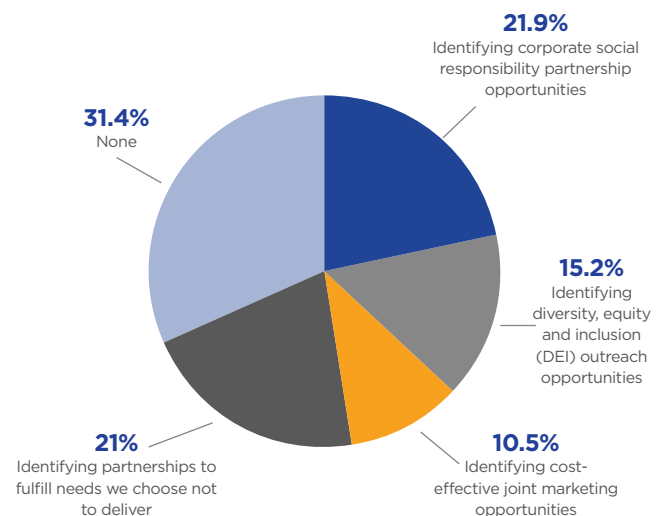
Like others we, need increased Board engagement to help provide leadership in the ever-changing landscape.”

The next area of critical focus will be to build multiple, scenario-based budgets to support agile operations during a crisis or disruption (47%). By anticipating potential disruptions as part of budget planning, organizations can reduce uncertainty around revenue or cash flow during a crisis.

Turning their attention further to debt reduction, reserves and liquidity, one-third of survey participants (33%) will build new methods to support cash flow in their plans. Another one-third of participants (31%) will optimize their cybersecurity and data privacy as part of BCP. Enhancing emergency or crisis communications methods is also a key focus for about 28% of survey participants.

Partnerships

Among all of these opportunities for nonprofit organizations, a focus on new partnerships seems to hold less relative appeal or does not apply to participating organizations in this survey. Based on their missions or organizational models, it may not be possible for one-third of responding organizations (31%) to pursue some form of partnership with other nonprofit or for-profit entities. However, the other two-thirds of respondents identified areas that they may pursue through partnerships in the future.



About 22% of organizations see opportunities to identify corporate social responsibility partnership opportunities.

These partnerships could be in the form of leveraging volunteers, donations or sponsored events. Some for-profit entities also have foundations with specific human service or civic goals that align with nonprofit missions. Seeking new partnerships such as these is a proactive opportunity for diversifying revenue streams for specific programs and services while also increasing mission awareness.

Also, organizations that plan to focus on fewer signature programs or mission-critical services may see opportunities to “partner” with organizations that fulfill complimentary needs. That way, communities are served more broadly. About 21% of survey respondents plan to identify partnerships that fulfill needs they choose not to deliver in the future.

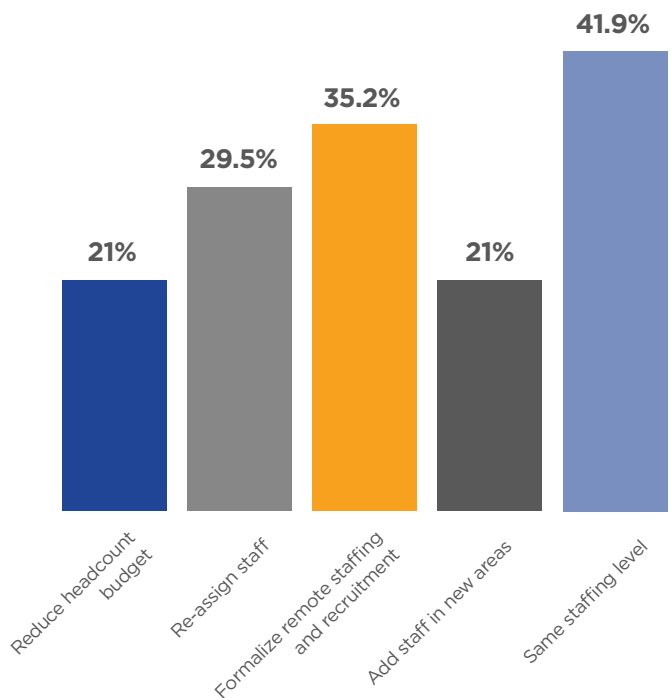
As part of enhancing services, 15% of organizations plan to reach out to partnerships that can support their pursuit of diversity, equity and inclusion (DEI) initiatives. About 11% of organizations will look for joint-marketing opportunities through partnerships to expand their visibility and reach while potentially reducing expenses.

“

“I’m concerned about the mental health of our leadership and staff. There’s an exhaustion that continues to deepen instead of slowly dissipate that concerns me tremendously.”

Staffing

Because staffing is so critical to program delivery and mission fulfillment, we wanted to dive deeper into this concern. Although headcount budgets may have remained the same through CARES Act relief funding, staff capacity and productivity likely decreased significantly in 2020 due to quarantine or illness as well as the compounded challenges of assisting distant-learning, school-age children in many households. As a result, many staff members may have been asked to manage more responsibilities. **The stress and overwhelm of the past year from these experiences requires a careful analysis of exactly what it takes to manage a successful organization with effective talent models and work-life balance.** Post-crisis, there are short-term and long-term considerations. At the time of this survey, we asked leaders to address staffing plans over just a three-to-six-month period.



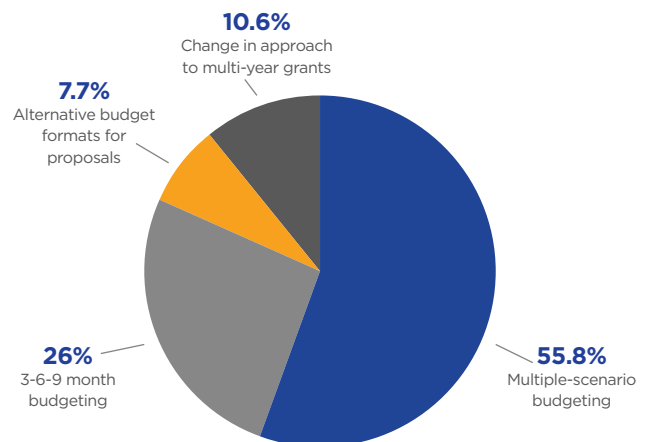
About 42% of survey respondents planned to keep the same staffing levels for three to six months. More than one-third (35%) indicated that they would formalize remote staffing as well as remote recruitment. This means that staffing models could include talent not located in the same geographic area as the nonprofit headquarters or branch offices.

At the time of the survey, staff re-assignments were anticipated for about one-third (30%) of responding organizations while 21% planned to add staff in new areas. It appears that leaders are rethinking organizational charts to support operations and cash flow. Perhaps board members also see the need to allocate budgets and payroll in new ways for future sustainability.

Related to this theory, about 21% of respondents expected to reduce their headcount budget over three to six months. Each organization is different in its approach to staffing, and will be influenced by pursuit of new federal pandemic relief funding, but it is clear from this survey that leaders are looking for the right mix of talent and technology to pursue their mission in 2021.

Budget Planning

We also wanted to learn how survey participants will approach budgets that can adapt to any changes this year and beyond. There are different methods for developing flexible budgets, for example, by timeline or by scenario. There are also strategies for managing multi-year funding and approaches to programming, as seen in this chart.



We learned that 56% of responding nonprofit organizations are considering or have already adopted multiple-scenario budgeting. In

this case, the budget is built out for best and worst case scenarios as well as other potential situations in between. Organizations typically build up to five scenarios on average, but it depends on many factors such as current liquidity and anticipated funding.

Within that group, 26% have also considered or adopted 3-6-9 month budgeting. This allows an organization to check forecasting against actuals. You can choose different combinations of this budget method, such as three months of actuals and nine months of forecasting (3+9) or six months of actuals and six months of forecasting (6+6).

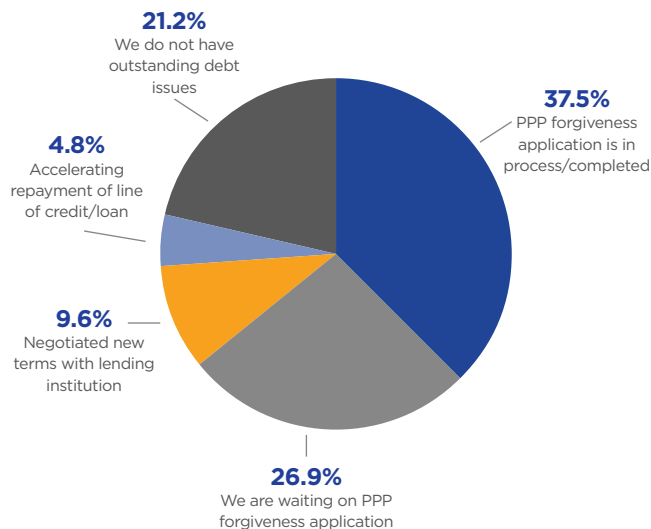


Majority of our revenue is government contracts. Reduction in these funds would result in program cuts. Private donation is deeply impacted by the economy and market conditions. Hence, these are uncertain times for my organization.”

About 11% of respondents are changing their approach to multi-year grants while about 8% are considering or adopting alternative formats for proposals. It is clear that nonprofit organizations want to proactively develop flexible budgeting that can adjust to internal or external changes, both known and unknown, with regular monitoring throughout the year.

Debt Repayment

Our earlier polls in 2020 indicated that most, if not all, nonprofit organizations sought emergency disaster relief assistance in the form of Paycheck Protection Program (PPP) loans, Economic Injury Disaster Loans (EIDL), local lending programs or payroll tax deferrals. We wanted to learn how they were faring for loan forgiveness (in the case of PPP) or potentially restructuring their debt. Through the first half of 2020, for example, some poll responses included organizations accessing or establishing a line of credit. Others, however, were not anticipating financial strains.



In the survey, we see that debt management is not too worrisome, with 10% of respondents negotiating new loan terms with a lending institution and 21% experiencing no outstanding debt issues. This is a bright spot for the industry despite the unknowns of funding and cash flow.

Most survey participants currently have or had a PPP loan, with 38% applying for or receiving forgiveness at the time of the survey and another 27% waiting to apply for forgiveness. Now, for nonprofit organizations that did not seek forgiveness yet, new IRS clarity around the deductibility of PPP loan covered expenses as well as legislation allowing automatic forgiveness of loans of \$150,000 or less (with a simple application for forgiveness and good faith attestation) can help more organizations move forward with an easier forgiveness process.

In any case, we see proactive management of debt among nonprofit organizations, including 5% of respondents accelerating their repayment of lines of credit/loans. The lending environment of low interest rates does not seem to entice nonprofit leaders to take on more debt in this way, but instead request emergency donations and other alternatives to debt financing.

After exploring all of these areas of operational and financial management, let's address where nonprofit leaders can go from here.

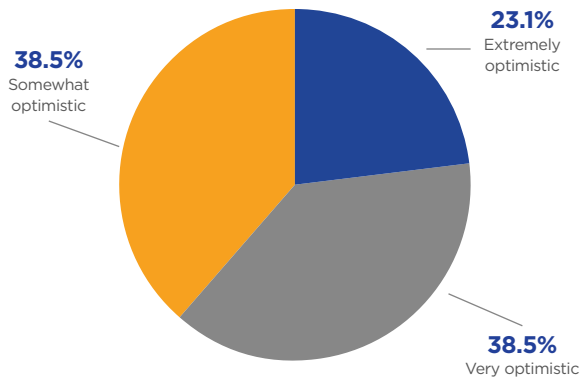
2021 Optimism and Planning Strategies

“

We've turned out to do better than we'd thought we'd do... This has also cemented our resilience.”

When we asked leaders how optimistic they are about pursuing their missions in a sustainable way over the next six months, we gathered a mix of opinions in the survey. Although 23% were “extremely optimistic,” 39% downplayed their feelings to “very optimistic” and another 39% chose “somewhat optimistic.” These responses indicate an underlying uncertainty for 2021 after an unprecedented disruption. Feelings are fluid, but numbers will reveal the realities of what each organization is up against to renew and restore stronger optimism among their teams and the people they serve.





We also asked survey participants to rank factors that might weaken their resilience. By ranking them, we can see which weaknesses or disruptions overall could cause the most pain or worry across the industry.

Among the top four factors ranked, two offer little control to nonprofit leaders while two others can be managed through operational and financial strategies.

1. Weakening Economy – If the economy shows signs of weakness, this could lead to increased demand for nonprofit products and services as well as declining donations. It was the number one ranked factor impacting nonprofit resilience.

2. Unanticipated or Sudden Expenses – Participants ranked this factor second overall for impacting resilience, but proactive planning for budgeting and fundraising can help leaders prepare for this potential disruption.

3. Inconsistent Regulatory or Financial Guidance – Although inconsistent guidance has led to delays in decision making or confusion over the right approach, leaders can seek guidance from each other as well as other advisors to shore up their knowledge.

4. Ineffective Post-Election Government Leadership – This factor was ranked fourth in importance at the time of the survey, indicating that nonprofits will pursue their missions despite this external distraction and uncertainty.

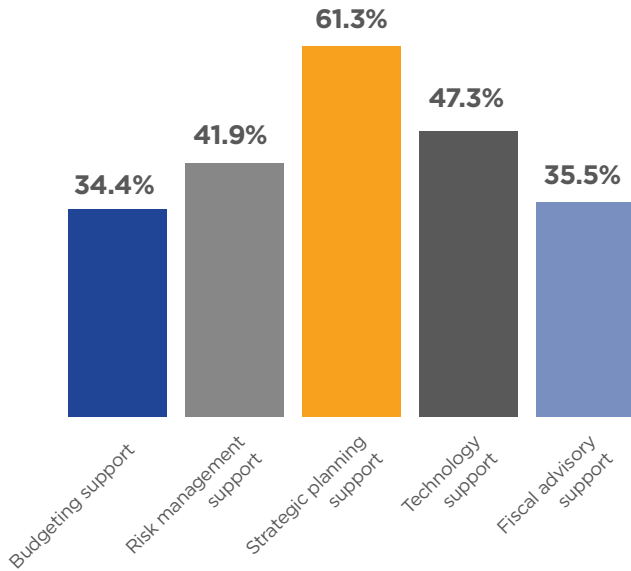
5. Shifting Public Opinion – Ranked fifth in importance, as most leaders feel empowered to manage their reputations and counter any perceived negativity within the public sector.

6. Limited Debt Repayment Options – As indicated earlier in this report, nonprofit leaders appear to feel confident about managing debt after the decisions made in 2020 to downscale or change programming, reallocate expenses (e.g., no travel or in-person events) and reorganize their priorities for more positive cash flow.

With these concerns in mind, we shifted questioning to address the areas of support that could most help nonprofit organizations pursue their missions effectively. They could select from several areas, and one area stood above the rest.



We anticipate the next six months to be very difficult for our organization. We are planning for revenue to begin increasing once again in Q3 2020...our PPP Loan was 18% of our operating revenue in 2020.”



Strategic planning is a positive approach to sustaining nonprofit organizations at any time, but especially now. **About two-thirds of leaders identified strategic planning support as vital to helping them pursue the right organizational goals in the next six months.**

Technology emerged again as a clear area of planning for these organizations, with 47% identifying a need for support. Following close behind is risk management support, identified by 42% of survey participants. Risk management ties into responses earlier in this report regarding funding, staffing, business continuity planning and cybersecurity risks.



Involve the current diverse Board, staff and participants/clients in short-term scenario planning and long-term strategic planning.”

Equally important to about one-third of respondents are (1) fiscal advisory support (36%) to manage liquidity and accurate financials and (2) budgeting support (34%) to create flexible and timely budgets.

Strategies and Success Factors

As a final opportunity to comment on their plans for success in 2021, participants were offered an open-ended question to list any comments about post-election results, the pandemic and the economy. We noted several themes that emerged from their responses. Note: these responses were collected between November 16 and December 9, 2020, following the Presidential election. However, they are still relevant for 2021 in our pursuit of pandemic recovery.

1. End the Pandemic

Seeing an end to the pandemic and a consistent approach to testing and vaccinations factored broadly into respondents' hopes and optimism for the future. Closely behind that, many expressed optimism for the newly elected federal administration and clarity in the country's public policy.

2. More Funding

On more practical matters, survey responses focused on the need for additional funding for nonprofit organizations in future legislation at the federal, state and local levels. While some organizations will benefit from targeted relief in the \$900 billion pandemic relief legislation, other organizations heavily dependent on local and state government contract funding questioned their ability to keep up with the potential future wave of service needs from people most impacted by the pandemic economically, physically and mentally. The size or extent of this wave is yet unknown.

3. Strong Leadership and Economy

This line of thinking brought on additional concerns about economic stability to head off a deeper crisis among vulnerable populations. Strong governmental leadership and economic stability will help nonprofits take a breath and manage future demand for products and services.

Based on all of these knowns and unknowns, several respondents expressed their plans for maintaining resilience and hoping for a light at the end of a very long tunnel.



We continue to be prepared for the unexpected!”



Survey Conclusions

Build bridges. Expand creativity.

1. Stay vigilant.

About 42% of leaders in this year's survey believe that risk management support is vital to moving forward. Increasing your focus on business continuity planning, flexible budgeting and forecasting as well as a laser-focused strategic plan is a way to manage the unknowns with a greater sense of comfort. Use your newfound technology and systems to collect accurate, real-time data. Stay connected to colleagues and advisors to support collaboration and optimism.

As the world stood still early in 2020, many board members used that time to become even more of a cheerleader for their nonprofits – raising emergency money and helping

nonprofits strategize by leveraging their for-profit experiences. In this way board members became another layer of heroes of the organization. They may need to remain those heroes throughout 2021 as well, helping nonprofit leaders connect with the right people and partnerships while keeping the organization top of mind with donors.

Life and business as we know it may never be the same, but lessons learned from 2020 could make it better.

Going into each budget season, nonprofits should do “what if” planning rather than increasing line items by a certain percentage. Plan for those “what ifs” or best and worst-case events through



scenario budgeting. Allow select departments to incorporate zero-based budgeting into their annual planning.

Zero-based budgeting provides nonprofits the opportunity to understand the true costs of a program.



We are upgrading our case management platform and our financial management platform for greater security and to facilitate working remotely for both direct service and support staff.”

2. Build your reserves and your resolve.

When government leaders and the public understand the true impacts of less funding to nonprofits, they realize that it undermines the future of a successful society in hard numbers: more people hungry, homeless, less healthy, less educated or less able to advance solutions. But what if funds come later than expected? Many nonprofits used to use the standard of cash flow reserves of roughly three months. That wasn't enough in 2020. Strive to increase that to 12-18 months. But how do you sustain such levels of cash flow? For long-term sustainability, set revised investment guidelines and strategies.

We know that this is easier said than done, however, start with:

- Flexible budgeting
- Reducing office footprints through remote work arrangements
- Adopting a variety of virtual and in-person program delivery

- Maintaining low debt
- Targeting funding for specific program delivery
- Diversifying revenue streams

During 2020, we also witnessed many different nonprofits collaborating as one entity; each played a role as an essential worker to bring communities the needed services through the pandemic. We witnessed organizations whose mission was not directly impacted but aligned with another nonprofit to help. One nonprofit, a food bank, needed delivery vans and personnel to help deliver food to the regional food pantries. A “non-COVID-related” nonprofit, whose mission is driving senior citizens to doctors and helping them do their shopping and take them to activities, used their idle vans and drivers during the height of the pandemic to help the food bank deliver the food to the pantries. Both entities can solicit donations for a COVID-19 cause.

Nonprofit collaborations like this could and should go beyond a pandemic. It will take time for nonprofits to resume full pre-COVID operations, and they will need each other to help continue their missions. Through such partnerships many nonprofits like yours can sustain financial health.



“Our agility at the early stages of the pandemic has made us more stable now. We have drastically improved workflows, reducing administrative labor costs significantly. We now can build capacity more easily.”

3. Pursue your highest mission priorities.

If there is one thing we have learned from 2020, it's that priorities quickly materialize during a crisis. We learn big lessons as leaders, teams and volunteers. We also learn what is essential and what is not. Take this time to truly assess your organization's mission. What programs and initiatives does your organization deliver better than anyone else? How can you prioritize them through development, headcount budgets and technology investments? In what areas can you partner with other organizations to streamline or delegate program delivery? What new methods for engaging donors did you learn in the past year? What are the best joint marketing opportunities to expand reach while managing expenses?


Consider creating a specific fundraising effort around your impacts or outcomes on COVID-19. If your nonprofit has a mission that has a direct impact on our current situation, this would be the time when your organization's mission is of the utmost importance. Create a campaign around

your programs or services that directly deals with the crisis. Donors may be skipping over other nonprofits, so repurpose your fundraising appeal to support a COVID-related program.

If the biggest threat to organizational resilience is budget shortfalls and rising expenses, as cited by 68% of survey responders, head off this threat before the next crisis. Leave behind what is no longer essential and explore how to maximize your organization's true and/or renewed purpose.



“Our organization is largely dependent on government financing and therefore, the fiscal health of NYC is critical to our sustainability. Our development strategy includes diversifying revenue streams.”



If you have any questions about this survey or your strategies to move forward, contact us.



About the Survey

The Fall 2020/Winter 2021 Nonprofit Industry Pulse Survey by Marks Paneth represents an aggregated sample of 158 executives and C-level leaders in nonprofit organizations, with a 58% completion rate of all questions.

Respondents included 77.1 percent domestic 501(c)(3) charitable organizations and 7.2 percent international 501(c)(3) charitable organizations, 5.9% private charitable foundations, 2% 501(c)(4) civic or social welfare organizations and .7% social advocacy groups. The largest title responding was CFO/Controller (42%) followed by President/CEO/Executive Director (21%) and Board Member (22%).

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rendering accounting, business, financial, investment, tax, legal or other professional services advice. This publication is not a substitute for such professional guidance or services, nor should it be used as a basis for any decision or action that may affect your organization. Before making any decisions that may impact your organization, consult a qualified professional advisor.

Survey results reflect an aggregate of total responses, analyzed and prepared by a third-party consulting agency. It is not, nor is it intended to be scientific in any way, including in its number of respondents, selection of respondents or response rate. Accordingly, this pulse survey is based on opinion only and does not necessarily indicate economic or industry-wide perceptions or trends.

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About Marks Paneth

Marks Paneth is a premier accounting, tax and advisory firm that is ranked among the 50 largest accounting firms in the nation and the top 10 in the Mid-Atlantic Region. Headquartered in New York City, with offices in major markets throughout the East Coast, the firm provides a full range of services to individuals, businesses and nonprofits to help them plan and achieve their respective charitable goals. Marks Paneth's Nonprofit Practice proudly serves several of New York's 25 largest nonprofits as ranked by Crain's New York Business. With more than 60 dedicated industry professionals, the firm is committed to helping nonprofits meet their compliance requirements and protect their reputations with sound financial reporting and transparency.