The Impact of COVID-19 on the Nonprofit Sector

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Introduction

The results of surveying 450+ nonprofits show that the sector is facing an unprecedented threat. Unless philanthropy, government, and the private sector collectively support their short-term survival and long-term recovery, our nonprofit communities will see devastating consequences.

Even through times of health and economic prosperity, we at Catchafire hear from nonprofits every day who are operating under tight financial and human capital constraints, and rely on skills-based volunteers to expand their capacity. Last week, as the devastating effects of COVID-19 unfolded in the United States, our nonprofit community let us know that their operations and funding have been upended, and that they will need significant external support to keep their doors open.

Nonprofits serve the most vulnerable populations in society, providing essential services to children, the elderly, the homeless, victims of violence, and countless others. Nonprofits bring us joy and truth, enabling artists, musicians, writers, and performers to break down barriers and build empathy. Nonprofits employ 10% of the American workforce. And in the wake of the 2020 COVID-19 outbreak, nonprofits are on the brink.

As we mobilize special assistance for nonprofits impacted by COVID-19 in the form of alternative fundraising strategies, remote work best practices, and more, we’re joining forces with our partners and institutional funders to support and elevate nonprofits at a time when the world needs them most.

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1“The Charitable Sector.” Independent Sector, independentsector.org/about/the-charitable-sector/.
Below are our findings from surveying a representative sample of our nonprofit community, and an update on how we’re pivoting to meet their evolving needs.

EXECUTIVE SUMMARY

We surveyed 450+ nonprofits to understand how COVID-19 is impacting their organizations. These nonprofits represented a diversity of cause areas, budgets, staff sizes, and regions within the United States. At a high level, we found that nonprofits are facing:

1. **Severe, sudden capital constraints**
   Nonprofits are facing a dramatic reduction in funding primarily due to canceled in-person fundraisers, loss of earned income revenue, and decrease in individual donations.

2. **Limitations on program delivery**
   Nonprofits are limited or in many cases, unable to offer programming due to social distancing mandates. They need the most support pivoting to digital strategies in order to fulfill their missions and sustain operations through the pandemic and beyond.

3. **A need to take all fundraising digital**
   Nonprofits are pursuing alternative fundraising strategies, but fear it won’t be enough – so they’re calling on philanthropy to address resulting funding gaps from the COVID-19 outbreak.

4. **An abrupt shift to remote work**
   Most nonprofit staff have switched to remote work or will do so shortly, and nearly half need help improving their virtual collaboration skills.
METHODOLOGY AND DEMOGRAPHICS

We distributed the survey early on Tuesday, March 17th, at a time when 6,300 individuals in the US² had been diagnosed with COVID-19 and the markets had just seen their worst day in over 30 years.³ We expect the impact on the nonprofit sector to worsen as the situation becomes more widespread.

NONPROFITS SURVEYED BY STATE

![Map of the United States with states shaded in varying degrees of blue, indicating the number of nonprofits surveyed in each state.]

<table>
<thead>
<tr>
<th>TOP FIVE STATES SURVEYED</th>
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</thead>
<tbody>
<tr>
<td>1. California</td>
</tr>
<tr>
<td>2. Pennsylvania</td>
</tr>
<tr>
<td>3. New York</td>
</tr>
<tr>
<td>4. Georgia</td>
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<tr>
<td>5. Minnesota</td>
</tr>
</tbody>
</table>


Our 450+ survey respondents came from 35 US states and 9 countries, representing 23 different cause areas. Most nonprofits we surveyed reported having an annual operating budget of less than $500,000 a year, and anywhere from 1-25 staff members.

To protect the nonprofits who shared candid, open-ended responses with us, we will only be identifying individuals quoted throughout this article by their nonprofit’s cause area and region.
COVID-19’S IMPACT ON NONPROFIT FUNDING

“...It’s scary. Since we work primarily in the communities we serve, many of the services and programs that we rely on for revenue cannot be carried out, individual donors are not returning calls... the COVID-19 pandemic could potentially be a death blow to our organization if we do not take action now.”

ENVIRONMENT NONPROFIT IN WISCONSIN

Our findings show that nonprofits are bracing themselves for a dramatic reduction in financial capital due to:

- **Canceled in-person fundraisers (74% reported)**. March through June is the most active season of the year for nonprofit fundraisers, and some survey respondents let us know that they rely on these events for as much as 50% of their operating budgets.

### AGGREGATED SURVEY RESPONSES, COVID-19 IMPACT ON FUNDING

<table>
<thead>
<tr>
<th>Event Type</th>
<th>Percentage</th>
<th>Respondents</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fundraising Events Postponed / Canceled</td>
<td>74%</td>
<td>262 RESP.</td>
</tr>
<tr>
<td>Earned Income Revenue Has Decreased</td>
<td>52%</td>
<td>183 RESP.</td>
</tr>
<tr>
<td>Individual Donations Have Decreased</td>
<td>40%</td>
<td>141 RESP.</td>
</tr>
<tr>
<td>Grant Funding Has Decreased</td>
<td>18%</td>
<td>63 RESP.</td>
</tr>
<tr>
<td>Not Sure / Too Soon to Tell</td>
<td>9%</td>
<td>33 RESP.</td>
</tr>
<tr>
<td>Limited by Restricted Funding</td>
<td>3%</td>
<td>11 RESP.</td>
</tr>
</tbody>
</table>
• **Loss of earned income revenue** (*52% reported*). Nonprofits that provide fee-for-service programming in schools, health facilities, corporations, and more have been left without the steady streams of earned income that they typically rely on. Many organizations want to pivot to virtual programming, but need expert support to get up and running quickly.

• **Decrease in donations from individuals** (*40% reported*). With the markets down and industries across the board facing losses, donors seem to be losing their ability and willingness to give.

Additionally, 18% of survey respondents reported that they’ve already experienced a reduction in grant funding, likely due to stalled grant cycles and delayed government payments. Through open-ended responses, we also found that dozens of nonprofits were uncertain on the status of restricted funding they had already received for programming that they are no longer able to run due to COVID-19.

**COVID-19’S IMPACT ON NONPROFIT OPERATIONS**

“**During good times it is difficult to oversee a non-profit on a shoestring budget with minimal administrative staff.** As ED during this crisis, I have been working to responsibly lead my staff and programs without having set contingency plans in place. I feel a great deal of responsibility without much support from the organization which is looking to me for direction.”

**COMMUNITY & ECONOMIC DEVELOPMENT NONPROFIT IN NEW JERSEY**

Our findings show that nonprofits are severely limited in their ability to fulfill their missions at this time:
**Canceled in-person events** *(87% reported).* Beyond fundraisers, nonprofits have been unable to hold traditional community events that they rely on to spread mission awareness.

**Reduced/canceled programming** *(80% reported).* Nonprofits across all cause areas have reduced or altogether canceled programming, leaving contractors that typically carry out this work unemployed and without pay for the time being.

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**AGGREGATED SURVEY RESPONSES, COVID-19 IMPACT ON FUNDING**

- **Events have been postponed or canceled**: 87% / 391 RESP.
- **Regular programming has been reduced or canceled**: 80% / 359 RESP.
- **Staff is now working remotely, or will be shortly**: 78% / 351 RESP.
- **Demand for services from beneficiaries has increased**: 27% / 124 RESP.

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**Increased demand for services** *(27% reported).* The majority of nonprofits we surveyed in human services, health, education, and housing & homelessness reported seeing an increased need for their services, despite being limited or unable to run their in-person programming.

Additionally, 78% of respondents reported that their staff is now working remotely, or will be shortly – an abrupt challenge for nonprofits who don’t already have virtual collaboration systems in place.
Our survey respondents let us know that during these unprecedented times, they’re looking for support in the following areas:

- **Alternative, digital fundraising strategies** *(72% reported)*. With in-person fundraising events canceled, nonprofits are seeking advice on how to use digital channels and crowdfunding to close funding gaps.

- **Remote work best practices and affordable teleconferencing tools** *(47% reported)*. Given that 78% of nonprofits are now working remotely or will be shortly, they’re seeking the expertise of professionals who have worked this way for years, and are looking to set up collaboration tools like Slack, Zoom, and Google Suite to make it easier.
THE IMPACT OF COVID-19 ON THE NONPROFIT SECTOR

- **Email marketing, messaging, and social media** *(30% reported).*
  Now more than ever, nonprofits need to stay in communication with their communities, and they’re looking for operational and strategic guidance on how to make their mission stand out.

Given our specialty in virtual, skills-based volunteer engagement, we’ve already updated our [Project Menu](#) and [Volunteer Opportunities page](#) to make it turnkey for nonprofits to connect with skilled professionals in these time sensitive areas.

Beyond the traditional 1:1 engagements that we facilitate, survey respondents let us know that they’re seeking the following additional resources, which we have already begun to provide:

- **Webinars on timely topics** *(57% requested).* We’re hosting virtual courses for our community on alternative fundraising, virtual collaboration, and more.

- **A virtual nonprofit community** *(51% requested).* We launched the Catchafire Nonprofits workspace on Slack for our members. We’re already seeing nonprofits share resources, ask questions, and make friendly connections.

- **Specific Catchafire project recommendations targeted towards the shifting landscape** *(51% requested).* We’re adjusting our [Quick-Start Assessment for nonprofits](#) so that users can let us know what specific issues they’re facing due to COVID-19, and our system will provide immediate suggestions.

We’re continuing to adjust our platform and program offerings to be responsive to the timely needs of our nonprofit community.

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Conclusion

Despite the challenges we know we’ll face in the months to come, we believe it’s our duty to shine light on the incredible gifts that the nonprofit sector provides.

We’ve always been uniquely situated between the growing needs of nonprofits and the proactive nature of constituents who want to use their skills for good. We’re humbled to support the 8,000+ nonprofits and 43 funders who, based on these survey results, we anticipate will have a growing need for immediate and long term assistance. We’ll also be publishing a series of Situation Reports to cover the impact of COVID-19 on the nonprofit sector from various angles, including our own platform data.

We are ready to provide nonprofits impacted by COVID-19 with the tools and talent they need to make it through this crisis and recover in the months to come. If you’re a grantmaker and would like to learn more about equipping your grantees with immediate operational support, please email us at partnerships@catchafire.org.
About Catchafire

Catchafire is a full service, on-demand solution designed to address the wide-ranging and complex needs of nonprofits by connecting them with talented pro bono professionals. Through Catchafire’s innovative web-based platform and network of professionals, nonprofits have access to people with expert skills who can help them with operational needs such as developing a website, building a strategic plan, designing a brochure, professional development, and other areas of critical work.

Catchafire’s scalable and cost-effective model makes it possible for grantmakers to provide a full suite of capacity building services to any nonprofit that the foundation seeks to serve. Catchafire and its foundation partners are not only helping nonprofits improve their capacity, sustainability, and effectiveness, but also leveling the playing field by making capacity building available to any nonprofit or changemaker.