12 MONTHS LATER
The State of the World’s Nonprofits
The Voice of Charities Facing COVID-19
A Year of Transformative Change

When the World Health Organization declared COVID-19 a global pandemic in March, 2020, CAF America embarked on a journey to chronicle the impact of the crisis on nonprofits worldwide and help donors develop data-driven giving strategies.

What we’ve witnessed and captured in the process is an expansive picture of tenacity, humility, compassion, and empathy. In a time of social isolation for so many, the pandemic has had a counterbalancing effect of bringing the global community closer into alignment for a purpose that transcends borders and cultures.

The global pandemic has also exposed deep challenges and injustices that pervade our social and economic systems. As the world slowly finds its path to recovery, let us not waste this opportunity to learn from the pandemic and evolve toward a more equitable and impactful approach to philanthropy and systems change.

The pandemic has laid bare the need for a paradigm shift, one that puts emphasis on long-term strategies founded on authentic relationships and trust. Understanding that impactful philanthropy requires collaboration, flexibility, commitment, and streamlined progress measurement strategies, donors are showing a renewed commitment to greater flexibility.

Having successfully adapted their programs and services to maintain operations and provide vital support in their communities, nonprofits continue to grapple with financial uncertainty. The majority of organizations featured in our The Voice of Charities Facing COVID-19 report series developed innovative fundraising campaigns and communications strategies to reach their stakeholders, yet many face the continued pressure of increased need for services, higher operational expenses, and scarce funding.

In the regulatory context, we have witnessed governments creating an enabling environment to support relief efforts while others are hampering the operating space of civil society. The urgency for resources to address our global challenges require grantors to stay abreast of the domestic and recipient country’s rules and regulations governing cross-border giving to ensure that they are able to facilitate regulatory-compliant charitable funding to nonprofits worldwide.

The light at the end of the pandemic remains dim. While some countries are able to implement aggressive vaccination campaigns to reach herd immunity and plan for slowly opening, others have a much longer road ahead. Whether confronted with a surge in COVID-19 cases or fighting to rebuild shattered lives, communities around the world rely on nonprofits to provide critical services, which would not be possible without the generous support of donors close and far.

ABOUT THE SERIES

We’re constantly asking questions, trying to get more proximate, trying to make sure we understand, knowing we’re not as close to the problems, we’re not as close to the communities in many cases, and also, we acknowledge that we don’t hold all the answers.

Heidi Jedlicka Halvarson
Senior Philanthropy Specialist
Medtronic Foundation

WATCH
ABOUT THIS REPORT

In its seventh COVID-19 survey conducted in April 2021, CAF America polled 496 charitable organizations operating in 129 countries to report on their current status and outlook for the future.

This report takes account of diverse nonprofits, nearly all of which remain operational, to identify what had to change in their operating context, their relationships with donors, and their approach to achieving their mission to be able to support their communities during the past year.

The survey prompted respondents to reflect on the impact the pandemic has had on their work and share their present vision for an uncertain future. Donors can use this current, cross-sectional snapshot of nonprofits worldwide to inform their giving strategies as they reimagine their roles in supporting their partners’ efforts to build and reinforce their organizational resilience.

Building on the insights corporate donors shared in the fourth volume of this series, excerpts from recent interviews will provide readers a window into how the pandemic is shaping the future of corporate philanthropy.

Survey respondents are highly diverse, representing a plurality of organization sizes ranging from having no employees at all—only volunteers—to more than 100 employees. The highest number of respondents represent organizations with between 6–20 employees.

The majority of respondent organizations are dedicated to social services, education, and healthcare, serving the needs of children and youth, and other disadvantaged populations such as the disabled, the elderly, and the unemployed.

*As respondent organizations often work across multiple issue areas and/or serve diverse populations, the sum of the following proportions is greater than 100%.

Scope of Work (N=481)

- Children and Youth: 232
- Elderly: 94
- People with Disabilities: 110
- Homeless: 105
- Economically Disadvantaged Populations: 169
- Unemployed: 114
- Gender Equality: 82
- Education: 170
- Healthcare: 117
- Human Rights: 63
- Environmental Protection: 66
- Animal Protection: 19
- Arts and Culture: 50
- Religion & Faith: 15
- Sports and Recreational Activities: 46
As we reported over the course of the last year, nonprofits worldwide continue to experience the negative impacts of the pandemic. More than 67% of respondents indicate that the challenges presented by the pandemic have increased over time, while 22% have experienced an easing burden. Nearly 10% conclude they’ve experienced no added adverse impact due to the pandemic.

While many factors contribute to nonprofit resilience during the pandemic, agility has been among the most significant. The pandemic has prompted 71% of respondents to shift their organizational strategies to include new services or programs. Meanwhile, nearly 20% contracted their service offerings by scaling back programs.

Has the pandemic caused you to change your organizational strategies/priorities? (N=494)

- 70.45% We changed our strategies/priorities to include new services and/or programs
- 19.84% We changed our strategies/priorities to limit our services and/or programs
- 16.80% No, our strategies/priorities did not change
- 3.44% We redefined our mission

What has been the primary driver of increased overall costs? (N=494)

<table>
<thead>
<tr>
<th>Category</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Programs/services</td>
<td>45.49%</td>
</tr>
<tr>
<td>COVID and/or other relief programs</td>
<td>45.49%</td>
</tr>
<tr>
<td>IT/technology</td>
<td>34.76%</td>
</tr>
<tr>
<td>Salaries</td>
<td>22.96%</td>
</tr>
<tr>
<td>Office safety</td>
<td>20.82%</td>
</tr>
<tr>
<td>Marketing/fundraising</td>
<td>16.09%</td>
</tr>
<tr>
<td>Training and skill building of staff</td>
<td>15.88%</td>
</tr>
<tr>
<td>Utilities</td>
<td>9.01%</td>
</tr>
<tr>
<td>Networking/relationship building</td>
<td>8.37%</td>
</tr>
<tr>
<td>Rent/mortgage</td>
<td>5.58%</td>
</tr>
</tbody>
</table>

More than 60% of respondents have seen their costs rise over the course of the pandemic, with nearly 16% of these organizations noting costs have risen by over 20%.

To what extent (if at all) have your overall costs increased in the past year? (N=489)

- 18.00% INCREASE 1% - 5%
- 10.84% INCREASE 6% - 10%
- 13.91% INCREASE 11% - 15%
- 8.59% INCREASE 16% - 20%
- 11.25% INCREASE MORE THAN 20%
- 17.38% NO CHANGE

This is attributable to many factors, although primary drivers include the addition of new programs, the abrupt pivot to disaster relief, the added expenses of IT upgrades, the development of new fundraising strategies, and the costs of salaries and skills building activities. On the other hand, over 17% of respondents saw their costs decrease and 18% experienced no change.

What new strategies (adopted since the beginning of the pandemic) will you maintain post-pandemic? (N=490)

- 61.63% Online programming
- 54.08% New fundraising strategies and campaigns
- 53.06% New service offerings/programs
- 40.61% Collaborating/partnering with other nonprofits
- 30.41% Programming focused on relief or essential services
- 25.31% Collaborating/partnering with government
- 21.84% Providing mental health support for staff and volunteers
- 19.18% Flexibility in grant agreements
- 13.06% Implement Diversity, Equity, and Inclusion (DEI) policies

When the pandemic first struck, we got together and asked ourselves, how could we completely re-approach our philanthropy to ensure our nonprofit partners wouldn’t have to think about funders, but really channel and direct all their organizational focus and precious time and energy on fulfilling their missions.

Nicola Dixon, Executive Director, General Mills Foundation

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Impact

Online programming
New fundraising strategies and campaigns
New service offerings/programs
Collaborating/partnering with other nonprofits
Programming focused on relief or essential services
Collaborating/partnering with government
Providing mental health support for staff and volunteers
Flexibility in grant agreements
Implement Diversity, Equity, and Inclusion (DEI) policies
In the aggregate, donors have consistently demonstrated their willingness to accommodate grantee needs during the pandemic. We’re not going to get to significant change in meeting the needs and challenges of the Latino community, particularly of those on the lower economic end of the spectrum, if we’re not investing in supporting the Latino community’s access to opportunities and changing those metrics.

The findings largely correspond to those in our corporate donor report—The Voice of Corporate Philanthropy in Response to COVID-19 Worldwide (July, 2020)—where 90% of corporate respondents offered flexibility in funding arrangements to grantees. Of these donors, 65% facilitated changes to grant purposes to redirect funds to the most immediate needs, 54% offered grant extensions, and 49% indicated they had funded overhead costs.

Concern for program health is top of mind as over 80% of respondents indicate funding is most needed for their service offerings. Over 60% cite the need for support covering salaries as the second highest, followed by fundraising at slightly over 51%.

In which of the following areas do you most need funding? (N=493)

- Programs/services: 81.74%
- Salaries: 61.05%
- Marketing/fundraising: 51.12%
- IT/technology: 44.22%
- Training and skill building of staff: 35.50%
- COVID and/or other relief programs: 32.05%
- Networking/relationship building: 19.47%
- Rent/mortgage: 15.82%
- Utilities: 12.58%

Donors have been more open to donating funds for running costs or for different needs that we have in the organization once they get to know our activities. We have to be really persistent to help them see exactly where the money would go and why it is needed.

What flexibility have donors offered since the beginning of the pandemic? (N=491)

- Grant extensions: 47.05%
- Need-based funding: 37.68%
- Change of grant purpose: 36.25%
- Flexible funding: 28.72%

We want to see where you are going and what you want to achieve over the next few years, not just over the next 12 months.

We made more of our funding unrestricted to give charities greater agility to pivot in ways they couldn’t have foreseen even just weeks earlier.
FROM SURVIVING TO THRIVING

Given the staying power respondents have displayed through the pandemic, over 64% feel confident in their ability to operate indefinitely under current conditions.

Compared to the findings of the third volume of our COVID-19 report series (June, 2020), when one-third of respondents predicted they would not survive another 12 months, the current percentage has now fallen to 22%.

An overwhelming number of respondents relate to an aspiration for financial independence that is conducive to stability of operations for a greater focus on the mission.

Fundraising is regarded among respondents as the most important competency to be further developed and strengthened. The lack of an effective fundraising strategy precludes activation of other areas of organizational management. Similarly, communications, in its capacity to reach stakeholders including donors, is cited as the second most important area for organizational capacity building.

Noting that respondent organizations largely represent a resilient and healthy subset of the sector, finance and leadership skills appear at the bottom of the list, which speaks to their proven capabilities and support in these areas.

How long can your organization continue to operate under current conditions? (N=492)

- 13.41% WE DON'T KNOW
- 4.27% 6 MONTHS AT MOST
- 17.68% 12 MONTHS AT MOST
- 64.23% NO LIMIT
- 64.23% WE REMAIN STRONG

How confident are you in your organization’s ability to successfully face the next crisis? (N=494)

- 57.09% VERY CONFIDENT
- 37.04% MODERATELY CONFIDENT
- 2.02% NOT CONFIDENT
- 3.85% WE DON'T KNOW

Which of the following areas of organizational management would you most like to strengthen? (N=494)

1. FUNDRAISING & DONOR RELATIONSHIP MANAGEMENT
2. COMMUNICATIONS (telling your story, connecting with your stakeholders, etc.)
3. TECHNOLOGY (creating virtual networks, developing apps, etc.)
4. FINANCE (effective fiscal management, strategy, contingency planning, etc.)
5. EXECUTIVE MANAGEMENT & BOARD OF DIRECTORS

We can’t lose momentum. What we’ve learned, what we’ve acquired in terms of new programming, new strategies, in the past year are something that we need to continue on and accelerate, not try to go back to pre-crisis or pre-pandemic times.
Since 1992, CAF America’s core mission has been to facilitate domestic and cross-border giving by Americans to validated charities across the world.

Through donor advised giving and our industry-leading due diligence protocols, we enable our donors to make strategic, cost-effective, and tax-advantaged gifts while reducing the risk, reputational exposure, and administrative burden associated with cross-border giving.