



Sustaining Your Organization During (and After) the COVID-19 Emergency: Suggestions for Small Nonprofits¹

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Introduction

The COVID-19 emergency has created great challenges for nonprofits organizations: adjusting to working remotely while maintaining key services to clients or other ongoing activities at a time of social distancing, and coping with increased client needs, reduced service-based reimbursements for service providers, canceled or delayed fundraisers, decreased annual fundraising as donors focus on COVID-19 related giving, reduced in-kind contributions such as grocery store and restaurant contributions to food pantries, staff or family members who become ill, paying staff and making other payments with reduced incoming cash, and not knowing how long the current situation will continue. These challenges are particularly acute for small nonprofits, with only a few executive staff not providing direct services or other primary activities, and limited cash reserves. A lot of the good advice offered by experts is hard to implement if your Executive Director/President also has primary responsibility for resource development, planning, and Board relations, among other tasks.

If you run a small nonprofit, your staff have probably been in COVID-19 emergency mode for about a month now, and have made critical immediate decisions about which activities to continue and which to suspend, and perhaps initiated special tasks related to COVID-19. Unless you are providing essential or COVID-related services like health care or food distribution, much of your work is now being done remotely or has been suspended. Now you are probably considering what to do over the next few months, since your community may well continue to be largely closed down – and what you will be able to do once the economy begins to operate again.

This brief document provides some suggestions specifically designed to help the Executive directors and managers of such small nonprofits, especially organizations serving communities of color or other vulnerable populations, with limited or no reserves and Boards of Directors that reflect your community but are not primarily fundraising Boards. It includes Internet links that provide additional information.

Suggestions

- 1. Prioritize tasks and needs.** You cannot do everything, so decide what can wait and what must be done. If you don't already have a COVID-19 response team of staff and perhaps volunteers, establish one – and don't limit the team to management staff since you will need multiple perspectives. Then consider who can help you carry out the required tasks –

¹ Prepared by Emily Gantz McKay, EGM Consulting, LLC, April 2020.

staff who might be reassigned, Board members who have extra time, volunteers who are temporarily working less or not at all, or people your friends and allies can help recruit for specific tasks. Consider the next month, three months, and six months. Use the results of contingency planning (See #2, below), then ask someone to chart agreed-upon key tasks, deadlines, and responsibilities, and delegate tasks where possible. Prioritize continuing the most-needed activities, protecting your staff and volunteers, and ensuring sufficient resources to survive the current crisis and continue operations afterwards. Eliminate new activities, efforts that are staff- or leader-intensive or high-risk, and anything non-essential unless it generates a financial surplus and is easy to implement. If you need help in organizing or documenting this effort, ask a staff member with good planning skills, or consider whether you know someone who might assist as a volunteer. Many management consultants are providing *pro bono* assistance during the crisis; approach someone who helped with strategic planning or advised you on structure or transitions in the last few years. Look at your donors and see if someone has appropriate skills or works for a company that does. A current funder may also be willing to pay for someone to help.

- 2. Do contingency planning to set priorities and maintain the core.** One of the most challenging aspects of the current situation is that no one knows how long it will last – when it will be safe to gradually end social distancing, what activities to resume or begin first, how to assess and prepare for the likely long-term impact on community needs and access to funding. The more uncertain the future, the more important it is to consider different possibilities and be prepared to deal with each of them. You want to help during the crisis but you also need to be around for the long term. (In Bosnia during the civil war, the nonprofits that survived and grew were usually those that planned carefully for a variety of different scenarios, whether continued conflict, a ceasefire, or a peace deal.) For example, make plans for 2-3 more months of the current social distancing, a gradual start-up in the next 6 weeks, a second wave of infection in the fall, and/or full operations in 4-6 months. For each scenario, consider your service (or advocacy) priorities, what core activities you should resume first, any moves away from COVID-19 related emergency activities, the staffing and costs involved, and resources available and needed. As with #1, if you need help in organizing this effort, identify someone who can organize a meeting of your COVID-19 response team and perhaps other key allies to do this planning as a half-day or full-day meeting, or use a volunteer.
- 3. Ask for help** – from your staff, Board, volunteers, individual donors, and institutional donors. They care about the organization, and often they are very willing to assist if asked – or to identify someone else who can. If you run a small nonprofit, you may be used to doing a great deal yourself – but you also need to ask for help when there is simply too much to do. Talk to Board members and to your staff (not just the managers). Reconnect with helpful past consultants.
- 4. Involve your Board.** Boards are expected to make decisions about organizational direction and use of funds, and should be actively involved in your contingency planning, fiscal status review, and decisions about services or other activities to continue, take on temporarily, suspend, or delay. Find a way to meet remotely, using conference technology, and be sure the entire Board and key committees are kept informed. But also ask committee chairs to

take responsibility for planning their committee meetings and taking minutes, and work out a way to reduce the amount of paperwork they receive. Also engage individual members as volunteers to help meet critical needs. You may have members who can be very helpful in raising funds, obtaining in-kind equipment or materials, helping with social media updates or information for funders. If you have a grassroots Board, they may be available to serve as program volunteers, helping you keep in touch with clients or identify community needs. Often the Board Chair or Executive Committee – or a special COVID-19 committee – can provide advice and assistance.²

5. Analyze income and expenses to maintain cash flow – then take action. If you have reserves, you may need to use them – that’s why you create reserves. If you have insufficient funds, consider how to reduce unnecessary expenditures. One of the lessons of past crises like the Great Recession, is that almost every nonprofit has some inefficiencies – a project you have continued even though it has never been fully funded, a staffing structure or a few staff who are not a good fit for your organization, or sources of equipment or materials that are convenient but not necessarily lowest cost. Use this time to review operations and increase efficiencies.³ If you do not have enough funds, take advantage of advance payments being offered by some local and state contracting agencies, ask a donor for an emergency grant (see #6, first bullet), or seek a Payroll Protection Plan (PPP) loan, an Employee Retention Credit, or a delay in certain payments through your bank (see #7, first and second bullets). Explore how to meet contracting requirements remotely to maintain income (see #8, third bullet).

6. Rethink your annual fundraising plan, focusing on key donors, public and private.

- *Identify your most important donors, and communicate with them regularly.* One of the areas of greatest agreement among fundraising experts is that this is a time to keep your key donors close. Tell them what you are doing and ask honestly for what you need. Many foundations and corporations are making adjustments during the emergency, providing quick-response emergency grants, transforming project grants into general support, providing early payout on grants, delaying reports, loosening performance requirements, and/or providing simple online applications for special funds for current grantees and for refunding.⁴
- *Take full advantage of public funder flexibility.* Some state and local funders are relaxing requirements on performance-based contracts, providing quicker payments, or otherwise trying to support nonprofit services providers. Some have special loans or

² See, for example, “What Nonprofit Board Members Should be Doing Right Now to Address the COVID-19 Situation,” BoardSource/blog, posted March 16, 2020, at <https://blog.boardsource.org/blog/what-nonprofit-board-members-should-be-doing-right-now-to-address-the-covid-19-situation>.

³ See “Eight Steps for Managing through Tough Times,” prepared by Bridgespan, at <https://www.bridgespan.org/insights/library/strategy-development/eight-steps-for-managing-through-tough-times>.

⁴ Over 600 foundations and corporations have committed to actions like these during the COVID-19 emergency; check the list on the Council on Foundations website to see if your key donors are among them. See “A Call to Action: Philanthropy’s Commitment during COVID-19,” at <https://www.cof.org/news/call-action-philanthropys-commitment-during-covid-19>.

grants to help during the COVID-19 emergency. Ask someone to keep you updated on this; perhaps you are a member of a nonprofit, behavioral health, or other association that will keep you updated about such possibilities.

- *Rethink your annual fundraising plan and be prepared to suspend outreach to new potential institutional donors* – while ramping up your efforts with current funders. This is probably not a good time to ask for funds for a new project unrelated to the current crisis or to begin a capital campaign, but it is a very good time to seek refunding or additional funds for core activities from your current funders. Experts are not in full agreement about how to proceed, but there is wide consensus that continued fundraising is essential, to maintain and strengthen relationships with your foundation and corporate funders.⁵
- *Explore ways to replace canceled or delayed fundraising events.* Often it is better to delay a successful annual event than to substitute something less effective online. However, some types of events can be done successfully online at low cost. For example, affordable options exist for managing online auctions. If you do cancel an event, you are of course required to inform institutions and individuals that purchased tickets or became sponsors. Be sure to ask them if they are willing to convert the ticket or sponsorship to a contribution given the COVID-19 situation, and let them know what you are doing to continue services or other activities during the emergency. Some nonprofits report that 80% of donors agree.
- *If you are doing work directly related to special COVID-19 needs, make that clear in all appeals.* Many foundations have COVID-19 response funds that provide quick-response funding to nonprofits providing essential services to vulnerable populations. If you are helping clients apply for unemployment insurance or obtain legal assistance related to COVID-19, seek funds to support that work. If you distribute food or provide health care, or do outreach to vulnerable populations like the homeless, that qualifies. Community foundations and United Ways as well as public-private partnerships between funders and public agencies are most likely to make grants to organizations they are not already funding. Deputize someone to search online for them, starting with local community foundations and the website of your state or local nonprofit association. If you are a member of a national organization, check its website for information.⁶ Some of the

⁵ See, for example, Bloomerang's "10 Important Donor Types to Communicate to during the Coronavirus Outbreak," at <https://bloomerang.co/blog/10-important-donor-types-to-communicate-to-during-the-coronavirus-outbreak/>. Also see articles posted on the Association of Fundraising Professionals website, such as CCS Fundraising's Blog Post, "Principles of Fundraising: The Coronavirus and Philanthropy," at <https://ccsfundraising.com/timeless-principles-for-fundraising-the-coronavirus-and-philanthropy/>, The Agitator and Donor Voice, "UPDATE" Coronavirus Pandemic and Fundraising," at <http://agitator.thedonorvoice.com/wp-content/uploads/2020/03/March-11th-Guide-on-Coronavirus-1.pdf>, and the SOFII (Showcase of Fundraising Innovation and Inspiration) "Bluefrog Fundraising Share Free Resources for Creating a Coronavirus Appeal," at <https://sofii.org/article/free-resources-for-creating-a-coronavirus-appeal>.

⁶ For example, the Hispanic Federation posts extensive and regularly updated information, including about COVID-19 response funds, on its website, at https://hispanicfederation.org/resources/Resources_for_Non-Profits_During_COVID-19_Emergency/. Bloomerang also offers webinars, articles, and podcasts. See <https://bloomerang.co/resources/covid19/>.

initial special funding has already been awarded, but many funders have rolling applications or expect to provide a second wave of funding, and individuals will give if they know about your work.

- *Use social media to stay in touch with individual donors and identify new ones.* Find someone to help with maintaining visibility via social media and emails to donors. Look for one or several Board or staff members or volunteers – or perhaps one of their young adult children – who understand communications and social media, and deputize them to publicize your COVID-19 related work. Explain what you need, perhaps find some examples online, and review messages and appeals before anything is sent out, but delegate this role.
- *Keep fundraising messages simple,* so they don't require a lot of your time. Be sure they include stories about individuals, not just statistics about number of people helped.
- *Take advantage of special opportunities,* like the Special #GivingTuesdayNow scheduled for May 5, 2020. This global day of giving that usually occurs on the Tuesday after Thanksgiving, but a special COVID-19 GivingTuesday is scheduled for May 5.⁷

7. Take advantage of appropriate financial flexibilities due to COVID-19, most of them described online, such as:

- *Small business customer flexibility offered by many banks;* nonprofits generally qualify. Often your bank account is called a “small business account.” Your bank may allow you to delay payments on loans, credit cards, and/or mortgages on your facilities without penalty and without a negative effect on your organization's credit. You must request this assistance from your bank. Check your bank's website to see what they offer.
- *Forgivable federal loans under the CARES Act Payroll Protection Program (PPP) and other programs like the Employee Retention Credit and deferred payment of payroll taxes.* If you use PPP funds partly to maintain staff on payroll, loan payments are deferred for six months (although interest will accrue), and the Small Business Administration (SBA) will forgive the portion of the loan used to cover your first eight weeks of payroll, mortgage interest, rent, and utility payments. This is easiest if your bank participates in PPP, but there is no requirement that the loan come from your bank. All employers are allowed to defer payment of the employer share (6.2%) of Social Security taxes made after March 12, 2020 through the end of the calendar year, then pay them over the next two years, with half paid by the end of 2021 and the other half by the end of 2022. Some employers can obtain a refundable payroll tax credit for 50% of wages paid to employees during the COVID-19 crisis, with a maximum credit of \$5,000 per employee.⁸
- *Increased flexibility for providing and in some locations billing remote services.* The Office for Civil Rights (OCR) in the U.S. Department of Health and Human Services (HHS) has temporarily waived “enforcement penalties for HIPAA violations against health care

⁷ GivingTuesday is a nonprofit organization. The link to use to express interest in participating is <https://givingtuesday.us5.list-manage.com/subscribe?u=78792425669fa388ae1bc2c58&id=85dd389128>.

⁸ The Independent Sector website provides guidance on taking advantage of CARES Act provisions for nonprofits, including “5 Important Tips,” at <https://independentsector.org/resource/caresact/>. A special section for “small” nonprofits (less than 500 employees) describes SBA loans and loan forgiveness, the Employee Retention Credit, and deferral of payroll taxes. See <https://independentsector.org/resource/caresact/#smallnonprofits>.

providers that serve patients through everyday communications technologies,” allowing use of “widely available communications apps, such as FaceTime or Skype, when used in good faith for any telehealth treatment or diagnostic purposes, regardless of whether the telehealth service is directly related to COVID-19.”⁹ Medicare and some Medicaid programs are also extending reimbursement for services provided remotely (already permitted for some services by some types of practitioners). Many local and state agencies as well as private-sector funders are modifying performance requirements so that case management, education, employment training, or other human services provided remotely now meet contract or grant requirements.¹⁰ Cities, counties, and states may post special contractor policies online; if you don’t see anything from the agency that funds you, contact the agency and be prepared to share your COVID-19 services and sustainability plan.

8. Use the many valuable online “how to” articles and free webinars. If you don’t have time to check online regularly, ask someone else to do that for you – they can just use a search engine and enter “resources for nonprofits – COVID-19.” Many websites provide a compendium of articles and advice. Take advantage of websites that collect such information.” For example:

- The *Chronicle of Philanthropy* has free newsletters, and is also providing an unusual level of access to its articles during the COVID-19 emergency.¹¹
- Some consulting groups and national organizations offer free webinars or post webinar materials and tapes on their websites. These include special webinars designed to help nonprofits during the COVID-19 emergency.¹²

⁹ The OCR press release is at <https://www.hhs.gov/about/news/2020/03/17/ocr-announces-notification-of-enforcement-discretion-for-telehealth-remote-communications-during-the-covid-19.html>. The notification from HHS is at <https://www.hhs.gov/hipaa/for-professionals/special-topics/emergency-preparedness/notification-enforcement-discretion-telehealth/index.html>.

¹⁰ The Center for Connected Health Policy maintains updated information on both federal and state policies on telehealth, including special policies that apply during the COVID-10 emergency. See the Telehealth Policy and Resources sections of the website, including <https://www.cchpca.org/resources/covid-19-telehealth-coverage-policies>.

¹¹ See the frequently updated toolkit, “Chronicle Advice on how to Respond to COVID-19” at <https://www.philanthropy.com/resources/toolkit/chronicle-advice-on-how-to-res/233>. Sign up for free newsletters at <https://www.philanthropy.com/account/newsletters>.

¹² For example, the Hispanic Federation has hosted webinars for Latino nonprofits on coping with the COVID-19 emergency. The archived webinars are available to anyone on the website; included are tapes, PowerPoints, Annotated Resources on leading in a time of crisis, working remotely, remote advocacy, and resource development during the COVID-19 emergency that the author of this document helped to develop. Other webinars, including two on financial management during the COVID-19 crisis, will soon be archived. See https://hispanicfederation.org/resources/webinars_and_online_discussion_forums_for_cbos/.