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What comes next: Nonprofits seek funding to continue services beyond Covid-19

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Local nonprofit organizations are adjusting their operations, from funding to program delivery, to meet the increased needs of the people they serve as well as to ensure their own survival.

Revenue from planned fundraisers has evaporated with the onset of stay-at-home orders during the Covid-19 pandemic, just as the need for services intensified.

But as the pandemic and its aftermath wind down, the demand for services from nonprofits is only going to be greater, said Diane Drollinger, chief executive of NSC (Network for Strong Communities), a St. Louis-based nonprofit that provides training, operating support and business consulting for nonprofits in Missouri and Southern Illinois.

“We have a lot of vulnerable populations that aren't being served as effectively in this pandemic as they need to be,” she said. “There's going to be a huge backwash of demand at a time when funding resources are unstable to say the least.”

Some larger nonprofits are able to plan six months out, Drollinger said, but one small nonprofit confided to her that they'd laid off everyone, including the executive director, who continued to volunteer in hopes that things could open up soon.

“Every nonprofit is now looking for efficiencies in their operations,” she said. Another nonprofit's executive director told Drollinger that they've found their space is twice the size needed and are exploring subletting options.



DIANE DROLLINGER

Diane Drollinger is president and CEO of Network for Strong Communities.

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To take the temperature of regional nonprofit organizations, NSC partnered with Gateway Center for Giving and the St. Louis Community Foundation to launch an ongoing survey April 1 about the nonprofits' condition and concerns.

Of the 86 nonprofits that had responded as of April 15, nearly 24% had shifted programs or client services to virtual formats (online, by phone, etc.). That move might be long term, Drollinger said, "because some vulnerable populations are going to stay home anyway," even after community orders are lifted.

However, she said many nonprofits weren't prepared for virtual operations. "If you're already in the telehealth space, it's not so bad, but if you're not, you have to create an infrastructure," Drollinger said.

Disruption of services to clients and communities was reported by 86% of the survey's respondents, while 46.5% reported an increased demand for services.

About 30% of respondents said their expenses would increase, with 87% saying revenue would decrease and over 20% reporting that decrease as 50% or more of their annual budget.

Nearly 41% of responding nonprofits said that increased and/or sustained staff and volunteer absences were going to impact their operations. About 16.5% of respondents said they were applying for state and federal emergency loan assistance, with 7% reducing staff hours or pay.

WHO'S ENDANGERED?

Some nonprofit organizations, such as social service providers, are projecting a drop of up to 30% in funding from government contracts, as governments tighten their belts when tax revenue falls, Drollinger said.

Smaller nonprofits are most at risk, Drollinger said, "those who don't have a development team or an infrastructure to navigate this, who didn't have an accountant to pull together an application for PPP," the federal forgivable loan program. "I think we're going to see some contraction in infrastructure and services after this."

However, large organizations that usually look for six-figure funding from big galas are also trying to chart their path, Drollinger said. "It's almost impossible to recruit that level of funding online," she said. "That's typically small dollars."

"If you think you've got three months' reserve in a bank and you're lucky enough to have gotten a PPP, well that might get you out to six months. Then what?" Drollinger said of nonprofits that were fiscally stable.

FUNDING SOURCES

While nonprofits are adjusting their operations, they also are seeking support from existing and new funding sources.

St. Louis Community Foundation President and CEO [Amelia Bond](#) said that nonprofit fundraising is particularly difficult right now, and the foundation is encouraging nonprofits to speak to how the pandemic has impacted them.

The St. Louis Community Foundation, composed of more than 750 charitable funds with total assets over \$500 million, convened over 25 community organizations to launch the Covid-19 Regional Response Fund in mid-March. The fund provides grants to area nonprofits directly helping people impacted by the pandemic.

"I think the model we've created shows that donors need to be thoughtful and maximize their impact," she said.

On behalf of its donor funds, the foundation made \$4.5 million in grants in March, up from \$1.2 million a year ago, Bond said. "Pretty much whatever comes in is going out at this point," she said. "The volume is incredible, which just shows the giving is on overdrive."

Corporate and private foundations that may have restricted their giving in the past to specific programs are being asked to ease restrictions and focus on infrastructure support.

"Funders who historically have dealt with underwriting programs and services now need to get their heads around, well, if we don't underwrite general operating support, then there won't be the opportunity for programs and services," Drollinger said.

EMPHASIS ON GIVE STL DAY

Many nonprofits are looking to St. Louis Community Foundation's annual Give STL Day fundraiser to recoup some of the revenue lost through canceled fundraisers, President and CEO Amelia Bond said. The 24-hour, online-only fundraising event, organized by the foundation, has raised \$13 million for hundreds of participating nonprofits since its launch in 2014.

The website went live April 6 for advance giving, and the event is May 7. Over 950 nonprofits are participating, more than ever before, Bond said. Some nonprofits set specific program campaign goals. The St. Louis Community Foundation administers the Give STL Day platform, and nonprofits reach out to new and established donors to encourage participation at givestlday.org.

The Berges Family Foundation made a \$75,000 naming sponsorship donation to Give STL Day this year.

Diana Barr

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