Because the Berkshires is rather unique in character, it’s sometimes difficult to read national studies on the health of nonprofits and apply the findings directly. Our “Health of the Sector” survey in December was an attempt to get a little local insight and we are grateful to the 90+ organizations that participated. Here are the results you’ve been waiting for…..nothing fancy in the way of graphics or narrative but interesting findings nonetheless. One assumption I will venture to make regards skewing. Nonprofit leaders who take the time to answer surveys are often those who are most curious, most engaged, most “big-picture.” As such, they may also be the most successful or hearty nonprofits in our county, which would certainly skew the results somewhat.

We were surprised to see that 37% of participating nonprofits had more than 6 months of operating reserves before COVID hit. We’ve been talking about healthy nonprofits with adequate operating reserves since the financial crisis of 2008, but we didn’t know the extent to which this goal had been achieved. Bravo! Sadly, 60% have been forced to dip into those reserves. One step forward, two steps back.

We are guessing the 75% of nonprofits that didn’t lose any employees in 2020 was partially or even mostly a result of PPP funding. Wish we had annual PPP funding! Or lots more grantmaking institutions funding general operating expenses.

We’re all pretty good by now at cutting already-lean budgets which about 45% of you did. As we might have guessed, revenue loss varied greatly among participating nonprofits but the fact that 40% of you lost 20% or less is somewhat gratifying and a testament to our generous community. We have all been practicing better donor stewardship over the past decade and it looks like that paid off during this crisis.

We know that earned income took a hit this past year with so many programs unable to proceed as usual. Understandably that is one of the biggest concerns for nonprofits right now. Increased contributed income and revenue diversification are current goals for many nonprofits going forward. Virtual fundraising didn’t rate very highly in 2020 but with the pandemic sticking around, more attention is being paid to the various platforms and vehicles for reaching people digitally.

The “challenges” bar chart pretty much tells our collective story – increased demand, less resources, employee burnout. It is interesting to note the Berkshires mirrors the national scene in the lack of succession planning.
Not surprisingly, nonprofits are focusing on strategy, fundraising, efficiency. Enlarging the board, using volunteers more and investing in marketing are also all good strategies. No wonder folks are burned out! Focusing on improving no less than 8-10 areas of an organization would make anyone tired. We all need a little self-care right now!

Check out the results of this survey conducted by a team of cross-disciplinary consultants (including our own John Gillespie) to better understand the challenges nonprofits are facing and identify their top priority. Their ideas around “resetting” and their “key trends” and “actions” are very thoughtful in 4 categories: strategy & innovation/impact, fundraising & development, finance & accounting, digital engagement & visibility. View and download all takeaways here.

Another recent survey from Community Brands includes insights on new opportunities for grant collaborations, new technology concerns, and revenue resiliency: 2021 Nonprofit Financial Health Research Study.
Health of the Sector Survey Results

Operating Reserves Before COVID

- More than 6 months: 37%
- 0 - 3 months: 35%
- 4 - 6 months: 28%

COVID Forced the Organization to Dip into Reserves

- No: 40%
- Yes: 60%

Change in Total Employees from 2019 to 2020

- No Change: 57%
- Increase: 16%
- Decrease: 27%

Additional Cuts Made

- Budget Cuts: 41
- Employee Hours: 23
- None: 10
- Employee Pay: 9
- Office Space: 8
- Furlough: 7
- Program Cuts: 5
- Employee Benefits: 3
Heath of the Sector Survey Results

Percentage of Revenue Loss for 2020

- 0 - 20%: 13%
- 20 - 40%: 6%
- 40 - 60%: 8%
- 60 - 80%: 32%
- 80 - 100%: 32%
- An Increase: 1%

Largest Source of Funding

- Grants/Foundations: 30%
- Individuals: 23%
- Other: 21%
- Program Fees: 15%
- Events: 8%
- Corporate Sponsorships: 3%

Virtual Fundraising Methods Employed

- Email Campaign: 56
- Facebook Campaign: 37
- No Virtual Fundraising Events: 33
- Other Virtual Fundraising Event: 20
- Virtual Donor Meetings: 18
- Virtual Gala: 9
- Go Fund Me Campaign: 3

Successful at Virtual Fundraising as Compared to In-person Fundraising

- Yes: 13%
- Somewhat: 48%
- No: 39%
Has a Succession Plan

Challenges and Concerns Top of Mind

- Decrease in program revenue: 55%
- Understaffed: 39%
- Increase in demand for services: 38%
- Employee burnout: 37%
- Decrease in donations: 29%
- Decrease in grants or government funding: 22%
- Employee morale: 20%
- Employee retention: 9%

Strategies Employed to Strengthen Organization

- Strategic or scenario planning: 73%
- Focus on fundraising: 59%
- Investing in technology and operational efficiencies: 44%
- Enlarging board: 29%
- Using volunteers more: 28%
- Investing in marketing: 27%
- Community Assessment: 23%
- Downsizing: 7%