




# Covid-19 Impact to Delaware Nonprofits

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3.21.20

# Methodology



On March 16, DANA, the Delaware Alliance for Nonprofit Advancement issued an online survey to nonprofits in Delaware to understand the impact of the State of Emergency on their services and operations. Philanthropy Delaware, the United Way and DCF also shared the survey with their stakeholders, and Delaware Business Times shared with their readership.

During the survey, the Governor amended the state of emergency twice and expanded unemployment insurance. In addition the U.S. Congress passed a house bill which would benefit nonprofits and nonprofit employees.

The survey was active through 6pm March 20<sup>th</sup>.

**245 organizations participated**

Note it is estimated there are over 900 nonprofits actively operating in Delaware.

# Covid-19 Disrupts the Delaware Social Impact Sector

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- Nearly 30% of active DE nonprofits contributed to this survey
- 60% of those who responded estimated over \$21 million in lost revenue (assuming eight weeks of the crisis) – most related to lost program and fundraising revenue.
- 29% of those who responded were able to report on incremental expenses related to the crisis which topped over \$3 million
- 55% of respondents don't believe they will be reimbursed for these incremental expenses, nor do they believe they can gain the lost revenue back
- In the first days of the survey 45% indicated they would lay off employees, with the second Executive order to close restaurants/reduce gatherings the number rose to 65%
- High mentions of need for hardware & software to assist workers to work remotely
- Greatest resources needed are financial analysis to understand projected cash flow

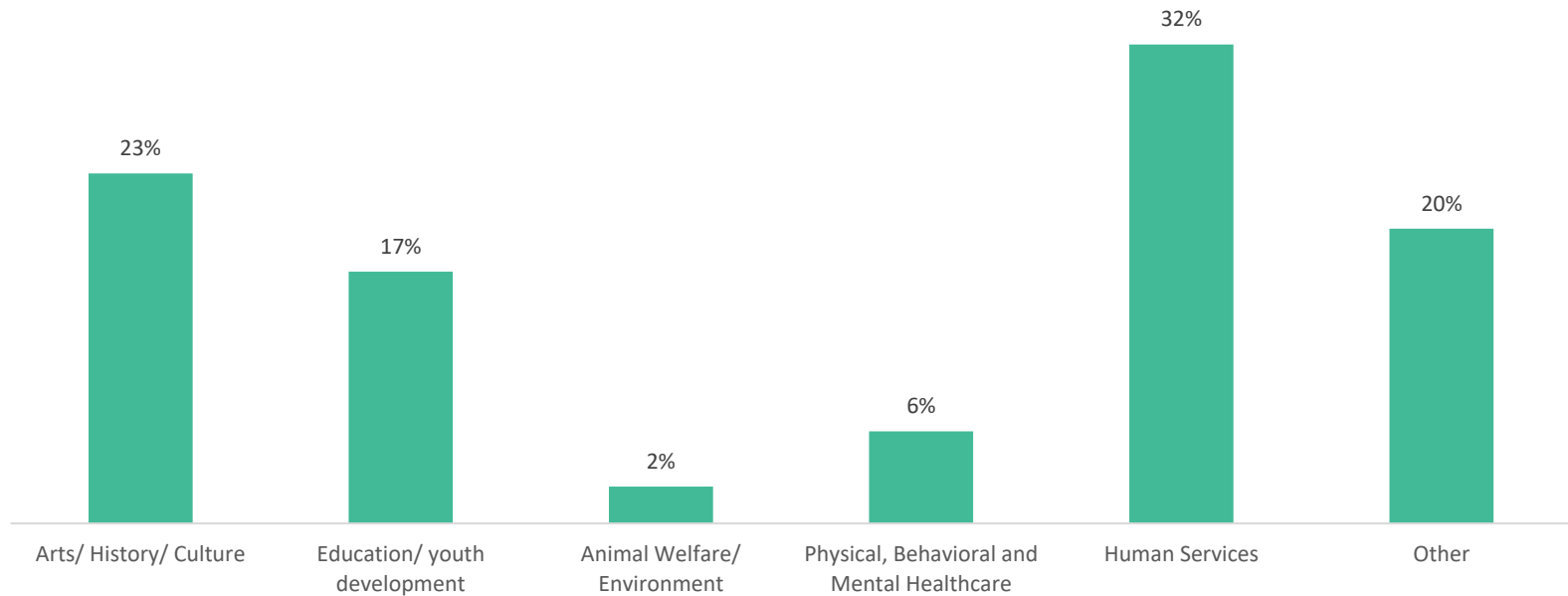
# Participants in the Survey Represent Nonprofits of All Sizes



Note: The respondents' organizational size skews towards larger organizations. According to Share Delaware.org, 78% of Delaware nonprofits are under \$1 million., and 4% are over \$10 million. (DE Nonprofits who filed 990's in 2017)

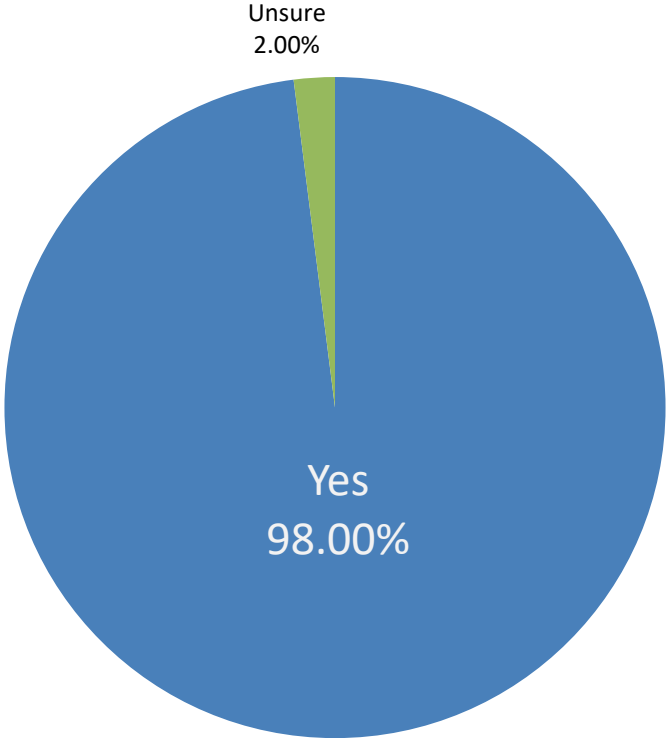
# Nonprofit Mission Area

Please select your organization's issue area



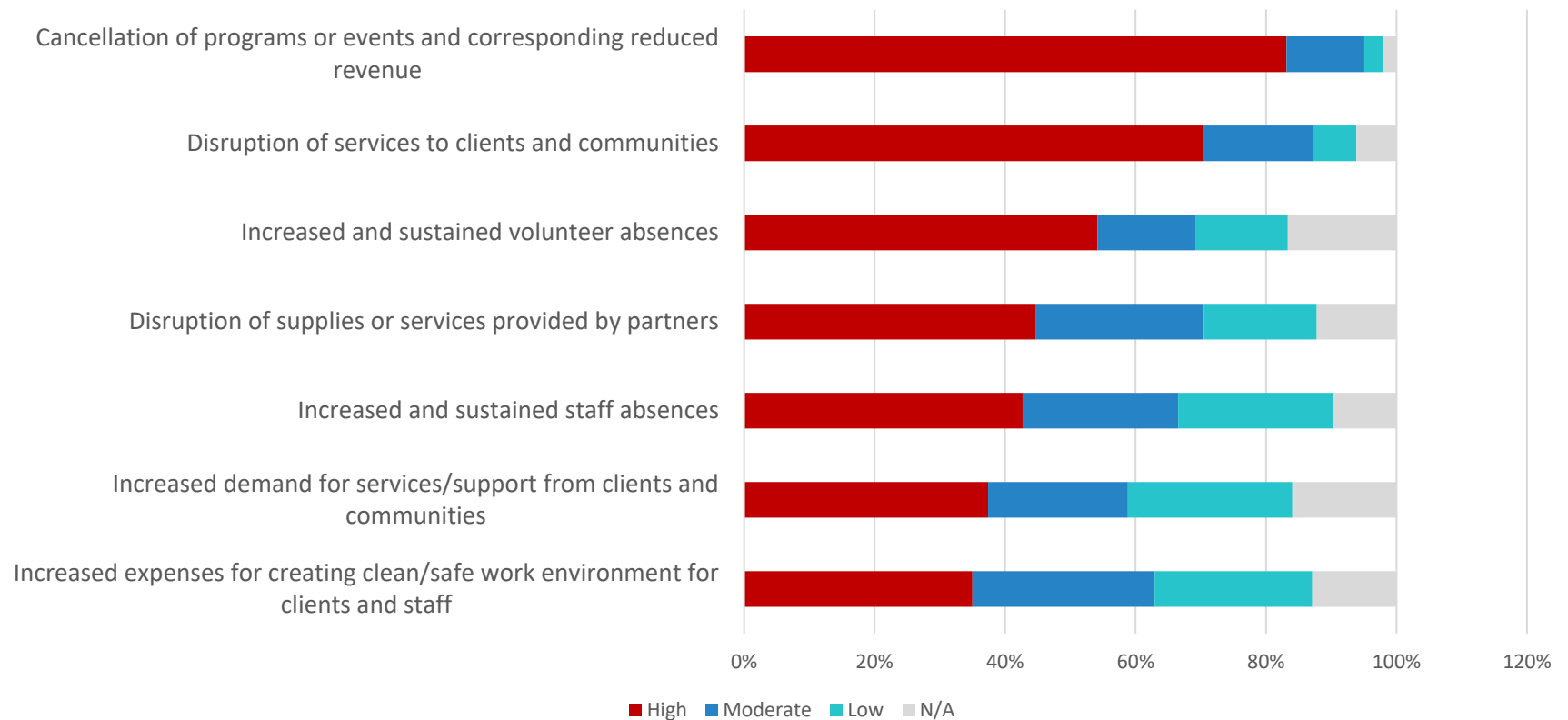
Note: The respondents' organizational mission area has a higher percentage of arts & culture and lower representation of health than the Delaware sector as a whole. (ShareDelaware.org, DE Nonprofits who filed 990's in 2017)

Has your organization currently been impacted by the spread of the coronavirus, or do you expect it to be impacted?



# Most Nonprofits have Cancelled Programs/Events and Services

Have you or will you be impacted



# Other Types of Impact Listed

(ranked in frequency mentions)

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Cancel major rev generating event/all earned rev opportunities cancelled/unrecoverable expenses for cancelled events/rented space  
Cash flow negatively impacted/loans end because work stopped  
Services shut down completely  
Outcomes negatively impacted/ grants in jeopardy  
Huge impact on the clients we serve; some very vulnerable populations  
Alternative solutions needed for direct service  
Cancel other major event  
Highlights the need for tech/laptops for staff / increased expense on tech/laptops / time to set up tech  
Potential downsizing/sustainability concerns  
Increased expenses for communication/service delivery



*"[Org Name] has had difficulty securing critical supplies that are necessary to follow federal, state, and local guidelines. Things such as cleaning supplies, personal hygiene supplies, and most importantly we are unable to secure personal protective equipment. [Org Name] outpatient program does not have sufficient equipment to provide telehealth services in the event our clients are unable to attend group and individual sessions in person."*

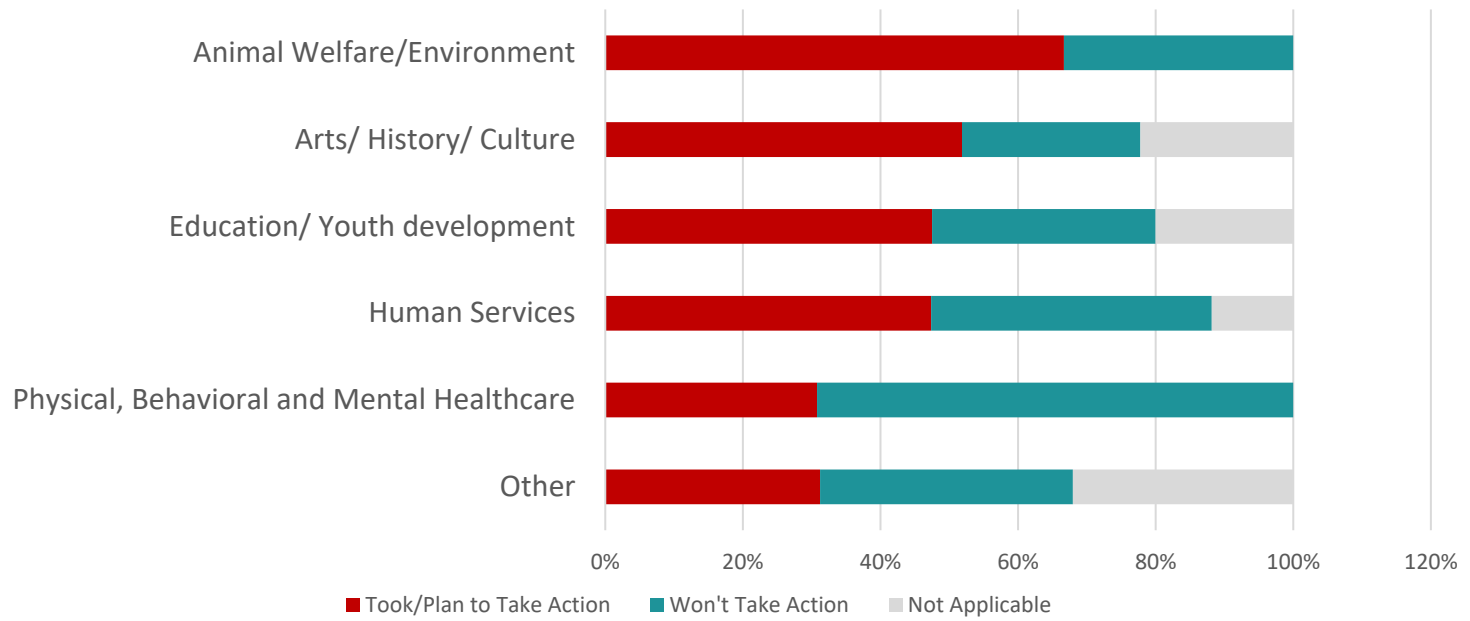
*"Spring is one of the busiest seasons for our programs and services as well as our largest fundraising event which has been cancelled... Resources, understandably, will be most needed in crisis response related to medical/health services, and our mission, which does not have any direct impact on those areas may seem irrelevant. Our work continues - as does our commitment to the community, but we anticipate revenue losses anywhere from 20%-50%, and that is before fundraising contributions."*

*"Financially, we have spent more on hardware and software over the past 5 days than we budgeted for all year to ensure our staff have the necessary equipment to serve our clients without interruption remotely. Further, we have contracts and payers that will either stop funding us or may pay late thus impacting our cash flow dangerously. We are also unsure how we will handle keeping our staff paid and avoiding layoffs- this team is essential to our services after this crisis ends and we need them all - after all our product is our people."*

\*Names removed to maintain anonymity

# 45% indicated they had or would be laying off employees

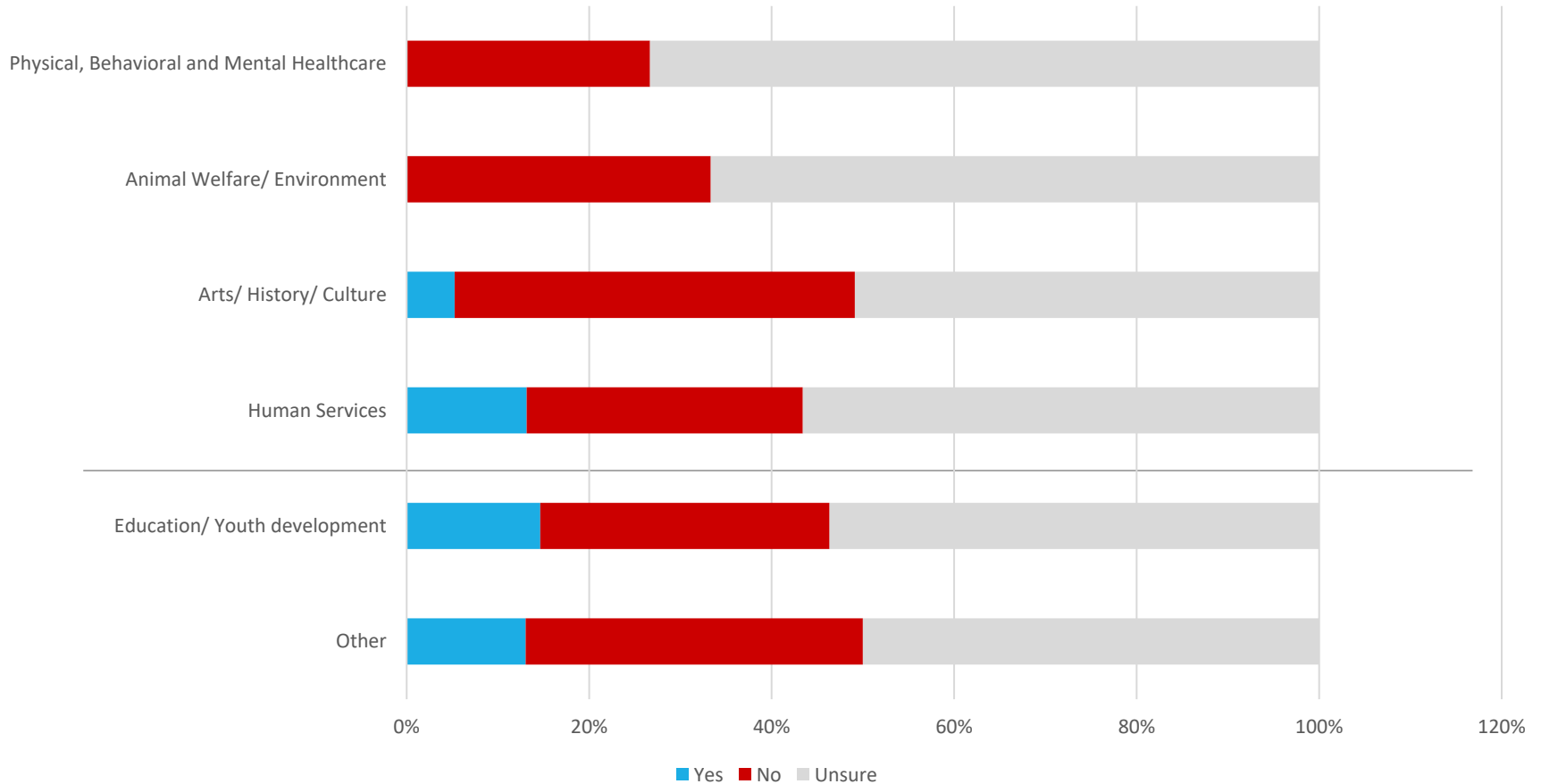
Intentions To Lay Off Employees by Issue Area



It should be noted after the revised Executive Order to reduce gatherings to less than 50, the % who planned to lay off rose to 65%.

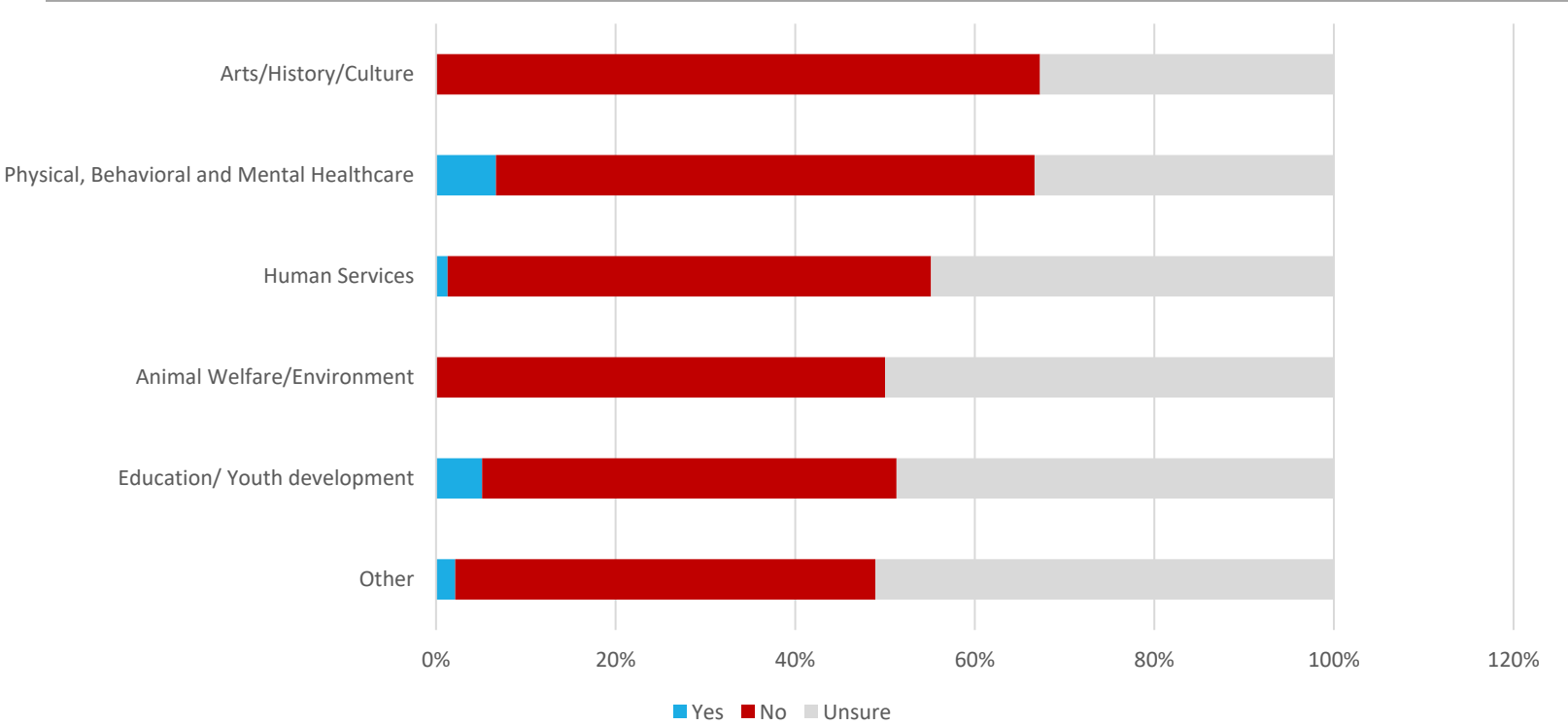
# A lot of uncertainty regarding ability to raise money lost during this time – 55% overall don't know if they can secure the revenue later

Anticipation Lost Revenue can be secured later



# Most Nonprofits (55%) believe the expenses they have incurred to transition and manage increased demand will not be reimbursed

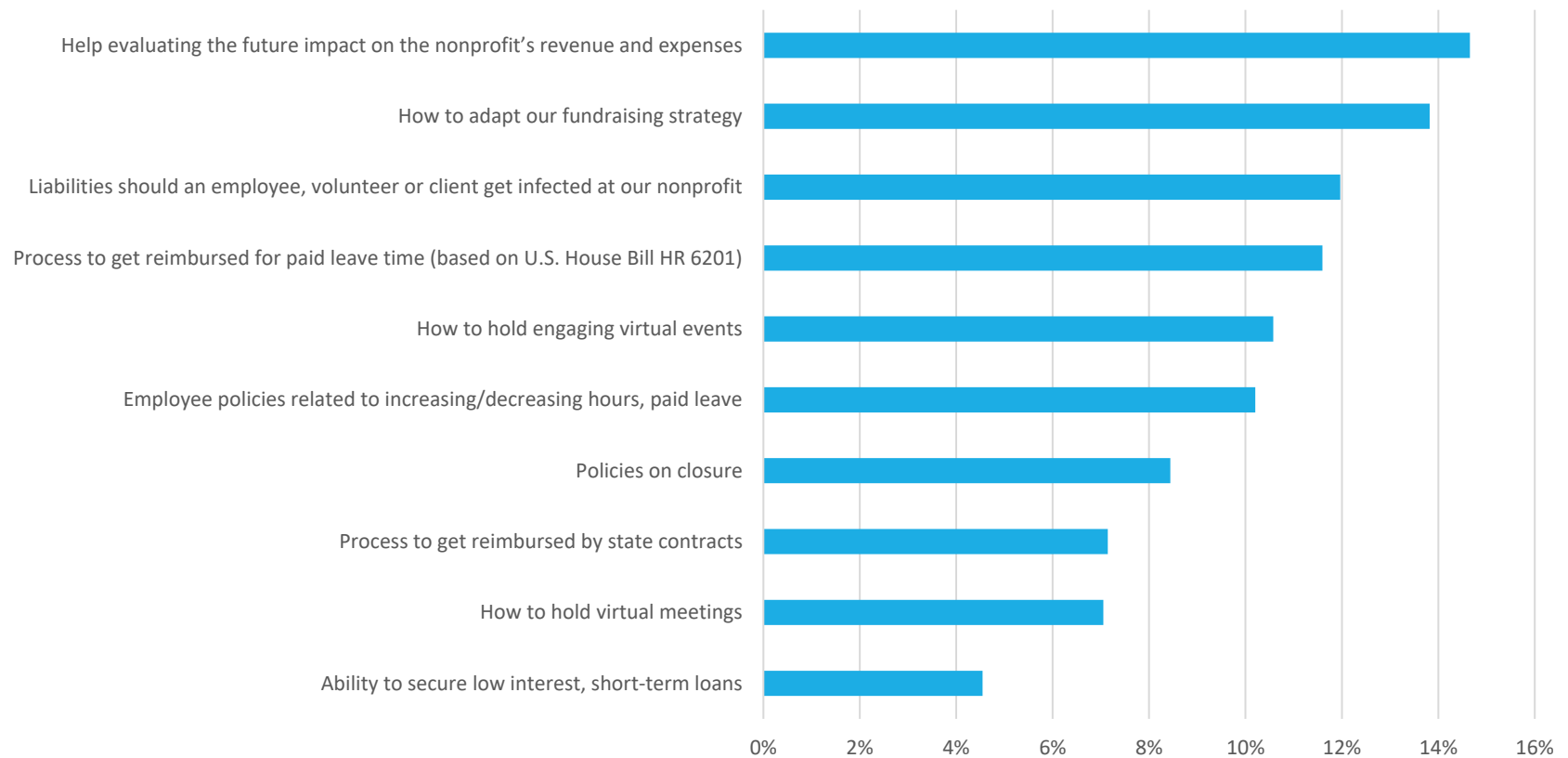
Expectations that Increased Costs will be Reimbursed



Expense areas included: transition costs to move employees remotely, cleaning-healthcare supplies, increased costs due to increased service demand

# Understanding Financial Position rose to the top of resource requirements

## Resources or Guidance Desired



# Additional Comments Regarding Resource Needs

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How to transition to a virtual organization (payroll, meetings, use of zoom etc.)

How to serve society during this time

Advocacy for nonprofit funding

Funding to prevent bankruptcy during time with no revenue

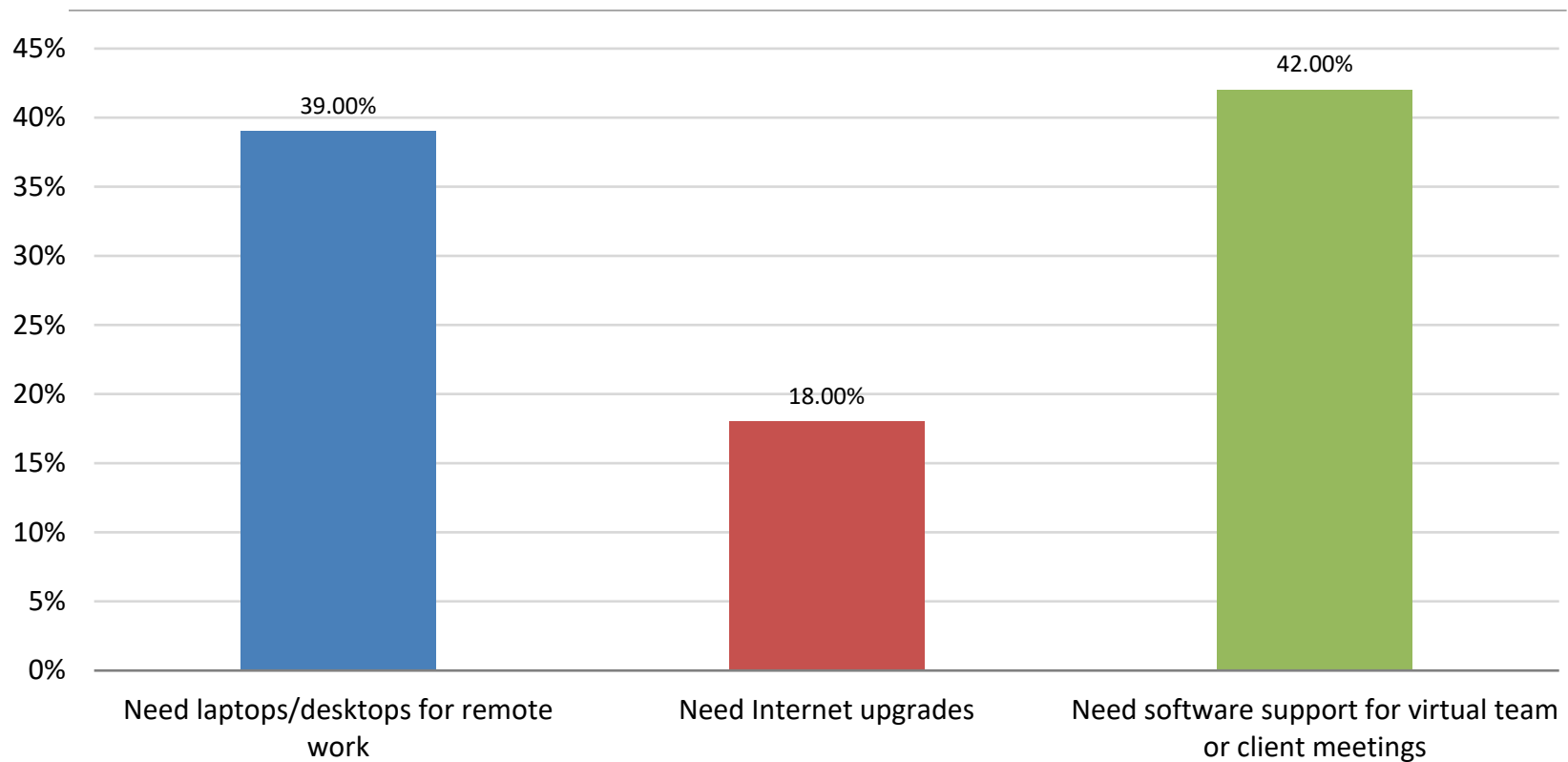
Employee Assistance – work from home issues (isolation, kids at home too, poor working climate, lack of/limited internet-printers)

How to determine/manage cash flow

Marketing outreach support after crisis

Gloves, masks, cleaning supplies

# Nonprofits need to revolutionize how they do their work from their employee homes



Note: Several nonprofits mentioned their ability to deliver programs relied on the clients/students being able to have the technology

Not all respondents could provide data on the incremental expenses or lost revenue but some gave their best estimate

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Expense Increase due to Crisis

N = 73

**\$3,044,367**

Range \$500 to \$1 million

Revenue Loss due to Crisis

N = 150

**\$21,320,581**

Range \$1000 to \$1 million

Given less than 10% provided revenue data, one could extrapolate that revenue loss for a two-month period will exceed \$100 million

Note: Not all provided an answer as they indicated it was too early to tell. Some offered ranges and the analysis took the average, or if a monthly or weekly estimate was given then the analysis assumed 8 weeks or 2 months of impact





# Questions

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