

NONPROFITS SHOULD EXPECT MORE FROM THEIR BANKS THAN JUST BANKING



Consultative financial, operational advice and hands-on assistance can help them become stronger, more efficient and more resilient.

These are uncertain times for nonprofits. Most are heavily reliant on grants, endowments, corporate support and government assistance, as well as individual donations, to support their missions and programs.

For some organizations, support and fundraising are stronger than ever, as donors have stepped in during these challenging times. However, many more nonprofits are currently facing an increase in demand for services coupled with significant disruptions to their funding streams. A recent survey of 1,000 California nonprofits by the California Association of Nonprofits reports that nonprofits are experiencing “...financial fears, difficulties with government contracts, and deep suffering in communities”—24% had laid off or furloughed staff, 12% had reduced compensation and 26% have been unable to mobilize as many volunteers as before¹.

In another recent Nonprofit Finance Fund survey, over 60% of 465 respondents said they are experiencing destabilizing conditions that threaten their long-term financial stability. Over 64% expect continued threats in the months ahead.

While PPP loans and supplemental unemployment benefits have provided some relief, the environment remains challenging, with uncertainties surrounding ongoing COVID-19 cases, a new presidential administration and the pandemic’s global economic impact.

In response to COVID-19, nonprofits have transitioned most of their fundraising to virtual formats, with social media, video conferencing and online hosting platforms, enabling activities such as virtual galas, runs and walks, and silent auctions, peer-to-peer fundraising, crowdfunding and others. But, while

these efforts can be effective, the loss of in-person activities is significant.

Many nonprofits are looking for partners who can help them reshape how they operate in a rapidly changing environment.

Like all businesses, nonprofits need strategic financial planning to survive times of uncertainty and to thrive when the crisis is over. That also means assessing their business models, reflecting on their social purposes, identifying their economic viability and assessing their capacity to deliver their program services with the resources they currently have.

To help create and execute those plans, they’re looking to corporate and individual donors, corporate and private vendors, public agencies and financial institutions. Many turn to their banks to help identify areas for improved efficiency, to mitigate risk and connectivity with other organizations and, in some cases, for hands-on participation.

“The key to success for a nonprofit is developing deep partnerships around its mission. It helps if your bank has a dedicated infrastructure to help them carry out their missions and approaches the segment not just as a business, but as a corporate citizen of the region.”

Jay Sanders, President, Private and Specialty Banking