

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.”

Aaron Houpis

Executive Vice President, Specialty Banking
Banc of California

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In the Southern California region, Banc of California provides the expertise and consultative service that nonprofits need.

We are a regional bank with a community bank culture, deeply connected to community organizations and nonprofit businesses throughout the region, providing access to financing and consultative financial services that regional and local organizations can rarely get from major national banks.

Banc of California has a Community Reinvestment Act (CRA) team dedicated to supporting community organizations and a philanthropic [BANC Foundation](#) that provides grants, direct assistance and employee volunteerism in programs for financial literacy, affordable housing, community service and economic growth.

According to Aaron Houpis, Executive Vice President, Specialty Banking, a banking partnership goes above and beyond banking services. “Nonprofit organizations have similar objectives and goals, but each is independently unique and different in how it executes and achieves its goals. Part of our role in a banking partnership is asking hard questions about operational issues, such as staffing, budgeting and money management, to help them maximize their efficiency and position themselves for things like bridge loans and lines of credit. We look at many factors, including how well they’re protected against payment fraud, which is a big vulnerability for many nonprofits.”

Banks can connect like-minded organizations for their mutual benefit.

One of the most important benefits of working with a bank specializing in nonprofit banking is the potential for being introduced to other organizations with similar goals, for consultation or joint efforts.

¹ <https://calnonprofits.org/publications/article-archive/714-statewide-survey-shows-nonprofits-under-tremendous-pressure-but-proud-of-accomplishments>

This is an important and sometimes underappreciated benefit, and can lead to the sharing of best practices and, when appropriate, actual collaboration promoting shared causes.

For example, when a nonprofit client recently mentioned that they were thinking about opening a thrift shop, Banc of California connected them with a major thrift shop operator who was glad to help because they believe that when new players enter a category, that can raise general awareness and grow the pie for everyone.

To Aaron Houpis, the key is access not just to capital, but to expert advice. “That’s why we’re strong in the nonprofit space. It’s embedded in our core vision and values, and we take great pride in supporting organizations and activities that enhance the quality of life in the communities where our customers and employees work, live and do business. And because of that, we have invested and built a dedicated infrastructure to support our nonprofit clients.”

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To learn more about the Banc of California Foundation, visit:

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