



Have You Reaped the Benefits of the Great Boom in Giving?

If your organization hasn't shared in the surge in donations these past few years, here are some things to think about.

By Donna Galer & Al Decker

Nonprofits never stop grappling with the need for ample funds to keep the organization afloat. But there are bright spots in this struggle. According to *Giving USA 2021* (givingusa.org), charitable giving rose 5.1% in real dollars, 3.8% adjusted for inflation, over the prior year. Giving Tuesday in 2021 saw donations soar to \$2.7 billion, a 9% increase over 2020.

These numbers are remarkable. Clearly, the pandemic didn't spell a catastrophe for giving, and although there were some large and unique contributions made by notable givers, sources were varied and robust.

However, not all subsectors in the nonprofit world fared equally in terms of donation levels. Religious institutions were up only 1% while health, arts, and humanities were down. Of course, even within a sector that saw increased giving, there were some nonprofits that didn't share in the largesse.

If your organizations didn't do well during the recent surge in giving, you need to take some action. Namely, you must take steps to mitigate revenue risk. But first, you need to answer some tough questions. Your answers will lead to the ideas for mitigation.

How well has your organization adapted to the digital world in which everyone is now spending time? Can you offer services virtually? Can more communications be digital? Is your organization making use of webinars, Zoom, and the like?

Is your organization open to innovation? How much innovation have you adopted? Without the ability to pivot and to innovate, organizations can become atrophied. What can you do to foster innovative thinking and acting?

Have you interfaced with donors only when there are events or services rendered? If yes, how can you create stronger bonds with interested parties and donors during down times such as when the pandemic forced closures and event cancellations?

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Is there actually a need for increased revenue or is the cost structure really the issue? Is your organization's expense ratio higher than other organizations with the same type of mission? If yes, have you considered expense reductions or a merger with a similar organization?

Do you have a continuity plan through which your organization can continue to operate despite less or static revenue? Have you established a surplus fund to draw from during lean times? It may not be too late to create one.

Are there reasons to think there'll be a shift back to former levels of giving for your organization once certain conditions change or get normalized? Or has there been some permanent change in giving patterns that will affect your organization negatively going forward? Do you need to look into creating more sources of revenue, such as pay-for-service or enterprise ventures? What responses are appropriate depending on your answers?

Is the cause for a decline in revenue not related to external factors? Is the organization's mission still compelling? If not, should the mission be modified, or the organization dissolved?


Look closely at your answers. What risks pop out? An ever-present or increasing risk requires in-depth examination and action.

If you haven't reaped the benefit of heightened giving, you may have to make some changes or even major transformations. Simply accepting the new normal isn't a good move.

Kudos to those nonprofits that have adapted in these volatile times, such as:

- **religious institutions that switched** to open-air and online worship
- **food banks that moved** to outdoor distribution centers
- **clinics that offered** telemedicine for the first time during these pandemic-stressed times.

Revenue risk is there, whether pandemic-induced, economy-induced, or society-induced. The questions above apply no matter the cause.

Use these questions at your next staff, volunteer, and board meetings. The resulting discussions will build resiliency for the long term. 

Increase Your Options

Ease revenue risk and increase your organization's income with the opportunities explored in these articles (NonprofitWorld.org):

Why You Need to Be More Entrepreneurial – And How to Get Started (Vol. 19, No. 6)

How Much of Your Revenue Should Come from Earned Income? (Vol. 23, No. 3)

Making Much of Little: Turning Untapped Assets into Gold (Vol. 36, No. 1)

Opportunity's Knocking – Are You Ready? (Vol. 16, No. 5)

Purging Misinformation, Hearsay, & Errors about Nonprofit Income (Vol. 34, No. 4)

The Bucket System: Managing Your Assets in the Face of Volatility (Vol. 35, No. 2)

Risks Get Riskier for Nonprofits: ERM Can Help (Vol. 38, No. 1)

Planning for Digital Longevity (Vol. 34, No. 1)

What Is Strategic Capital Planning & How Can It Enrich Your Future? (Vol. 33, No. 3)

Life after the Pivot: Storytelling to Refresh Your Nonprofit Outreach (Vol. 39, No. 2)

Connecting through the Camera & Keyboard (Vol. 38, No. 3)

How to Cut Overhead Costs (Vol. 30, No. 4)

Four Steps to a Merger (Vol. 33, No. 2)

Cracking The Diverse-Income Code (Vol. 35, No. 1)

Should You Charge for Your Services? (Vol. 39, No. 1)

Grounded Visioning: A Quick Way to Create Shared Visions (Vol. 26, No. 4)

Fruitful Ideas for Getting Back to Successful Fundraising (Vol. 39, No. 4)

Not a “Someday” Dream: The Steps to Sustainable Income (Vol. 36, No. 4)

10 Steps to Excellence: Moving Your Organization from Mission to Action (Vol. 15, No. 2)

How to Hold a Virtual Fundraising Event (or Webinar) Using Zoom (Vol. 39, No. 2)

Donna Galer (dgaler@gmail.com, dgaler@hanoverstonesolutions.com) is senior advisor of HanoverStoneSolutions and consultant on enterprise risk management (ERM) and strategy. Al Decker (al.decker@ermsttp.com) is a recognized authority on enterprise risk management, information security, privacy, and internal controls. Both Donna and Al have worked extensively with nonprofit organizations as volunteer consultants at the Executive Service Corps and have authored a number of books on ERM.