

A Year Later: COVID-19's Impact on the Nonprofit Sector in Arizona



BEYOND THE BOTTOM LINE:

THE ECONOMIC AND SOCIAL
VALUE OF ARIZONA NONPROFITS

ALLIANCE OF
ARIZONA NONPROFITS

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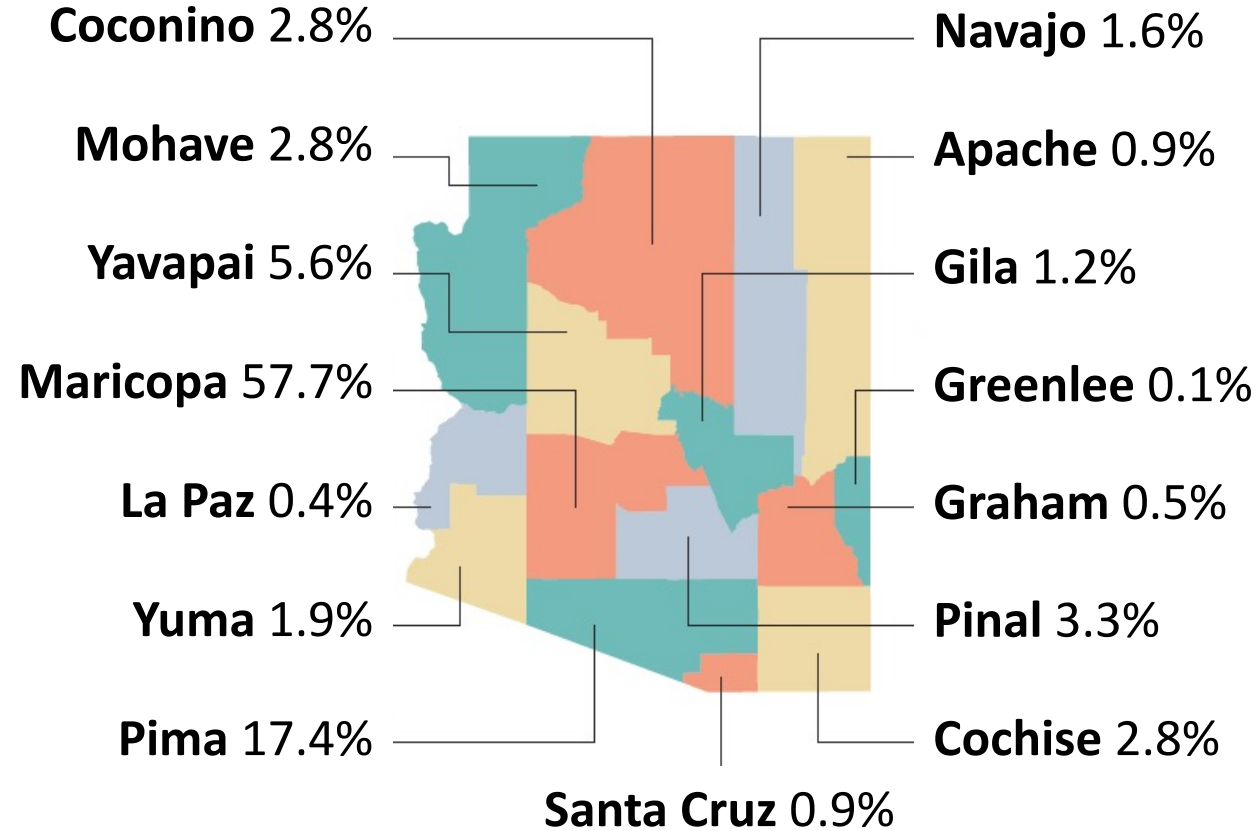


22,907 REGISTERED NONPROFITS IN ARIZONA

**BEYOND THE
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**1 nonprofit
for every
303
Arizonans**

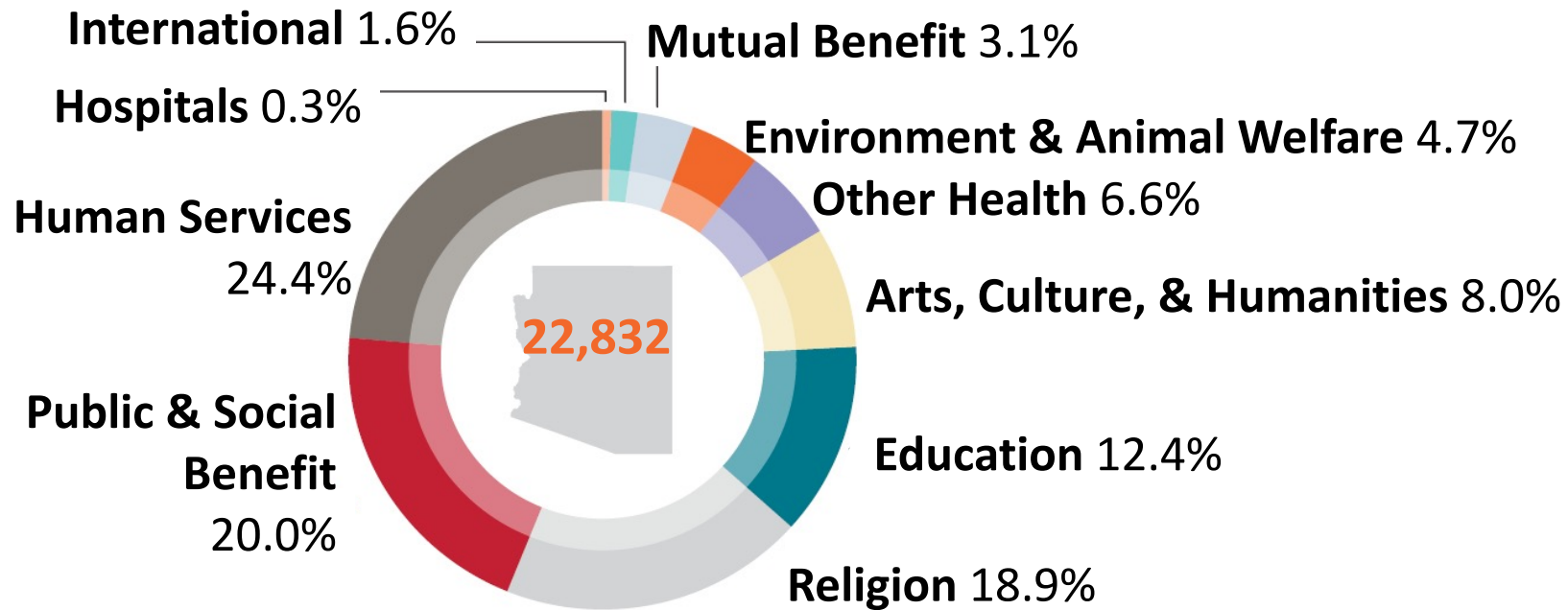


Sources: 2016 National Center for Charitable Statistics (NCCS) and the Internal Revenue Service (IRS)

2016 ARIZONA NONPROFITS LANDSCAPE

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Sources: 2016 National Center for Charitable Statistics (NCCS) and the Internal Revenue Service (IRS)

ECONOMIC IMPACT OF A NONPROFIT ORGANIZATION

Source: Adapted from *Causes Count* by CalNonprofits

DIRECT EFFECT

A nonprofit employs people, buys supplies from local companies, and pays taxes.

INDIRECT EFFECT

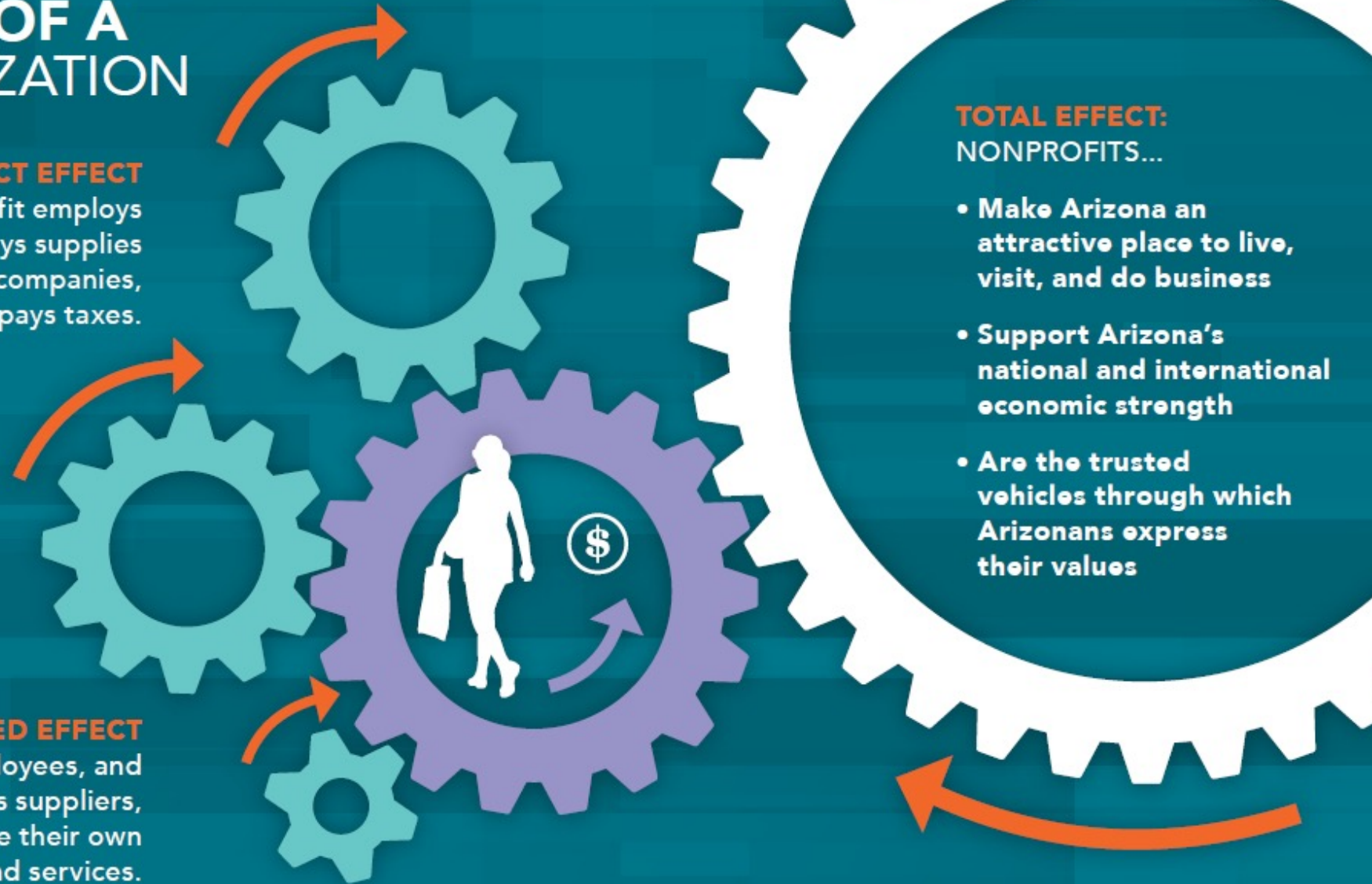
Local firms hire workers to supply the nonprofit and also place upstream demand on other suppliers.

INDUCED EFFECT

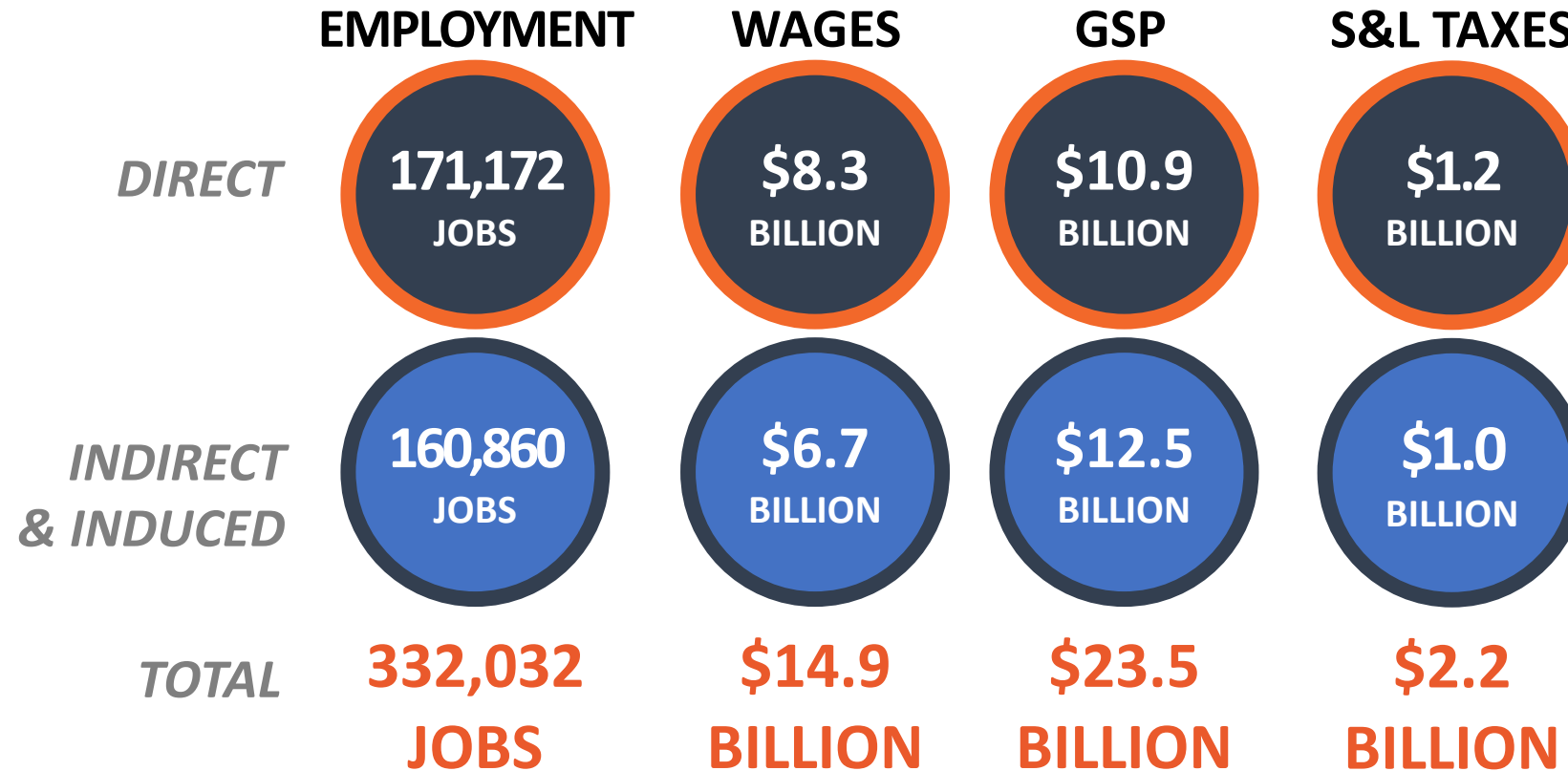
The nonprofit's employees, and the employees of its suppliers, locally purchase their own goods and services.

TOTAL EFFECT: NONPROFITS...

- Make Arizona an attractive place to live, visit, and do business
- Support Arizona's national and international economic strength
- Are the trusted vehicles through which Arizonans express their values



SUMMARY OF 2016 ECONOMIC IMPACT



Employment related data based 2016 study on 2,816 nonprofits that employ 1+ FT/PT people

TOTAL PERCENT CONTRIBUTION 2016



7.7%

GSP



11.8%

**PAID
JOBS**



10.7%

WAGES



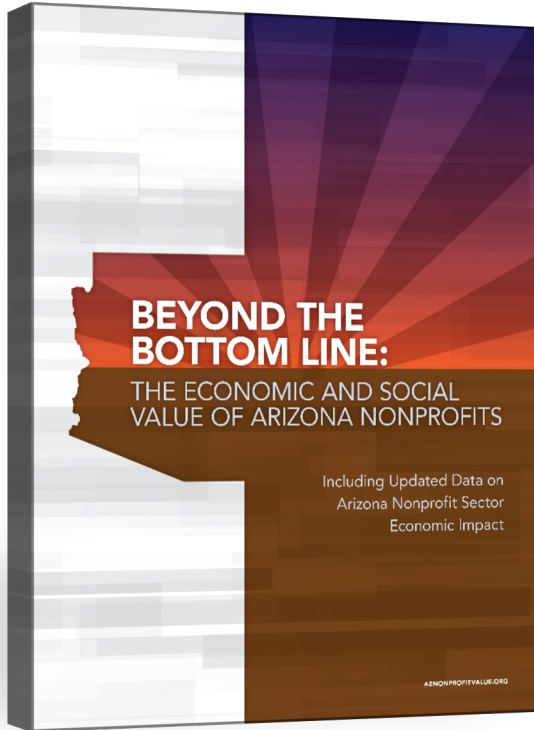
9.1%

S&L TAXES

DIRECT IMPACT OF 2,816 NONPROFITS

- 5th largest non-government employer
- 37,000 more direct jobs than AZ construction
- Directly pay more wages than construction, wholesale trade, or accommodation & food services in AZ
- 8th biggest **direct** contributor to GSP





ARIZONANONPROFITS.ORG/
AZNONPROFITIMPACT



A Year Later:
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Report Findings



Closing of Physical Locations

“ COVID had a devastating impact on our nonprofit, losing 84% of our funding through canceled signature and benefiting events, loss of sponsorships from corporations under financial distress and loss of grants diverted to help fight COVID and its impacts to our community. We closed our office, furloughed our staff of four, and paused our programs.”

74% of nonprofits closed their physical location in some way

- Closure time ranged anywhere from 1-3 months to the **43% that remain closed**.
- Although many organizations had to close their physical locations, **less than 1% stopped providing services completely**.
- 66% moved services and staff to virtual options, and 48% provided services using social distancing and other COVID mitigations.
- Some organizations are now considering changing how they will work moving forward with nearly **54% of nonprofits considering moving towards a hybrid remote/in-person plan**.



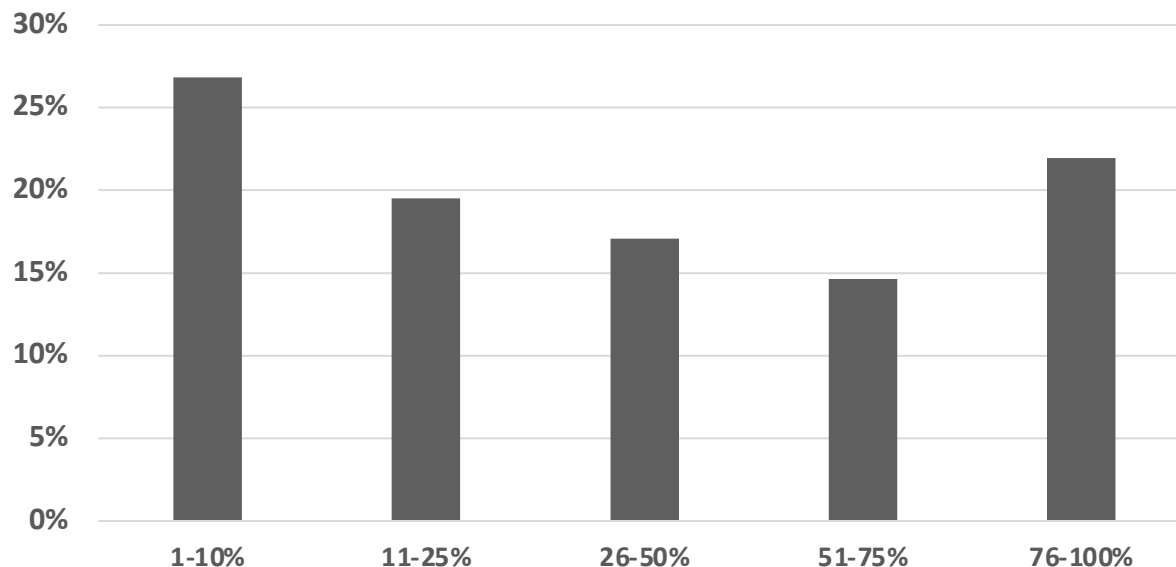
Staff & Volunteers



“We are all covering eliminated positions, in some cases, with reduced hours. There is a real concern for burnout.”



Percent of Staff Furloughed or Laid Off



Nonprofits were split on hiring new employees or filling positions:

- 49% held off on hiring activities.
- 22% of nonprofits that increased hiring or added positions due to COVID-19, filled roles that were overwhelmingly programmatic in nature.

Nonprofits
lost 73,411
or 78% of
volunteers.

- While physically closed, **44% of organizations were able to create virtual opportunities** for volunteer participation, most of which included volunteer services through conference software, like Zoom, or by working on projects at home.
- Currently, 39% of nonprofits have brought back in-person volunteer opportunities, while **14% never stopped.**
- However, 79% of organizations are not back to pre-COVID volunteer numbers.



Lost Revenue

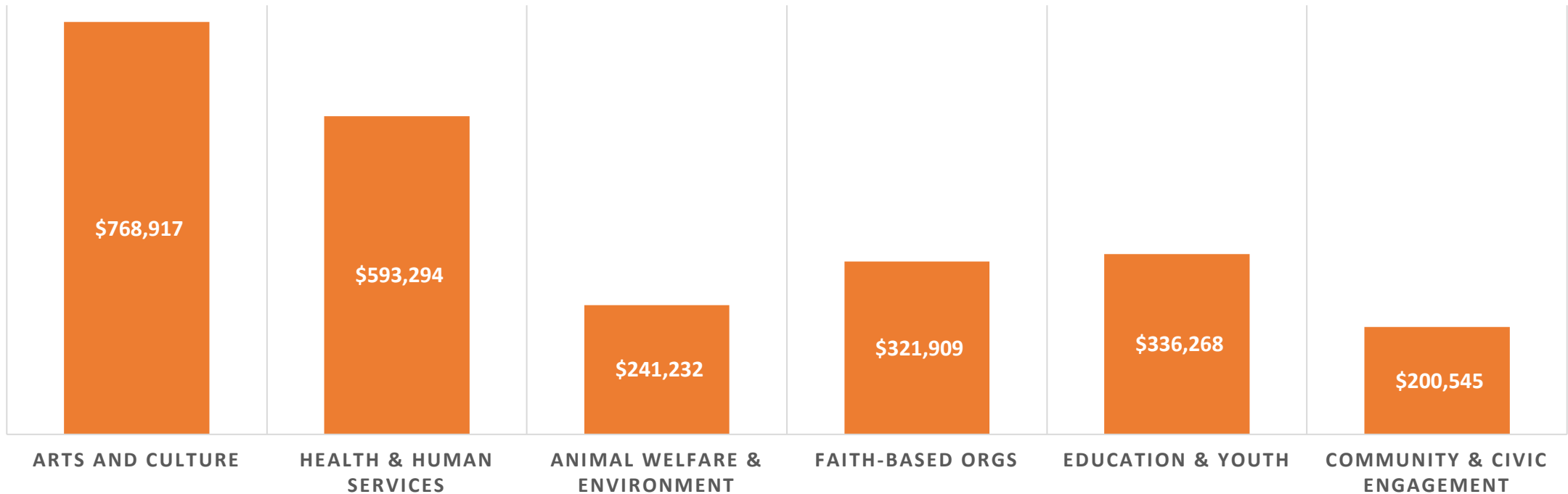


The average nonprofit lost between 26-50% of their revenue.

The total revenue lost was a staggering \$91,536,912.

Losses ranged from a few hundred dollars to \$5 million.

AVERAGE REVENUE LOSS BY MISSION TYPE



How did year-end giving fare?

After a stressful year, many nonprofits were hoping to recoup some of the lost revenue through their year-end giving campaigns.

In normal years, 31% of annual giving occurs in December, and 28% of nonprofits raise between 26% and 50% of their annual funds at the end of the year.¹

On average, **52% of nonprofits saw a decrease in year-end giving,** down on average between 11% and 25% from the previous years.

References

¹Gomez, R. (2020, September 18). 10 year-end GIVING statistics EVERY fundraiser should know. Retrieved March 12, 2021, from <https://neonone.com/resources/blog/year-end-giving-statistics/>



Increased Expenses



The pandemic caused a sharp increase in the numbers of escapes from domestic violence while the funding nearly dried up. Our founder took a job to be able to fund escapes. Her entire paycheck goes to helping people escape domestic violence.

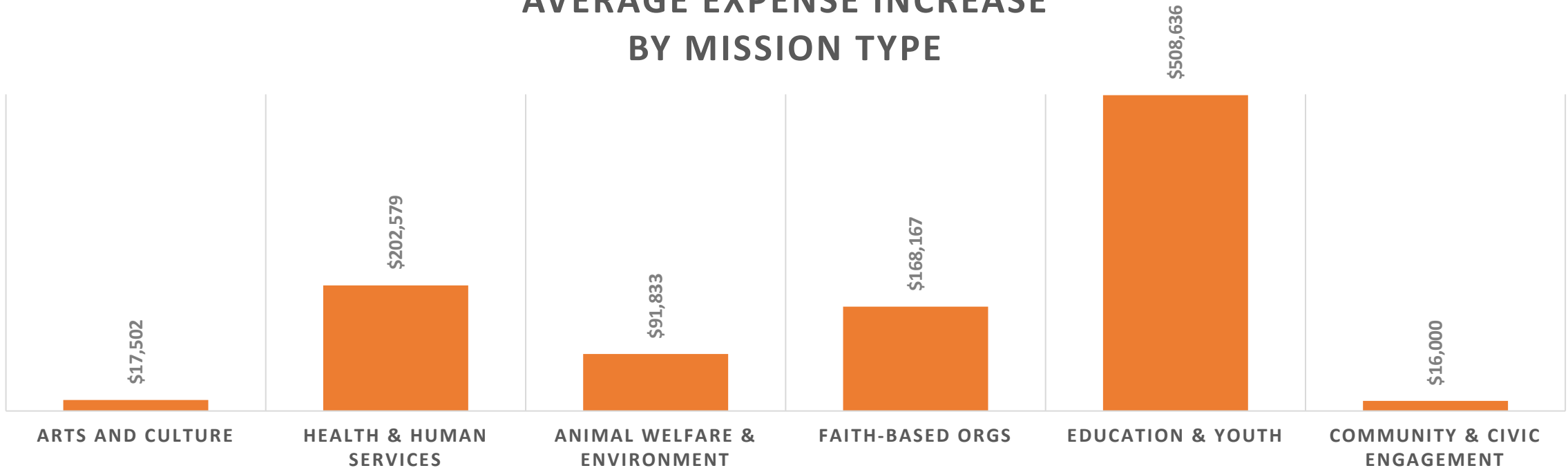


Increased Expenses

Coupled with the decrease in revenue was the dramatic increase in expenses.

Nonprofits experienced over \$15,313,520 of additional expenses, most of which went to PPE, supplies, and technology.

AVERAGE EXPENSE INCREASE BY MISSION TYPE



Now Trending

Most nonprofits have proven to be nimble and have adapted as necessary through strategically building alliances with other organizations, changing programs either to 100% virtual or adjusting for social distancing, and rethinking the ways they have worked in the past.

“I believe that our community is figuring out how to work more closely and collaboratively than they were before, as well as given me more incentive to forge stronger relationships with the other organizations near us that overlap in mission.”



Looking to the Future

When asked what organizations need to stay afloat, the **resounding response by 81% of nonprofits was unrestricted funding.**

37% said that the shift to unrestricted funding, or funding that a nonprofit can use as they deem necessary, was something that they hoped would continue post-pandemic.

44% said that they were planning on **maintaining some sort of virtual presence** either in their programs or for their workers.



Full Report here:
arizonanonprofits.org/COVID19

