Nevada Nonprofits and COVID-19: One Year Later
Response, Impact and Stimulus Funding

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Nevada Nonprofits and COVID 19: One Year Later

Overview and Background

Nonprofit organizations faced steep challenges due to the impact of the COVID-19 pandemic and the associated economic crisis brought on by large scale restrictions and closures. However, they also received more direct aid from the federal government than was available during previous economic downturns as a result of programs put in place to decrease the impact of the shutdown on employers and the economy. While many nonprofits continued to operate to meet urgent community needs, others were forced to basically shutter their operations or operate remotely until the vaccine became largely available in 2021.

This report is meant to provide an update on the status of nonprofits in the State of Nevada. A previous report published in 2020 provided an initial look at the struggles facing nonprofits as they were a few months into the shutdown and federal programs to aid them were just beginning to launch.

Nonprofits and their financial health are important to address the many challenges now facing communities across the state. These organizations are not only important sources of employment but also provide important services to meet both current and emerging needs.

This report draws upon federal data from the Small Business Administration (SBA), the Internal Revenue Service and survey data collected from nonprofits across the state. The data available only give us a partial picture of the challenges and successes of nonprofits in the state. However incomplete, the data do offer some insights about what has happened to nonprofits in this last year and their ability to recover or reopen.

The intent of this update is help nonprofit organizations communicate the impact on the sector and advocate for additional support to rebuild their organizations. The report is also meant to help government officials, funders, foundations and other decision makers understand the impact of this year on nonprofits in the state and the progress these organizations have made toward recovery. This information should help guide their decision making as they look for ways to assist communities and support immediate needs in our state.

The survey used convenience sampling to gather data from nonprofits in the state. It was distributed by the author and community partners to stakeholders via email appeals. This survey was a follow up to an early survey that was originally conducted in April-May of 2020. Ultimately, the
survey resulted in 120 responses collected from February 22 until March 30, 2021. In Nevada, this time period coincided with expanded vaccine roll-out and increased capacity limits with the plan to fully reopen with few restrictions by June 1, 2021. The survey asked them to reflect on the status of their organization after a year of challenges brought on by the COVID-19 pandemic and evolving public health and safety guidelines.

**Key Findings**

- A large percentage of nonprofits (48.9%) who responded indicated that they would be able to continue operating for at least the next year without additional support or stimulus funding.

- 1,049 nonprofit PPP loans were granted to nonprofits. This resulted in $234.1 million dollars to support nonprofit payroll and operations during the last year.

- Some federal stimulus policies, such as enhanced charitable deductions for giving, were still not widely taken advantage of by nonprofit organizations.

- Many nonprofits are still working virtually or at a reduced capacity and face significant challenges in terms of health and safety and staff support as they transition back to normal operations.

- There are significant concerns for nonprofit organizations as they continue to face reduced financial support and increased demand for services.

- The financial picture for many agencies seems to have stabilized but many are still facing significant reductions in staff an hours.
National Trends in Nonprofit Employment

Prior to the economic crisis brought on by the COVID-19 epidemic, nonprofit employment was estimated to include 12.3 million paid workers (Salamon & Newhouse 2020). This represents 10.2% of all private employment in the United States and accounted for more jobs nationally than manufacturing, construction and finance. Nonprofit employment is also thought to be important to economic growth and diversification because during the Great Recession (from 2007-20017) the growth of nonprofit jobs (18.6%) was nearly three times the rate of growth for other private employment (6.2%).

The COVID-19 epidemic hit nonprofit organizations across the country hard in terms of employment with an estimated 1.64 million nonprofit jobs lost. This represented a 13.2% decline in nonprofit employment nationally by May of 2020 (Johns Hopkins, April 2021). The hardest hit areas of nonprofit employment were in arts, entertainment and recreation (-31.8%), followed by education (-11.8%), religious, grant making, civic and professional (-9.8%), social assistance (-6.9%), other fields (-4.4%) and health care (-3.6%). These job losses are not only significant to the individuals who worked in the nonprofit sector but also to the causes and communities these organizations and their employees serve.

For this reason, we have chosen to examine more closely the impact of the pandemic on nonprofit employment and operations in the State of Nevada and to attempt to contextualize the efforts of nonprofits to continue their operations and to access aid during the past year. We will begin by describing what we know about national trends in employment and recovery over the last year nationally to contextualize our findings in Nevada.

Employment Trends

During 2020, employment in the United States saw one of its most volatile periods. In April 2020, the unemployment rate hit 14.8%, the highest on record since data started being collected in 1948 (Congressional Research Service, May 2021). This was the result of a loss of nearly 22.1 million jobs between January and April of 2020 with many individuals leaving the labor force. The hardest hit industries were leisure and hospitality followed by the education and services sector, industries that are a significant part of the Nevada economy.

Since unemployment hit its peak in April 2020, the rate of unemployment decreased rapidly and as of May 2021 stands at 5.8% but it is projected to remain at a relatively high level for the next two years. However, recent months have seen more rapid improvement due to increased ability for leisure and hospitality and the education and services sectors to return to more normal operations.

The recovery in terms of nonprofit jobs began in June of 2020 with approximately 40.6% of all lost jobs being recovered by August (Johns Hopkins, May 2021) but the recovery slowed significantly in
the Fall of 2020 with some months seeing additional job losses. The trend towards recovery seems to have strengthened in 2021 bringing the total percentage of recovered jobs to 55.4% as of May of 2021. However, recovery for some parts of the sector has lagged behind and may reflect lasting damage to the sector and the closure of many organizations. Most notably employment in arts, entertainment and recreation (-24.1%) and educational services (-11.2%) are still down significantly but their recovery is expected to accelerate as reopening continues. If job recovery continues at its current rate, it is estimated to take 16 months for nonprofit employment to reach prepandemic levels.

Nevada’s employment picture has also seen significant improvement over the last year. Nevada, just as in the Great Recession, saw larger than average job losses due to the large impact of shut downs on the state’s largest industries, tourism and gaming. In April 2020, the unemployment rate in Nevada was 29.7%, more than twice the national average of 14.4%. While, Nevada’s unemployment rate still lags behind the national average it has seen a rapid improvement and declined to 7.7% as of March 2021 only 1.5% higher than the national average (DETR, May 2021). While the hardest hit industries in the state were those directly tied to tourism and gaming, job losses were seen across most industries in Nevada. Due to limitations in the data collected by the federal government, we do not have direct information about the number of nonprofit job losses in the state but our survey data indicates that nonprofits did face significant financial setbacks and job losses during the last year.

Survey Results Related to Employment

Given the lack of federal data on nonprofit employment at the state level, our survey asked nonprofit organizations to report on the adjustments they have made to staffing.

**Layoffs**

In 2020, 73.9% of the responding organizations indicated they had not yet laid off any staff. The 2021 results reflect a similar picture with 76.8% of organizations indicating they have not laid off staff. Partial layoffs did increase from 2020 to 2021 from 16.2% to 22.0%. The number of organizations that had laid off their entire staff had also decreased to just 1.2% and no organizations indicated they intended any additional layoffs in the near future. This suggests that organizations see an improving or stable financial picture in the near term.

**Reduced Hours**

While 65.1% of nonprofits indicated they had not cut hours at all. Nearly as many organizations indicated they had already cut hours for their employees. Just over a third (33.7%) of the organizations who responded indicated they had already cut hours for all (10.8%) or part of our staff (22.9%). 1.2% indicated they planned to cut hours in the near future. As displayed in the figure 1 below, you can see that generally nonprofits have fewer reduction in staff hours in 2021 than they were reporting during the initial shut down period in 2020.
**Furloughs and Pay Cuts**

Furloughs or the use of unpaid leave and pay cuts seem to have been the least used cost cutting strategy for nonprofit employers despite their popularity for public employees. 85.2% of organization indicated they had not used furloughs to cut staffing costs. 8.6% indicated furloughing part of their staff and 6.2% their entire staff.

Cuts to staff hours were more often used by nonprofits with 10.8% indicating that they cut hours for their entire staff and 22.9% for part of their staff. 1.2% indicated that they planned to cut hours in the near future. However, 65.1% of all organizations had not cut staff hours.

The least used cost cutting strategy was implementation of pay cuts. Only 4.9% of organizations indicated that they had cut pay for their entire staff. 7.4% indicated that they had cut pay for part of their staff. But 87.7% of organizations indicated they had not reduced employee compensation.
Impact on Volunteers

One of the challenges reported nationally for nonprofits was the loss of volunteers (Fidelity Charitable 2021). Volunteers represent an important resource for nonprofits to supplement their workforce. For many organizations, volunteers are the primary method to deliver services. Nationally, volunteer time donated represents more than $200 billion in donated time (Independent Sector, 2021).

For this reason we asked nonprofits about the impact of the pandemic on volunteering for their organization. We asked nonprofits to indicate the impact of the pandemic on their ability to recruit volunteers during the last year. 73.5% of the organizations indicated it was more difficult (31.3%) or much more difficult to recruit volunteers (42.2%). Only 15.7% indicated that they saw little change and 10.8% indicated it was easier or much easier.

While recruitment was more challenging, the increased demand for needs and the budgetary impact of the pandemic also made volunteers an important tool to meet demands. For this reason, we asked organizations if they had changed the extent to which they used volunteers in service delivery. A little over a quarter of organizations (27.4%) indicated they had increased their use of volunteers. Only 7.1% indicated that their use had remained unchanged. Many organizations indicated that they had to decrease their use of volunteers either moderately (26.2%) or severely (28.2%) and 10.7% indicated they were unable to use volunteers given restrictions.

Federal Stimulus Programs

One of the most significant changes in federal response for nonprofits was the ability to gain access to direct non-competitive support through federal programs administered by the Small Business Administration (SBA). During previous recessions, nonprofits were largely able to obtain support or additional funds through competitive grant programs tied to service delivery such as the American Recovery and Reinvestment Act of 2009 (ARRA) that increased funding for nonprofits by supporting new or expanded programs.

These new programs offered many nonprofits the ability to access federal funds directly and get immediate assistance to continue their operations and offset unexpected costs related to the pandemic. Of those who responded to our survey 76.4% indicated they were able to receive some form of funding from either federal or state programs. The section below examines the responses of those who did receive some federal support.

“Donations of in-kind gifts — food for the animals — are way down. Volunteers are way down.”
PAYCHECK PROTECTION ACT

The Paycheck Protection Act was one of the most significant programs in the CARES Act meant to address the economic issues caused by the shutdown. Nonprofit organizations were included in many of the efforts undertaken to help employers deal with the sudden loss in revenue of which the largest program was the PPP.

The PPP is a loan program administered by the SBA intended to provide an incentive for small employers to keep their workers on the payroll. Most nonprofit organizations were eligible for these loans as long as they had fewer than 500 employees per location and were in operation on February 15, 2020 (Independent Sector, 2021). The loans were available to support payroll costs as well as other operating costs such as rent, utilities and mortgages. These loans are forgivable as long as employers spend them within specified guidelines. Additional funds were made available from the American Rescue Plan Act of 2021 which allowed for a second round of funding for organizations with fewer than 300 employees that could demonstrate a loss of gross receipts of at least 25% in any quarter of 2020.

However, significant issues with the programs roll-out may have limited the program’s ability to reach nonprofits at the same rate as other “small businesses.” The first issue of concern was that the messaging around the program was largely centered on for-profit businesses that have traditionally been serviced by the SBA. The second area of concern, particularly in the first round of funding, was that nonprofit organizations lacked existing lending relationships with banks and that made it harder for them to access funds or even submit their applications in a timely manner. Finally, many nonprofits have little to no prior experience with the SBA or taking out loans so may have chosen not to participate in the program due to uncertainty about the loan forgiveness or their ability to pay back loans.

Nevada’s PPP Loans

As of June 1, 2021, the federal government has approved 11.8 million loans to 970,387 organizations at a cost of $800 Billion nationally. This included 124,080 loans made to businesses and nonprofits in Nevada totaling over $6 billion dollars in aid (Propublica 2020). Based on an analysis of publicly available data from the SBA, a total of 1,049 nonprofits loans were granted representing $234.1 million\(^1\). Of the loans made, 800 were first draw loans and 249 were second draw loans. This means that 31% of all organizations received both first and second draw loans. The average nonprofit loan in the state was $223,214 dollars.

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\(^1\) This included all organizations in the following categories in the SBA data: 501(c)3 – Nonprofit, 501(c)6 – Nonprofit Membership, Non-Profit Childcare Center, Non-Profit Organization.
The loans while intended to preserve employment represented an important financial lifeline for many nonprofit organizations and allowed them to keep operating despite disruptions to other funding sources. According to the SBA data, this resulted in 27,032 nonprofit jobs being preserved or an average of 25.8 jobs per loan.

The largest loan made to a single nonprofit organization in Nevada was to the Catholic Church of Nevada in Las Vegas. A list of the top 10 loan amounts to nonprofits is included in Table 1 below. Many of the largest loan recipients were from healthcare, education and social services. This is not surprising since many of the largest nonprofit employers tend to be from the healthcare and education sectors.

Table 1: Ten largest PPP loans made to Nevada Nonprofit Organizations

<table>
<thead>
<tr>
<th>Organization</th>
<th>Subsector</th>
<th>Loan Amount</th>
<th>Location</th>
</tr>
</thead>
<tbody>
<tr>
<td>Roman Catholic Bishop of Las Vegas and His Successors</td>
<td>Religion</td>
<td>$7,332,000</td>
<td>Las Vegas</td>
</tr>
<tr>
<td>Opportunity Village</td>
<td>Social Service</td>
<td>$5,573,900</td>
<td>Las Vegas</td>
</tr>
<tr>
<td>Washoe Barton Medical Clinic</td>
<td>Healthcare</td>
<td>$5,240,142</td>
<td>Gardnerville</td>
</tr>
<tr>
<td>Doral Academy of Nevada</td>
<td>Education</td>
<td>$4,613,094</td>
<td>Las Vegas</td>
</tr>
<tr>
<td>Pinecrest Academy of Nevada</td>
<td>Education</td>
<td>$4,589,200</td>
<td>Las Vegas</td>
</tr>
<tr>
<td>UNLV Medicine</td>
<td>Healthcare</td>
<td>$4,099,541</td>
<td>Las Vegas</td>
</tr>
<tr>
<td>Boulder City Hospital</td>
<td>Healthcare</td>
<td>$3,996,600</td>
<td>Boulder City</td>
</tr>
<tr>
<td>Sierra Medical Services/Riggs Ambulance Service</td>
<td>Healthcare</td>
<td>$3,445,000</td>
<td>Reno</td>
</tr>
<tr>
<td>Goodwill Industries of Southern Nevada</td>
<td>Social Services</td>
<td>$3,280,000</td>
<td>North Las Vegas</td>
</tr>
<tr>
<td>Community Health Alliance</td>
<td>Healthcare</td>
<td>$2,988,867</td>
<td>Reno</td>
</tr>
</tbody>
</table>

In our previous report, we found that most nonprofits were aware of PPP funding and 65.8% of all organizations with employees in May of 2020 had indicated that their organization had applied for funding through the program. However, since that time additional funds were made available for the program and the guidelines expanded to include a larger number of nonprofits, including some nonprofits that were previously excluded, such as 501(c)6 organizations. Similarly, our 2021 results indicated that 79.4% of responding organizations received PPP funding. Additionally, 40.3% indicated they had applied for or received second draw PPP funding with another 8.1% reporting their organization intended to apply.

**Economic Injury Disaster Loan (EIDL)**
EIDL provides loans of up to $2 million dollars at an interest rate of 2.75% to cover expenses not supported by PPP. EIDL also allowed organizations to receive a $1,000 advance per employee up to $10,000 that is forgivable even if loan funding was denied. Similar to our findings in 2020, EIDL
proved to be a much less popular option for nonprofit organizations with only 23.8% of organizations indicating they had received funding through this program.

Additional money was set aside in EIDL funding for small employers in low-income communities that had suffered economic losses greater than 30%. It was estimated that many nonprofit entities would be eligible for this support. However, we found that only 5.2% of respondents had applied and 3.4% intended to apply.

**Employee Retention Credits (ERC)**

Our previous survey found that nonprofits were less aware of the ERC program. The ERC credits were previously only available to organizations that do not receive PPP funding (including nonprofits) but saw their gross receipts decline by 50% in 2020 or a 20% decline in 2021 compared to the same quarter of 2019. However, a change to the policy was approved in late 2020 that allowed organizations who took PPP loans to also benefit from ERC.

For this reason, we wanted to know if nonprofit organizations were now taking advantage of the ERC program. Only 8.2% of all the nonprofits who responded indicated that they took advantage of the ERC program but an additional 11.5% indicated they were trying to determine their eligibility. 36.1% indicated either that they did not qualify (8.2%) or did not intend to participate in this program (27.9%).

One of the largest factors in the low participation in this program seems to be lower amounts of awareness of the program and their eligibility for funding. 44.3% of respondents indicated that they were not aware of the program. This suggests additional efforts should be made to educate nonprofits about this program and help them determine their eligibility.

**Pandemic Emergency Technical Support (PETS)**

The State of Nevada also deployed grants to help small businesses and nonprofits through $10,000 grants for most nonprofits and $20,000 for arts and culture nonprofits. 63.9% of the responding organizations indicated they had received funding from these grants with an additional 4.9% planning to apply at the time of the survey.

**FMLA and Cares Act Extensions to Paid Sick Leave**

Our previous survey found that nonprofits were less aware of policy changes which had the potential to impact their operations and support fund-raising in the longer term, such as changes to the FMLA requirements. These provisions of Families First Coronavirus Response Act enacted refundable payroll tax credits for paid sick and family leave.

Of the nonprofits responding, 19.6% of organizations reported having employees take advantage of additional paid sick leave. 34.0% of organizations indicated that their employees have not needed to take advantage of additional leave. An additional 8.9% indicated that additional leave was not
necessary because employees were working remotely. 37.5% of employers said they were unaware of these legal changes and the paid sick leave provision.

**Impact on Operations and Service Provision**

National reports on business operations have indicated that many employers have decided to keep their operations virtual or flexible in the near future. For this reason, we asked nonprofits to indicate the current status of their operations. Figure 2 below details their responses but it is striking that less than a quarter (23.8%) of all organizations have returned to “normal operations” with 37.6% still operating at reduced capacity and 30.7% using a virtual or work from home model. It is also notable that 7.9% indicated that their organization was “temporarily closed.”

Figure 2: Current Operational Status of Nonprofits
Figure 3: Impact of COVID-19 on Provision of Services 2020 and 2021

As shown in Figure 3 above, as reported last year we continue to see large shifts in terms of service provision. Nearly all nonprofit organizations have experienced dramatic shifts in their levels of service provision with 37.2% of organizations reporting providing more services than usual in 2021. This is an even higher level of demand reported during 2020. While in 2020 over 73.9% of respondents reported some reduction in normal services, we have seen a decrease in disruption to service provision in 2021 but 53.2% are still indicated some reduction in services.

As shown in Figure 4, the impact on services and operations varied dramatically across the types of services offered by organizations. While, there are still a great many organizations with reduced
services, the more interesting differences across subsectors occurs where organizations report providing more services than usual. The most significant differences across service provision is among healthcare, public and societal benefit and human service organizations which were the most likely to report that they were providing either additional services or about the same level of services they were providing prior to the pandemic.

**Figure 4: Impact of COVID-19 on Provision of Services by Subsector**

![Bar chart showing demand for services by subsector](image)

### Concerns for Nonprofits

While all organizations are facing a large number of challenges it is helpful to know which concerns are the most pressing for organizations at this time and how those have changed over the past year. In 2020, the three top concerns in order were loss of revenue, donation decline and the ability to safely operate. In contrast in 2021, the ability to safely operate receive the highest ranking followed by loss of revenue and decline in donations. This demonstrates that even though many organizations have adapted and become accustomed to safety protocols they are still concerned about safety particularly as restrictions ease.

The remaining category rankings were unchanged from year to year and included: delays in grant processing, inability to pay costs, employment cuts or staff layoffs, and loss of government contracts. This suggests that as restrictions lifted and more organizations were considering opening their offices the emphasis on safely operating became a larger concern but budgetary concerns remained despite stimulus programs and improving economic conditions.

### Staff Absences
One of the many concerns facing employers over the last 12 months was the need to accommodate increasingly unpredictable staff time due to illness, remote schooling and care responsibilities. This led to an increased disruptions in staff availability for many employers particularly for those who continued face to face operations. 42.2% of all organizations reported that they saw an increase in staff absences. Of those that saw increased absences, they reported that physical illness was the most common reason, followed by fear of contracting COVID-19, caring for high-risk family, childcare and mental health or depression.

Return to in-person operations

Another significant issue for many nonprofits was the transition to more normal operations. We asked organizations to identify any barriers they have faced or expect to face as they transition back to in-person operations. The most frequently cited concern they had was for the health and safety of their staff with 46.8%, followed by comfort of staff and volunteers (30.2%), availability of childcare for staff and volunteers (22.2%), lack of space to socially distance workers/clients (19.0%), and legal liability (10.3%). The least often selected concern was the availability of cleaning supplies (7.1%).

Ability to Continue Operations

The financial picture for many nonprofits also seems to have improved over the last year. With nearly half of all respondents (48.9%) indicating they could continue their operation for more than a year without significant additional investment. An additional 19.3% of organizations indicated they could continue for 10-12 months, and 8.0% for the next 7-9 months. However, 23.9% of nonprofits indicated that they could only continue for the next six months (12.5% for 4 to 6 months and 11.4% for 1 to 3 months).

Ability to Meet Budgetary Goals

Again a majority of organizations (75.0%) indicated they were either highly (33.0%) or somewhat confident (42.0%) they could meet their immediate budgetary needs with a 11.4% being neutral. However, 13.6% of organizations were less certain about their ability to meet their immediate needs.

We also asked organizations about their longer term ability to meet their financial goals to gauge if they believed that the situation was likely to continue to improve or worsen. Again most organizations (73.9%) indicated they were either highly confident (26.1%) or somewhat confident (47.7%) they would be able to meet their goals in the next six months. An additional 8.0% indicated they were neutral. 18.2% indicated they are less certain in the next six months about their budgets.

“Being shut down for a few months impacted revenue and increase spending to make sure that our staff and visitors are safe with thermo scanners, sanitizer mat, hospital grade Hepa filters, sneeze guards installation, etc.”
This seems to suggest that many organizations see the current economic picture as at least stable if not improving.

**Impact on Revenues**

One of the factors which will impact the ability of organizations to serve their communities is their ability to generate revenue to continue to support their operations. Given the recent easing in restrictions and the improving economic situation, we wanted to learn if nonprofits were seeing improvements in their revenues. Nonprofits generate revenue in a variety of ways. Some of the most common ways nonprofits raise the money they need to operate their organizations include: events, fees paid for services, donations and sponsorships, and contracts and grants.

**Events**

Many nonprofits use events to engage donors and the public around their cause. Given the restrictions on events and limitation on their size, we asked respondents how they had changed or shifted their events. 45.2% of organizations indicated that they had cancelled their fundraising events and an additional 33.3% indicated they had shifted their events to online. 17.5% of organizations indicated they had moved the dates for their events and 7.1% indicated they had shifted to an outdoor venue with social distancing.

With the shifting event strategy of many organizations, we wanted to know what impact these changes had on revenue for events. While some shifts likely saved money and lowered costs, changes to events may have also generated less interest or engagement among donors. Well over half of all respondents (57.8%) indicated they had seen a significant decrease in event revenue. Additionally, 10.8% indicated they saw little to no change in revenue and 10.8% reported either a small to moderate decrease.

However, there were some organization that saw some positive impact on event revenue from changes. 6.0% of organizations indicated that they had a significant increase in event revenue, 10.8% indicated a moderate increase and 3.6% indicated a small increase.
Fee for Service

Similar to businesses, nonprofit generate a great deal of their revenue by charging fees for the services they provide. These fees are either paid by the user of the services or by the funders to provide for those who are unable to pay directly. User fees are an important revenue source for many nonprofit organizations.

In contrast to other forms of revenue, 52.8% of all organizations indicated they had not seen a change in demand in fee for service revenue. An additional 22.2% indicated they had seen a small to significant increase in this area. However, 25.1% did indicate they were experiencing a small to significant decrease.

Individual Donations

Individual donations represent a significant source of funding for nonprofits both in terms of the amount raised from individuals and also the flexibility that individual donations often allow in operations. According to Giving USA 2021, individual giving made up 69% of all charitable donations in the United States and increased 2.2% when compared to 2019.

Unlike, other sources of revenue individuals usually give to organizations without restrictions. So individual charitable donations allow organizations to shift resources to meet needs as they emerge. In 2020, 90% of nonprofit organizations we surveyed indicated that they had seen some decline in individual donations. As summarized in Figure 5 below, our 2021 survey results found that 44.8% of organizations were still reporting some decline in individual donations. Some organizations did see donations stabilize with 13.8% reporting little to no change. 41.8 of organizations also saw some improvement or increase in individual donations.
As part of the CARES Act, Congress passed an enhanced charitable giving incentive which allowed individuals to take a deduction on charitable giving even if they did not itemize their deductions. It was believed that this incentive would help induce additional individuals to give. However, given the focus on many other programs it was unclear how well promoted this particular incentive was to both nonprofit organizations and individuals. We found that 22.4% of organizations did promote this incentive to donors in 2020 and intended to continue doing so in 2021 and an additional 16.5% had done so in 2020 but had not decided to do so in 2021. Only 5.9% of organizations indicated they did not do so in 2020 but intended to do so in 2021. However, 27.1% were unaware of charitable giving incentive and 28.2% indicated they did not promote this incentive to their donors and had no plans to do so in the future. This means that well over half (55.3%) of organizations were either unaware or saw no value in the promoting this option to donors.

**Corporate Donations/Sponsorships**

Corporate donations, like individual donations, are an important source of revenue for nonprofits and are often given as donations or sponsorships for events. Given the large impact of the pandemic on some of the largest industries in the state, we wanted to know if these donations had rebounded for organizations. 51.8% of organizations were still indicating some decline in corporate support. The decline in corporate support is not surprising since many of Nevada’s largest businesses are still recovering from the financial losses of the last year. 22.9% of nonprofits reported no changes in terms of corporate support and 25.3% indicated some growth in corporate support.
Reimbursement for Contracts/Grants

Another possible revenue issue we examined were disruptions to the processing of reimbursements for contracts and grants. For nonprofits with reimbursable grants, they have to spend available funds and wait to be reimbursed so slow downs can create cash flow issues. During the Great Recession, nonprofits nationally experienced cash flow problems due to slower than usual processing of contracts and grants when governments faced serious economic concerns.

Given the large scale disruptions to workplaces and operations due to mandated shutdowns and state budget uncertainty, we were concerned that nonprofits might face issues with cash flow due to delayed processing of reimbursement for contracts and grants. At present, only 11.6% of organizations indicated that were experiencing significantly slower processing but 45.3% indicated that processing was somewhat slower. 39.5% of organizations indicated they had not seen a change in processing and 3.5% indicated it was somewhat faster.

Grant Processing

Due to uncertainty some funders delayed their grant awards or shifted the usual timing of their gifts. While under normal operations, delays or changes in timing of funding are usually manageable but given the magnitude of changes for many nonprofits changes in timing could have caused issues for some agencies in terms of cash flow and meeting their obligations. For the most part, organizations did not indicate major delays in terms of grant processing with 34.1% indicating no change, 45.5% indicating minor delays. Only 13.6% indicated large or extensive delays to grant processing. 6.8% indicated that grant processing was somewhat faster.
IMPACT ON CLIENTS/COMMUNITIES SERVED

When nonprofit leaders were asked about the immediate needs and impacts on those they served many spoke of the increased economic and emotional stresses brought about by the pandemic and the shutdown of services and programs. Many of these needs were immediate needs such as food, clothing, shelter and mental health services. They also spoke of long term concerns about funding increased needs as federal funding and state funding may decrease in the future and result in fewer resources to meet these challenges.

They also expressed concerns which were longer term such as helping individuals who have lost their jobs with access to trainings and job search help. Overall, these responses illustrated the challenges being addressed by these organizations and the rising level of needs for even basic services across the state.

“We believe the impact from the state’s loss of revenue will start to impact government grants in fiscal years 22 and 23, so we are planning for a delayed loss of revenue. Currently, we need flexible funding, PPE, and staff to complete vaccinations so we can operate safely without losing revenue for services we can’t provide.”

Conclusions and Recommendations

Nonprofit organizations often operate on tight margins to serve the community. These organizations serve needs that would otherwise go unmet in our communities. The continued ability of these organizations to recover will depend upon support from the community and funders. Based upon the findings of this survey, we make the following recommendations:

FOR NONPROFIT LEADERS AND BOARD MEMBERS

- Plan for possible disruptions and develop scenarios with your board and leadership team to reduce operational and budgetary shocks
- Advocate on behalf of your organization and constituents for continued government support (see Independent Sector https://independentsector.org for federal policy updates and calls to action)
- Communicate with donors and constituents so they have timely information about current operations, needs and challenges
- Examine operations as you reopen and consider new ways to reconnect to staff and volunteers
- Support continued flexibility for staff many of whom have been challenged with constant change and stress over the past year.
- Examine federal stimulus programs such as EIDL and incentives for charitable giving to help recover lost financial resources and enhance fundraising
FOR FUNDERS AND GOVERNMENT OFFICIALS

- Communicate any planned changes in funding availability and levels
- Deploy resources to help nonprofits access available funding opportunities such as capacity building and technical support grants
- Consider longer term flexibility and reporting requirements as operations continue to adapt and recover
- Minimize lag times in reimbursement to stabilize cash flows
- Support community organizations as they respond to increased demands and the challenges of changing community needs
- Support funding for technology and overhead to create more flexible operations that allow organizations to adapt to emergency situations

About the Organizations Who Responded

While many nonprofit organizations are supported by volunteers, nonprofit organizations are a growing source of employment across the United States. Most of the organizations (90.3%) who responded to the survey had paid staff positions with a mean number of 47 employees. The smallest agencies only reported one full or part-time person on staff while the largest employer who responded had 855 employees. While for the most part, the responding organizations reflected the nonprofit sector in Nevada there was an under-representation of both the largest and smallest nonprofit organizations in the state and we did not receive any responses from nonprofit hospitals who represent some of the largest nonprofit employers in the state. We also had very few nonprofits who operate exclusively in rural Nevada respond to the survey.

The largest group of nonprofits who responded to the survey were human service nonprofits (35.7%), education (15.9%), environmental and animal related nonprofits (10.3%), healthcare (8.7%), public or societal benefit (7.1 %), arts and culture (5.6%), and religious/faith based organizations (1.6%).
About the Survey


About the Authors

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References:
