
Charities Unite to Request Support and Collaboration as COVID-19 Crisis Leads to Increased Need and New Operational Risks

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Editor's note: The charitable sector is responding rapidly to the expanding impact of the pandemic, in terms of outreach, operations, and advocacy. In the coming weeks, The Philanthropist will provide up-to-date coverage, as well as our usual reporting and commentary on other news of relevance to foundations, charities, and non-profits.

Canada's charitable sector has always stepped up in times of crisis, but the coronavirus pandemic is threatening to make the sector a victim rather than a saviour.

Organizations that instinctively run to the flames in case of fire now must deal with their own house burning.

"This is likely going to drain the ability of the charitable sector to deliver services," predicted Bruce MacDonald, president and CEO of Imagine Canada, noting that many organizations will not survive the abrupt downturn triggered by the pandemic.

In a letter sent last week to Finance Minister Bill Morneau and Treasury Board President Jean-Yves Duclos, Imagine Canada Chief Economist Brian Emmett released projections showing that registered charities could lose \$7.9 billion in revenue and lay off 98,000 people if strict social distancing is in place for three months. This increases to \$13.2 billion and 165,000 layoffs in a

six-month scenario. (The sector employs 2.4 million workers in 86,000 registered charities and 90,000 non-profits.)

Yet despite the huge stresses of recent weeks, agencies across Canada have stepped up to deliver crucial services in the midst of the COVID-19 crisis: providing meals to isolated seniors, services to at-risk youth and spousal abuse victims, shelter for the homeless, and counselling for the addicted.

In Vancouver's Downtown Eastside, the WISH Drop-In Centre Society continues to provide meals, supplies, and short-term shelter to the city's sex workers, many of them homeless and more than half Indigenous.

Executive Director Mebrat Beyene said she has had to send volunteers home, close her office, and suspend all non-essential programs. Most vitally, a three-year, \$1 million program that was to include WISH has been suspended because the foundation that planned to fund it has been hurt by the pandemic-related stock-market crash of recent weeks. Other future face-to-face fundraisers are imperiled.

But Beyene cannot close because the women would have nowhere else to go and WISH continues to provide up to 100 takeout dinners, 40 overnight meals, and about 65 breakfasts each day, down only slightly from pre-COVID19 times.

"We have women just gushing gratitude that we are still open," said Beyene. "We haven't seen a drop in monthly donors. Our support has been amazing."

The next few months are uncertain, but Beyene said WISH is in a naturally quiet fundraising period, which means huge losses have so far been avoided.

Such stories are playing out across the sector. While some donors facing economic uncertainty are retreating and numerous fundraising events have been cancelled, several charities have also reported a surge in donations.

Second Harvest, which receives unsold food from donors and distributes it to a network of social service agencies across Ontario and British Columbia, has seen such a surge, largely through food donated by restaurants that have been forced to close. The organization is now dealing with a secure, stable food supply chain.

CEO Lori Nikkel said Second Harvest is going full steam, even as Food Banks Canada is launching a drive to raise \$150 million to keep its members stocked with supplies. Nikkel said there are still 60,000 organizations in Canada that require food, including the country's 650 food banks, as well as shelters, senior centres, community groups, and many other organizations.

"There are thousands of ways that people access food in this country, and we want to meet them where they are," Nikkel said, noting that food is now provided differently in the age of COVID-19. People can pick it up or receive pre-packaged hampers instead of individually chosen meals.

Although food donations continue to flow, Second Harvest, like others in the sector, has halted

face-to-face fundraising and cancelled major events. About 30 to 40% of its funding comes from individuals, and Nikkel said they lost about \$2 million in donations during the second week of March compared to the week before. She is projecting similar weekly donation shortfalls for eight to 12 weeks of social distancing.

On the funder side, there are a growing number of foundations releasing funds to front-line organizations in need of immediate cash, either by automatically renewing existing agreements or loosening the rules and reporting requirements.

Kevin McCort, president and CEO of the Vancouver Foundation, says its \$1.2 billion endowment has been proactively providing funding for organizations, including Lower Mainland food banks. Toronto Foundation CEO Sharon Avery last week set up the [Better Toronto Coalition hub](#) to pool donations and quickly flow funds to organizations dealing with emergency service pressures.

This unprecedented toll comes at a time when society's most vulnerable – the homeless, seniors, those fleeing domestic abuse, and people with mental health or addiction issues – look to charities and non-profits for help with other stressors, such as the floods that have become more common in early spring in many parts of Canada. “We have to pace ourselves as we think short-term and long-term,” said Conrad Sauvé, president and CEO of the Canadian Red Cross, which facilitated the quarantine of 700 Canadians at the Trenton military base in Ontario and transported an 80-bed field hospital to the site.

In the past week, Sauvé and other sector leaders have begun pushing Ottawa for help in dealing with the looming resource crunch that they foresee.

“A normal human reaction to massive stressful change would be to retreat and to regroup to weather the storm,” wrote Jean-Marc Mangin, president of Philanthropic Foundations Canada in a [mid-March blog post](#). “I believe that it would be a historic mistake to do so. Instead of retreating, we need to step up and to become more engaged.”

In its letter to federal leaders, Imagine Canada acknowledged that the non-profit sector was mentioned as eligible for government help in its initial \$82 billion outlay of aid and tax deferrals. (The Canada Revenue Agency also sent out notices last week saying its Charities Directorate had suspended operations until further notice.)

But more will be needed, the group said. “Our sector faces immense challenges in the current climate. Some of these we have in common with other sectors, some are unique to us. But we need government to be a partner with us.”

Non-profits need \$1 billion in emergency short-term low-interest or forgivable loans that would keep many front-line organizations solvent for at least 15 weeks, according to Imagine Canada. Ottawa could ramp up the tax credit for charitable donations to 75% and establish a program in which Ottawa matches charitable donations made by Canadians during this crisis.

Last week, a coalition of leaders in health care, education, and the arts took out full-page newspaper ads to call on the federal government to remove the capital gains tax on charitable donations of gifts of private company shares, a niche, high-end source of funding.

“The charitable sector in Canada is anticipating a significant financial impact on its fundraising given COVID-19,” read the ad, which said that the removal of the tax would add about \$200 million per year in charitable donations.

The situation is similar elsewhere. In the United States, non-profits are pressing Congress for \$60 billion in emergency stimulus funding, citing the heightened need for charitable work. In the United Kingdom, meanwhile, many charities have launched emergency fundraising efforts amidst warnings that some well-known organizations are in danger of shutting. The Small Charities Coalition wrote to Prime Minister Boris Johnson telling him Britain’s crisis relief measures ignore 180,000 charities affected by the pandemic.

Before charities can pivot from the crisis to recovery and, ultimately, new ways of delivering services, the sector will have to confront other structural deficiencies that have been starkly highlighted by the rapid onset of the pandemic.

“Most of our organizations don’t have reserves and, in fact, have been penalized [by donors] if they have too much money in the bank,” MacDonald says.

That means charitable organizations usually can’t access bank loans because they don’t have the equity or cash flow to wait out unforeseen crises.

McCort is one of many who believe there is a way back, a path that begins with the sector finding its voice. “It’s important that we stand up and say, ‘this is what we are doing, this is what we know and this is how you can help,’” he said. “We are a strong and vibrant sector with resources and creativity, but we have never claimed we could do it all on our own.”

And Mangin added this crisis gives the sector an opportunity to be innovative, to do things quickly, and differently.

But, perhaps most importantly, many believe it is time for collaboration. If there is one theme that came from a week of crisis meetings, it’s that the charitable sector must band together and speak with one loud voice if it wants to rebound from these grim days of pandemic.

“We’re going to come out of this,” said Nikkel. “This is just a blip in time. It will force us to become more innovative and it is going to force everyone to come together, but we’re just going to keep on keeping on. We’re going to keep doing what is right for this country.”