

Another Turbulent Year for Nonprofits

11.14.22 | Linda J. Rosenthal, JD



Last spring, the general public were politely asked to refrain from berating 9-year-olds about the shortages of their most popular cookie varieties. Wall Street Journal reporter Rachel Wolfe wrote that the Girl Scouts are “earning a new badge in global economic turmoil.” See [*Inflation and Other Woes Are Eating Your Girl Scout Cookies*](#) (February 10, 2022).

And a few months earlier, nonprofits hosting free community Thanksgiving meals were already confronting extreme supply-chain problems as well as rapidly spiking prices. See [*Some Local Nonprofits Are Feeling The Strain Of High Turkey Prices*](#) (November 23, 2021) Bridget Reed Morawski, *dcist.com*.

This season’s turkey prices are expected to be double those of last fall. “The star of the holiday meal will be both hard to find and more expensive than ever.” Not only are many Americans cutting back on the extravagance of their planned holiday menus, but food prices overall have skyrocketed so severely that more households are asking for help on a regular basis from local food banks.

“Increased costs for food items are putting pressure on budgets of direct service organizations that are stocking their shelves to meet the increasing dietary needs of poor and vulnerable families. Even if most food items are donated, organizations such as food pantries still need to purchase some items.” See [*40-Year High in Inflation Eats Away at Charitable Effectiveness*](#) (April 21, 2022) Patrice Onwuka, Giving Trends, *philanthropyroundtable.org*.

It’s been another chaotic year for the nonprofit sector, with the highest inflation rates in four decades savaging budgets and adding to the surprise woes of the Great Resignation and a possible recession on the horizon. “[I]nflation is testing the financial stability of nonprofit organizations which managed to survive the pandemic.”

We all hoped – perhaps assumed – that 2022 was going to mark the return to some sense of normalcy. Instead, earnest young girls in green uniforms are – for real – sewing on “financial literacy” patches and explaining to adults the intricacies of international supply-chain glitches partly caused by the War in Ukraine.

According to a recent thoughtful article by seasoned foundation executive, William Keator, “... the nonprofit sector faces a sliding scale of potential outcomes, from a strong recovery to a perfect storm, when parts of the global economy that are too big to fail, fail.” See *Gradually then Suddenly: What If the Perfect Storm Hits Nonprofits?* (November 1, 2022) *Center for Effective Philanthropy Blog*.

Mr. Keator acknowledges that his personal “default” setting may fairly be described as “alarmist.” Nevertheless, he advises that “challenging assumptions” is the most prudent course of action, “especially when so much is at stake.” It’s time to brainstorm and plan for the widest possible range of contingencies.

In the meantime, William Keator and other experts urge those holding the purse strings to respond as creatively and as generously as they did in 2020 and 2021.

Additional Reading

The anecdotal evidence of shortages and high prices of thin mints and frozen Butterballs are a small but revealing part of the overall story of the multi-faceted challenges facing the nonprofit sector this year.

Many experts have contributed thoughts on the wide scope of the problem as well as suggestions to address or mitigate the negative effects evident already or possible in the future. No single article is exhaustive or complete, and the proposed courses of action are in no way magic bullets.

Nevertheless, this curated list of articles and posts in 2022 [arranged in order of date of publication] may help set the stage for nonprofits, donors and funders, policymakers, government officials, academics, and other observers and experts to engage in meaningful conversations.

- *How are nonprofits dealing with labor and inflation as we prepare for 2022?* (January 3, 2022) Talia Blake, *npr.org*
- *Nonprofits and Foundations Need to Be Prepared for the Effects of Inflation on Services, Operations, and Endowments* (February 22, 2022) Les Lenkowsky, *The Chronicle of Philanthropy Blog*
- *Donors Don't Understand Inflation's Impact on Charities. That's Why Fundraisers Must Tell Them.* (March 14, 2022) Gregory R. Witkowski, *The Chronicle of Philanthropy*
- *40-Year High in Inflation Eats Away at Charitable Effectiveness* (April 21, 2022) Patrice Onwuka, *philanthropyroundtable.org*
- *Inflation is killing nonprofits. Funders, you need to supplement your grants immediately.* (April 24, 2022) Vu Le, *Nonprofit AF Blog*
- *The Effect of Inflation on Charitable Giving* (May 27, 2022) Duke Haddad, Ed.D., NonProfitPRO

- [How Inflation Impacts Nonprofits and What Donors Can Do to Help](#)(June 1, 2022) Andrew Hastings, Chief Enterprise Officer, *National Philanthropic Trust Blog*
- [How to Navigate Inflation as a Nonprofit](#) (June 24, 2022) Jess Woloszyn, *classy.org*
- [Combat the Effects of High Inflation on Donors' 2022 Giving](#) (August 5, 2022) Dave Smith, *givingusa.org*
- [Economic headwinds: Nonprofit](#) (August 16, 2022) Matt Haggerty, *rsmus.com*
- [Inflation is hitting nonprofits hard: Here's what you need to know](#) (August 16, 2022) Reisa Shanaman, *givebutter.com*
- [Record-High Inflation Challenges Nonprofits: What You Need to Know](#) (Summer 2022) *cbiz.com*
- [Gradually then Suddenly: What If the Perfect Storm Hits Nonprofits?](#) (November 1, 2022) William Keator, *Center for Effective Philanthropy Blog*

Conclusion

It's certainly not the time, as some commentators have suggested all year, to retreat back into the comfortable cocoon of the traditional model of "strategic planning." No one is sure what will happen five weeks from now much less five years in the future.

The "scenario planning" model that so many nonprofits embraced during the pandemic is still the way to go, although it is an unsettling and nerve-wracking exercise for all involved. See our most recent post on that topic: [Nonprofits: Update Your Scenario Planning](#) (February 10, 2021).

But it's important to effectively communicate to donors and funders the particular nature of our current emergency which is different from the facts on the ground during the pandemic.

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