

Year-End (Nonprofit) Thoughts

12.28.22 | Linda J. Rosenthal, JD



Once again, the For Purpose Law Group blog is skipping the ubiquitous New Year's 2023 predictions for the nonprofit sector.

Our policy adopted on the cusp of New Year's Eve 2022 remains in effect. See [*No Nonprofit Predictions Until Further Notice*](#) (December 29, 2021). "For the foreseeable future," we wrote then, "[all we can be certain of is ... uncertainty.](#)"

Nor will we offer any insane "to do" lists for this final week of 2022.

There *will*, however, be:

- Some thoughts about others' insane "to do" lists;
- Several updates to key stories from the year;
- A look back at some of our most important posts from the past twelve months; and
- A peek at a few of our favorites (which may or may not overlap the most-important category).

The "No Predictions" Policy

Fresh out of the gate after New Year's Day 2020, we took a crack at predicting the next twelve months. See [*What's Up For Nonprofits In 2020?*](#) (January 3, 2020). We promised to "check back" at the "end of 2020 to see how well these predictions for nonprofits stand up."

In [*Revisiting Nonprofit Predictions for 2020*](#) (November 17, 2020), we conceded utter failure. "It's not quite December 31st yet, but we can safely report back to you already that our thoughts on 'what [will be] up for nonprofits in 2020' were a bit ... off."

By then, there was "a bit of OMG humor" that had gone viral on the internet. "With apologies to the anonymous original author, here's the gist: 'There's probably not a single person back in 2015 who

got ‘what do you think you’ll be doing in five years?’ right.”

On New Year’s Day 2021, “there were fewer-than-usual posts and articles about trends and predictions. But most of us had reason to expect, or at least hope for, a linear progression of good and then better and better news.” In our late December 2021 post, *No Nonprofit Predictions Until Further Notice*, we acknowledged that “it hadn’t happened.” We weren’t “back to normal,” or in some hazy, mythical “new normal.” Yes, there were miracle vaccines but their promise was diminished somewhat by vaccine resistance as well as an alphabet soup of new COVID-19 variations.

Then came 2022. See *Another Turbulent Year for Nonprofits* (November 14, 2022). “It’s been another chaotic year for the nonprofit sector,” we wrote a month ago, “with the highest inflation rates in four decadessavaging 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.’”

On top of that, doctors are now worried about a “tridemic” threatening to overwhelm health care systems as flu, RSV, COVID cases rise.”

Planning Challenges

Now, about those “to do” lists.

All month long, sector experts and professional advisors have been reminding nonprofits about the upcoming year’s compliance duties. They are recommending long-overdue reviews of all policies and procedures. They are suggesting exploration of new and more diversified revenue streams and – possibly – mergers or other strategic alliances. They want each group to get back to some semblance of regular, periodic, and orderly routines for -short, -medium, and long-term planning.

It’s perfectly reasonable advice, except for two reasons.

The first problem is a significant clash of philosophies about how to approach 2023. Some experts urge a return to the pre-Covid-19 standard of “strategic planning.” Many others disagree because society as a whole, including the nonprofit sector, remains in a period of chaos and disruption. For them, continuation of the less structured and more flexible “scenario planning” approach is the way to go for the time being.

In our post last month about the current “turbulent year,” we cited the thoughtful article by seasoned foundation executive, William Keator, in a recent *Center for Effective Philanthropy Blog* post. In *Gradually then Suddenly: What If the Perfect Storm Hits Nonprofits?* (November 1, 2022), Mr. Keator wrote that “... 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.” Although his usual “default” setting is not unfairly described as “alarmist,” nevertheless, he “advises that ‘challenging assumptions’ is the most prudent course of action, ‘especially when so much is at stake.’”

The second problem with these “to do” lists is that – while the advice is correct and urgent attention is needed for these matters – it’s all too exhausting to undertake at once. Americans are burned out; stressed collectively and individually more than many of us want to acknowledge. Mental health

professionals have been warning for many months that most people report feeling a bit “off.” When asked if they are okay, they say, “I’m fine. I’m fine.” But – really – they are not. See [13 Ways Nonprofit Leaders Can Actively Support Their Staff’s Mental Health](#) (September 12, 2022) *Forbes Nonprofit Council*; [Are you trauma-bonded to your job?](#) (August 15, 2022) Mazarine Treyz, mazarinetreyz.com.

It’s critical for nonprofit boards and senior officials to acknowledge this reality not just for their workers but for themselves as well.

Take – at least – the rest of the week off. The insane lists of everything you have to do will still be here in January ...or February ... or so.

Conclusion

Next up will be the issues and news from 2022 that now have updates.

For instance, California’s new, first-of-its-kind, crowdfunding law – set to go into effect on January 1, 2023 – was reported recently to have been delayed a full year as final regulations are still being worked out. But the Attorney General’s office has since clarified which parts of the new regulatory scheme will be effective on New Year’s Day and which elements will not.

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