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Philanthropy Advisor

Highlights

- In the midst of the coronavirus pandemic, donor families can make an important difference with their philanthropy.
- In this piece, we provide a guide to the actions you can take to fight the pandemic, support those who are in need, and assist the communities you care about.
- Bessemer's philanthropic advisory specialists are available to assist you at any stage of the giving process. We can help you craft a plan for your philanthropy in light of this pandemic, connect you to trusted intermediaries to learn more, surface funding opportunities that meet your interests, and help you execute major gifts.

The novel coronavirus is a shock to our system, prompting a series of extraordinary events to unfold. Historic moves in our financial markets and unprecedented shutdowns of our economic, civic, and cultural pillars are front and center. In this moment of disruption, there are opportunities to take action. Donor families can lead through their philanthropy and strengthen the nonprofit sector, which will be vital to the relief and recovery from this pandemic.

To support your leadership, we offer this practical guide to help you identify concrete actions you can take to fight the pandemic, support those who are in need, and assist the communities you care about to become stronger and more resilient as we emerge from this crisis.

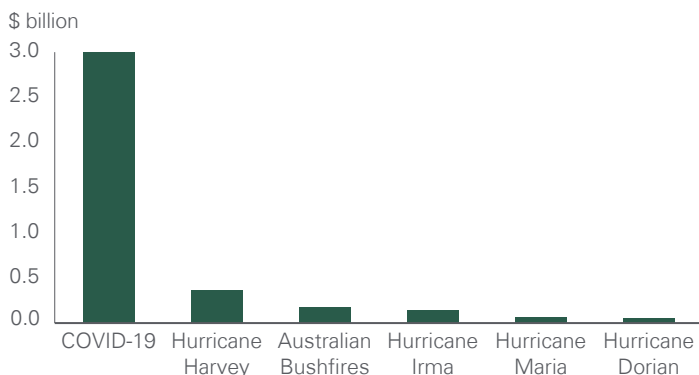
In 2020, your charitable giving may have increased tax benefits. Under the Coronavirus Aid, Relief, and Economic Security (CARES) Act, taxpayers who itemize their deductions are eligible to deduct amounts up to 100 percent of their adjusted gross income for cash gifts to public charities, up from 60 percent. A universal charitable deduction has also been introduced, giving those who don't itemize a \$300 deduction for most cash gifts. Importantly, neither of these expanded benefits will apply to contributions to a donor-advised fund.

State of the Field

News of the coronavirus and the disease it causes, COVID-19, broke in China late last year and hit the United States in January. Just two months later, the spread of the virus was so pervasive that the World Health Organization defined it as a global pandemic, and the United States declared a national emergency. As governmental institutions mobilized to understand and get in front of the crisis, they did so with support from the private, charitable sector.

Behind the scenes, charitable organizations were fast at work delivering medical supplies and deploying healthcare professionals to impacted communities around the world. Nonprofits here in the U.S. were ramping up their services as food pantries reviewed their inventories, community health clinics prepared new intake protocols, and universities shared their expertise in public health, infectious disease, and other salient topics. All of this activity took place against a backdrop of disruption that forced charitable sector organizations to innovate their operating models and revisit their financial planning.

Philanthropic Funding For Recent Disasters



As of 3/28/2020.

Source: <https://candid.org/explore-issues/coronavirus>

There is no certainty about how or when this pandemic will end. We do know, however, that the charitable sector will continue to play a vital role in its wake. Private philanthropic dollars move more quickly and can be spent with fewer restrictions than government funding. These funds can also serve as vital financing as charities await much-needed support from local, state, and federal governments. In most cases, nonprofits are also better positioned to connect more quickly to community stakeholders — particularly those who are marginalized and vulnerable. For these reasons, philanthropy and the nonprofit organizations it funds are uniquely positioned to amplify, accelerate and support government efforts, and effect change in times of crisis.

Much like the pandemic itself, the philanthropic response to the coronavirus has been unprecedented. At the time of this publication's release in late March, conservative estimates from the Foundation Center's Candid Project showed private contributions totaling ~\$3 billion to fight the pandemic globally. Initially, investment largely tracked to the geographic footprint of the disease but has become more widespread in recent weeks. Acknowledging the need for greater investment and more thoughtful approaches to supporting the sector as a whole, the Council on Foundations, a leading philanthropic convener, has also issued a public call to action, which has garnered

support from hundreds of foundations. Countless philanthropic initiatives have emerged, appealing to donors for financial support. Amid this changing landscape and flurry of activities, it can be difficult for individual donors to define a plan and identify opportunities to engage.

At Bessemer Trust, we recommend donors consider two courses of action: (1) Pursue opportunities to ensure your most admired nonprofits stay resilient in the face of this crisis; (2) commit financial resources to combat the virus and its impact on the communities you care about.

Tips to Ensure Your Most Admired Nonprofits Stay Resilient

Nonprofits improve the lives of individuals, add vitality to communities, contribute to local and national economies, and enhance the overall health of our society. Yet their ability to continue to do so faces many challenges at a time when their services are needed most. Every single nonprofit, regardless of its size, scope, or geographic location, is being affected by the coronavirus.

Nonprofits are currently facing extreme financial vulnerability. Many nonprofits depend on earned revenue to support their operations and keep their doors open. This includes revenues generated from fundraising events. Ironically, it also includes organizations that have a strong earned revenue model — for example, those that offer a service or product. Community centers with diverse sources of cash from renting space after hours or the homeless shelter that supported its operations with a for-profit bakery are now facing challenges as consumers stay home and demand dries up. Unfortunately, the vast majority of the 1.5 million nonprofits registered in the United States find themselves unprepared to manage a shock of this magnitude. According to a recent survey, fewer than half of nonprofits sampled had a clear plan in place for how they would mitigate the losses from canceled fundraising events, and further research estimates that 50 percent have less than one month of cash reserves on hand.¹

¹ Nonprofit Impact Matters Report (2019), National Council on Nonprofits.

The financial challenges facing nonprofits could have significant repercussions in our communities and across the economy as a whole. As resources decline, so too will organizations' ability to adapt and deliver the programs and services communities rely on. A nonprofit organization specializing in tutoring students, for example, will not be able to continue its much-needed services without incurring technology and equipment costs to transition to a virtual model. If the organization is already resource constrained, however, it's unlikely it could cover these costs without making some hard financial tradeoffs. Meaningful and negative impacts to our economy could take hold if a significant number of nonprofit organizations are forced to reduce staff or close their doors. In the U.S., nonprofit organizations employ 12.3 million paid workers accounting for 10.2 percent of the private workforce. As the third largest workforce, payrolls exceed those of most other U.S. industries, including transportation, construction, or finance.²

Nonprofit industry groups are advocating for support, but much more needs to be done to bolster the sector. While governments have historically employed tax breaks to bolster struggling industries, these tools have no direct impact on nonprofit organizations, which are, by definition, tax exempt. For this reason, industry groups, such as the United Philanthropy Forum, have mobilized to advocate for much-needed relief and have enjoyed some success. The federal government is providing some relief to nonprofits under the CARES Act: Nonprofits will be eligible to access subsidized benefits for their employees, loans, and other provisions. These are substantial gains but may fall short of what the sector needs to survive and thrive.

What can donors do to help nonprofits?

- **Communicate.** Consider proactively checking in with organizations that you are currently supporting to signal your support and appreciation for their work under difficult and uncertain circumstances. This may initiate an exchange about how the virus is affecting the organization and what it needs to move forward.

This will position you to act as an ambassador for the organization and, if you are in a position to do so, lend additional financial support.

- **Revisit your existing commitments.** Consider reviewing your active gifts and pledges and making changes that provide your nonprofit partners with greater flexibility and more immediate cash flow. If you have active gifts that require the nonprofit to use your dollars for a specific program or purpose, consider removing those restrictions. Similarly, if you've asked the nonprofit partner to submit reports describing the impact of your gift, consider simplifying or removing those reporting requirements or offering a more flexible format, such as a brief call or email. For those pledges or grants that have outstanding payments, review whether you're in a position to disburse payments ahead of schedule.
- **Give now.** If you learn that a nonprofit you admire is facing significant challenges and are in a position to do so, consider making a gift to bolster the nonprofit's cash reserves or offset revenues lost as a result of the pandemic. You can also consider converting a one-time gift to a multiyear pledge to alleviate the organization's fundraising burden.

Tips to Combat the Crisis and Its Impact on Communities

The interventions required to combat coronavirus will be as diverse and far reaching as the crisis itself. Major funders from across the U.S. — whether private family foundations, independent foundations, or corporations — are stepping up to mobilize funding toward a variety of needs. In this moment when the impacts of the pandemic are proliferating, it is important to remember that individual and family donors can also make a meaningful impact, and that major funders can often serve as a resource and model for others. The following guidelines are designed to help you respond thoughtfully and act with urgency and expediency.

² The 2019 Nonprofit Employment Report, Johns Hopkins Center for Civil Society Studies, based on 2016 data from U.S. Bureau of Labor Statistics.

COVID-19 Response Funds

National

- Center for Disaster Philanthropy [CPD COVID-19 Response Fund](#)
- CDC Foundation [Emergency Response Fund](#)
- Ford Foundation [COVID-19 Economic Response Fund](#)
- Gates Foundation [Combatting COVID-19 Fund](#)
- Goodnation [Coronavirus Response Fund](#)

Regional/Local

- New York Community Trust [NYC COVID-19 Response & Impact Fund](#)
- Greater Washington Community Foundation [COVID-19 Emergency Response Fund](#)
- United Way of Miami-Dade [Miami Pandemic Response Fund](#)
- United Way of Greater Los Angeles County's [Pandemic Relief Fund](#)
- Silicon Valley Community Foundation's [COVID-19 Regional Response Fund](#)

International

- CAF America [COVID-19 Fund](#)
- Give2Asia [COVID-19 Coronavirus Fund \(Asia\)](#)
- King Baudouin Foundation U.S. [Emergency Response Funds \(Europe, Africa\)](#)
- The Resource Foundation [COVID-19 Response Fund \(Latin America & the Caribbean\)](#)
- UNICEF USA [Covid-19 Relief Fund](#)

Current funding opportunities can be segmented according to vital funding objectives, including medical technology, treatment and care, economic impacts, educational disruption, or vulnerable populations. A major push to advance medical technologies, including treatments and vaccines, is underway with coordination across the business, government, and nonprofit sectors. In parallel, key stakeholders are working to ensure that communities have access to testing and adequate care. Some have a special focus on populations identified as most vulnerable to experiencing severe cases of COVID-19. Others are focused on supporting communities that could face

outsized negative consequences associated with the economic conditions imposed by the epidemic. Several funders are also stepping up to support educational continuity for children in this time of mass school closure and household disruptions.

Place is an important factor shaping philanthropic intervention. While some strategies may have nationwide application, there are no “silver bullets” to addressing the pandemic at large. The impact of the coronavirus is highly dependent on the unique characteristics of individual communities. Local economy, population density, socioeconomic makeup, food systems and housing infrastructure are just a few of the factors that will shape how communities will experience this epidemic. The most effective philanthropic responses will adapt to realities on the ground and compliment the complex web of federal, state, and local dollars available in each community to maximize impact.

Intermediaries are often best positioned to deploy private dollars most efficiently and effectively. The complex and dynamic nature of the epidemic necessitates a coordinated response spearheaded by credible experts. In the philanthropic community, those best suited to fill this role are intermediaries, organizations that facilitate the channeling of funds between the donors and the ultimate beneficiaries. Moreover, these organizations often have specialized expertise and extensive relationships in a certain geography, community, or industry. To date, many community foundations are stepping up to aggregate funding from donors and execute strategies in coordination with local stakeholders to address the impacts of the coronavirus in communities across the country. [This interactive map](#) curated by the National Center for Family Philanthropy helps donors explore local funds most often launched and managed by community foundations.

Similarly, large grantmaking institutions, such as United Way, Unidos, or NAACP, that specialize in serving specific demographics are putting philanthropic dollars to work to ensure the unique needs of their

constituents are met nationwide. International intermediaries have launched funds with pre-vetted giving opportunities across an array of issue areas and geographies. Facilitators of these international funds — like Give2Asia, King Baudouin Foundation U.S., Global Giving, and CAF America — are making it easier for donors to support communities overseas.

What actions can donors take to make a difference?

- **Review your giving plan.** Check the balances of any existing charitable vehicles you have at your disposal (e.g., donor-advised fund, foundation) and, in partnership with your advisors, reflect on your projected capacity to give now for relief and in the coming years for recovery efforts. Donors who have already dedicated philanthropic capital to charitable vehicles can be even more nimble in crisis response as personal finances or cash flow are not impacted by grantmaking outflows. Review your existing commitments and historical giving before making a budget for your philanthropy to address the pandemic.
- **Determine an approach.** Reflect on the geographic footprint you wish to have with your giving and identify any preferences you may have about the types of funding opportunities you'd like to prioritize: medical technology, treatment and care, economic impacts, educational disruption, or vulnerable populations. Draw on your philanthropy advisors or another credible source to identify nonprofits that you wish to support.
- **Make disaster relief a regular part of your giving.** **We're seeing many philanthropic families** decide at the beginning of each year how much of their annual giving they would like to allocate to disaster relief. You may even consider identifying a small handful of key nonprofit partners at the local, national, or international level that can serve as your go-to partner for executing crisis giving in a rapid and strategic manner. If personal circumstances require you to pull back from your annual giving commitments, we recommend you alert your current nonprofit partners as soon as possible.

Bessemer Can Help Support Your Philanthropic Leadership

We've outlined some of the principal approaches and considerations donors can take to lead in the midst of the coronavirus pandemic. The situation is complex and evolving, which poses challenges for those who are not acutely monitoring the charitable sector response.

Our philanthropic advisory specialists can offer guidance at any stage of the process — whether it's serving as a thought partner, navigator, or facilitator for your giving. We can help you craft a plan for your philanthropy in light of this pandemic, connect you to trusted intermediaries to learn more, surface funding opportunities that meet your interests, and help you execute major gifts. Your philanthropic leadership is a vital asset to the world, and we will do all we can to support your efforts as we chart a path forward.

With special thanks to Naomie Macena for her contributions.

A Donor's Guide to Giving Amid the Coronavirus Pandemic

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