

# GIVING IN THE TIME OF COVID-19

## Considerations for Responding to the Current Crisis

**T**he global pandemic of COVID-19 is a crisis unlike any in recent memory. Here in the U.S., if fatalities reach 200,000, as currently projected, we will have lost more than two times the number of Americans killed in the Vietnam War and WWI *combined*. And if coupled with months of shuttered businesses, the lost jobs and mounting debt could damage countless lives and shatter thousands of families.

In the face of these immense challenges, how can private foundations respond?

First and foremost, we must collectively acknowledge the rapid tectonic shift beneath our feet. The carefully considered decisions made just weeks ago about how much to distribute, what to fund, and strategies for furthering the foundation's mission suddenly may seem out of step with current events. The world has changed, and many Foundation Source clients find themselves forced to change along with it.

In response to the intense need, some foundations are grappling with the question of whether to increase their payout. In this harsh economic climate, nonprofit organizations are increasingly anxious for help to stay afloat and sustain operations. At the same time, given the recent market fluctuations, many foundations are feeling pinched because this year's payout requirement is based on last year's assets.

In order to make limited funds go further, you might consider connecting with other funders through regional grantmaking associations, local funder groups, or facilitated introductions to foundation peers by Foundation Source. If you're interested in making these connections, please reach out to your Private Client Advisor.



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### SUPPORTING CURRENT GRANTEES

So how to move forward? For now, your first priority might be grantees you've already funded. Consider checking in with them to see how they're faring. Has the crisis altered their organization? Can they continue to serve the same constituents and communities? Administer the same programs? Achieve the same results? What do they need from you or other funders? Are there things other than money that you could provide?

Aside from this check-in, here are some suggestions for re-evaluating, reframing, and reconfiguring your support for your current grantees:

#### → **Extend Current Funding**

Consider funding your grantees for another year or so in recognition that financial stability is critical.

#### → **Offer Untied Funding**

Loosen restrictions or change payment schedules on your current grants, and make any new grants as unrestricted as possible. Consider converting current project grants to general operating support.

#### → **Simplify Reporting**

Lower or remove reporting requirements to help reduce the administrative burden so your grantees can focus on more pressing issues.

#### → **Invest In Capacity Building**

Provide infrastructure and professional support to help organizations meet current needs, such as software consultants to support work-from-home staff or financial expertise to help them address urgent liquidity issues.

### → Spare a Thought for the Arts

Although all nonprofits are going to be hurt by current crisis, those that are dedicated to the arts may be especially hard-hit. Museums have been shuttered; performance seasons have been curtailed or cancelled; galas and other fundraisers are indefinitely postponed. With the pool of charitable funds already depleted by diminishing market returns and everyone focused on the life-and-death imperatives of a pandemic, arts organizations may find it especially difficult to sustain operations. Your foundation's support might have more impact and significance now than ever before.

### NEW ORGANIZATIONS: ALLEVIATING THE HARDSHIP OF COVID-19

If your board wants to fund efforts to combat coronavirus and aid victims of COVID-19, you have multiple options to consider. Here are some of the ways you can help:

#### → Act Locally

Fund regional relief organizations addressing COVID-19 needs. Consult [Giving Compass](#) for a vetted list of regional organizations.

#### → Provide Direct Support to Those Who Need It Most

Private foundations can make grants to individuals and families in case of emergencies, including a pandemic, without prior approval from the IRS. Using this capability, you can provide "no strings attached" funding directly to individuals who suddenly find themselves out of work and burdened with bills or to healthcare workers to cover their lodging expenses near the hospital. Your Private Client Advisor can give you more information and help facilitate these types of grants.

#### → Prioritize Frontline Workers and the Most Vulnerable

Fund childcare and other support services for essential workers, including supermarket cashiers, healthcare workers, as well as seniors, the homeless, and other vulnerable groups in your community.

#### → Fund Both Emergent and Long-Term Needs

The pandemic has shone a bright light on a host of systemic problems. In addition to funding some of the obvious, urgent initiatives, such as vaccine development and temporary housing for victims of domestic violence that need safe refuge while quarantined, consider supporting efforts aimed at long-term change, such as:

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- Investments in public health;
- Paid family leave and other protections for workers;
- Food insecurity;
- Broadband access for low-income families; and
- Stronger protections for residential tenants.

#### → Consider Debt Relief

As bills pile up for millions of out-of-work Americans, erasing onerous student or medical debt can be as powerful an intervention as donating funds, and it can be cost-efficient for the funder. For example, because medical debt is often sold to collection companies or debt-buying companies for pennies on the dollar, charities devoted to this issue can convert a \$100 donation into \$10,000 worth of debt relief.

#### → Explore Program-Related Investments

In order to achieve a charitable purpose, your foundation can make loans, loan guarantees, and equity investments to nonprofit and for-profit companies alike. These "program-related investments," which count toward the foundation's 5% minimum distribution requirement, can be used to help companies gear up to make face masks or fund the construction of field hospitals and emergency shelters. Foundation Source will work with you and your foundation's attorney to ensure loan agreements are IRS compliant and will track and record payments as they are made.

#### → Give Grant Certificates

You can empower others in your community to take action by using grant certificates. For example, by issuing a grant certificate to members of your personal circle, you can provide them with both an opportunity to participate in giving and the resources to address needs that might have escaped the notice of the foundation.

During these challenging times, private foundations have an especially vital role to play. Unencumbered by bureaucracy, they can respond quickly to disasters, taking bold action to address needs that are too small or too local to attract the attention of larger funders. We are fortunate that so many of them have joined the fight.

## **ABOUT FOUNDATION SOURCE**

**[www.foundationsource.com](http://www.foundationsource.com)**

Foundation Source is the nation's largest provider of comprehensive support services for private foundations. Our complete outsourced solution includes foundation creation (as needed), administrative support, active compliance monitoring, philanthropic advisory, tax and legal expertise, and online foundation management tools.

Now in our third decade, Foundation Source provides its services to more than 1,650 family, corporate, and professionally staffed foundations, of all sizes, nationwide. We work in partnership with wealth management firms, law firms, accounting firms, and family offices as well as directly with individuals and families. Foundation Source is headquartered in Fairfield, Connecticut.

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