

How Nonprofits Can Keep Raising Money in a Recession

6 min read



No one expected to navigate delicate fundraising efforts and be forced to shut down the majority of their fundraising events through a pandemic, but it happened. And- many nonprofits emerged stronger than ever before.

Key Takeaways

- **What Is a Recession and What One Could Mean for Your Nonprofit:** Despite the reluctance of state officials to officially declare that the United States is in a recession, according to the definition, we most certainly are...
- **7 Tips to Continue Successfully Fundraising During a Recession:** When times are tough, relationships become even more important. So, even though it might be your instinct to back off with communications during times of widespread financial stress, your...
- **Knowing Your Nonprofit's Numbers Is More Important Now Than Ever Before:** Thorough, accurate, and up-to-date financial knowledge of your organization is even more essential during difficult economic times because your budget needs...

Everyone hoped the economy would survive the pandemic shutdowns unscathed. However, inflation is at a 40-year high [1], and for two consecutive quarters, the Federal Reserve has raised interest rates and the gross domestic product (GDP) has contracted [2].

With memories of the Great Recession of 2008 still fresh in most of our minds, fearful worries of recession are now starting to take their own place in the news cycle. It is starting to become apparent that nonprofit leaders (and everyone else) still have significant challenges to face during this decade.

What Is a Recession and What Could One Mean for Your Nonprofit?

A sweeping and substantial downturn in economic activity characterizes an economic recession. Additionally, this downturn in activity is prolonged, meaning it lasts for six months or more. As a rule of thumb, the generally accepted definition of a recession is when a country's GDP declines two quarters in a row [3].

Despite the reluctance of state officials to officially declare that the United States is in a recession, according to this definition, we most certainly are.

The major effects of an economic recession are a slow down in industrial and service sectors of industry. The effects of a recession, of course, are much wider spread as a slow down in industry [means job loss](#), less spending (even when people have yet to be laid off), and this decreases demand. As demand continues to decrease, the cycle feeds and worsens itself, causing even more lost jobs, less spending, and decreased demand.

As a result of individuals and corporations both in tight or worrisome economic situations, both individual and corporate donors have less free cash available for charitable donations. Plus, difficult economic times also typically lead to an increased demand for nonprofit services. With leaner donations and increased demand for services, economic recession puts the squeeze on the nonprofit sector from all angles.

Read More: [12 Tips For Executive Directors To Increase Online Donations](#)

Proactive nonprofit leaders are already thinking about solutions to weathering another recession. Thankfully, there are plenty of strategies to help you continue fundraising through a recession.

7 Tips to Continue Successfully Fundraising During a Recession

1. Maintain Your Relationships with Stakeholders

When times are tough, relationships become even more important. So, even though it might be your instinct to back off with communications during times of widespread financial stress, your nonprofit should do the opposite. Stay top of mind and stay in touch with frequent digital communication, phone calls, and social media campaigns. Show how your organization is helping others and having an impact during the economic downturn. Keep in touch while being a beacon of optimism, positivity, and hope in your constituents' lives.

2. Reach Out in a Personal Way

In addition to digital communications and marketing campaigns, it's important to show your donors how much they matter by reaching out in a personal way. Take major donors out for lunch and personalize mass communications to smaller donors.

Read More: [5 Tips for Nonprofit Fundraising During Times Of Crisis](#)

3. Practice Gratitude

All of your communications with your donor base should always include messages of gratitude for their past support and specifically describe how that support helped to increase your impact and further the cause.

4. Be Transparent

It's not just okay to be transparent; it's actually best to be transparent in your communications. If your organization is struggling, do not be afraid to say so in your communications with donors.

5. Ask for Specific Things

In addition to being transparent about your organization's struggles and needs, be sure to ask specifically for what you need. Include statements that describe the exact dollar amount you need to raise in order to cover your operating expenses for the next month, quarter, six months, or year. Describe the amount you need to raise to continue serving your community. Describe the numbers of people you serve and how much it costs to successfully help each one.

When you set specific fundraising goals and help your donors understand how that money will help you achieve your mission, your donors will feel more compelled to give.

Read More: [Why Isn't My Nonprofit Successfully Raising Money?](#)

6. Welcome Non-Financial Support

Of course, material donations can't keep your lights on or cover your payroll expenses, but they could save you money in other places in your budget.

Take a moment to consider the items in your budget. Are there any supplies or materials that you consistently spend a lot of money on that a partnership with a corporate donor could possibly provide for free? Corporate partners might be strapped for free cash at the moment, but, with decreased consumer demand, those same corporate partners might find themselves with a surplus of material goods that, if donated, they could use as a tax write-off.

In addition to donations of material goods, put out feelers for more unpaid volunteers. There might be individuals in your donor base who don't have extra money to give, but they might, for example, have the plumbing know-how to fix the pipe that unexpectedly burst in your office bathroom free of charge.

7. Continue Producing Valuable Outcomes

As we all work our way through these difficult times together, continue to deliver the value in your mission statement. Do not lose sight of what makes your organization special, what sets it apart from others, and the good you do in your community. Be sure to continue communicating this impact clearly with your donors. Be sure to include donation impact statements in as many of your marketing materials as possible. This helps donors see the tangible, positive, impact and ripple effect that their self-sacrificing donations to you will have within the community.

Knowing Your Nonprofit's Numbers Is More Important Now Than Ever Before

As you continue fundraising and staying operational, you should always know your nonprofit's numbers. However, thorough, accurate, and up-to-date financial knowledge of your organization

is even more essential during difficult economic times because your budget needs to be very precise to ensure you avoid cash flow shortages that could force you to close your doors.

To have your nonprofit's numbers at your fingertips, you need a robust back office that's equipped with the essential tools, team, and technology to get you through even the most difficult of times with savvy financial insights and access to your nonprofit's most powerful financial drivers.

[1]

<https://www.bloomberg.com/news/articles/2022-07-13/us-inflation-accelerates-to-9-1-once-again-exceeding-forecasts>

[2] <https://www.wsj.com/articles/what-is-a-recession-and-are-we-in-one-now-11655392738>

[3] <https://www.wsj.com/articles/what-is-a-recession-and-are-we-in-one-now-11655392738>