

# **Resilience of Nonprofit Organizations during the COVID-19 Pandemic: A Racial Equity Perspective**

## **Abstract**

This study aims to understand whether POC-serving or POC-led nonprofits (nonprofits serving or led by people of color) had disparate experiences during the pandemic. Data from the national COVID-19 Community Impact Survey is used to examine organizations' perceived disruptions relative to the racial and ethnic composition in organizational leadership and communities served. This paper finds that POC-led and POC-serving nonprofits were less likely to see an increase in government funds. Also, POC-serving nonprofits were more likely to experience significant disruptions in service and experience an increase in demand. Nevertheless, they were less likely to report a decrease in ability to serve and staffing. Our findings reveal that inequities in funding exist in the nonprofit world. Yet, POC-serving or POC-led nonprofits are resilient and continue to meet the challenges arising from the pandemic.

**Keywords:** organizational resilience, racial equity, pandemic, POC-serving nonprofits, POC-led nonprofits

# **Resilience of Nonprofit Organizations during the COVID-19 Pandemic: A Racial Equity Perspective**

## **Introduction**

The COVID-19 pandemic has caused tremendous upheavals in the public and private sectors. The nonprofit sector is no exception. In the face of unprecedented lockdown, increasing service demands, financial uncertainty, and staffing shortages, many nonprofit organizations exhibit adaptive resilience as well as a continued commitment to creativity in serving disadvantaged populations and communities. Although studies have provided some evidence at the local, regional or state level, or on a subsector of nonprofits (Finchum-Mason, Gugerty, & Barnhart, 2021), a national perspective on nonprofit organizations during the pandemic is rare. Also, existing evidence is mostly focused on the early stage of the pandemic (e.g., Kim & Mason, 2020; Maher, Hoang, & Hindery, 2020). As the COVID landscape continued to unfold, it is not clear how nonprofits, after the initial shock, perceived the challenges, including relief funds winding down and the turbulent employment market. The pandemic was indeed a “crisis as process” (Williams et al., 2017) and as has turned out this crisis “sustained for some time” (Shi et al., 2020). Therefore, an assessment at a national scale of the impact on nonprofit organizations is necessary not only for archival purposes but also for progressing knowledge and insights into nonprofit management, disaster relief, strategic planning, community partnerships, and leadership development.

Nonetheless, in no way can this assessment be done if we ignore racial inequities exacerbated and exposed by this pandemic and the demand for justice and equity. It was evident that Black and Hispanic communities were hit the hardest by high infection and death rates, job loss, food insecurity, and homelessness (e.g., Benfer et al., 2021; Duzhak, 2022; Fitzpatrick et

al., 2021). Historic underinvestment and persistent economic insecurity could have contributed to the heightened vulnerability to the pandemic in these communities. During this crisis, many nonprofit organizations were nimble and responsive in their service to disadvantaged communities and people of color. For example, during the 2020 and 2021 tax filing periods, out of a concern for health and safety, nonprofits providing free tax return preparation such as Volunteer Income Tax Assistance (VITA) for low-income individuals and families made online and drop-off service available to taxpayers. Use of food pantries significantly increased in 2020 (Coleman-Jensen & Rabbitt, 2021) and greater food assistance was provided for racial and ethnic minorities (Guo & Huang, 2021).

Nonprofits serving or led by people of color (POC-serving or POC-led nonprofits, thereafter) often have a unique tie with these disadvantaged communities by virtue of their location, accessibility, accommodation, languages used, and cultural competency (Allard, 2009). Despite this, POC-serving or POC-led nonprofits in a study using the 2015 survey data are found to face more resources challenges due to structural barriers in the funding market (Kim & Li, 2022). During the pandemic, the government, foundations and businesses relied on numerous community-based organizations to deliver resources to people with most needs. Then how were POC-serving or POC-led nonprofits impacted by the pandemic financially and service-wise as compared to other nonprofits? Did POC-serving or POC-led nonprofits had disparate experiences during the pandemic?

By looking into POC-serving and POC-led nonprofits, this study extends the empirical investigation surrounding the theoretical discussion of racialized organizations, which argues that organizations are racial structures where race is “constitutive of organizational foundations, hierarchies, and processes” (Ray, 2019, p.26). Conceptualizing organizations, especially

nonprofits, in light of racialized organizations, provides an insightful lens to understand not only how the racial structure of a nonprofit is connected to its social and material resources and everyday functioning but also how it perpetuates the institutionalization of racial inequality (Ray, 2019). To look at nonprofits in terms of the presence (or absence) of racial/ethnic minorities in the organization's leadership (being POC-led) and clientele (being POC-serving) provides a logical and operational way to examine racialized organizations although the latter is much broader.

To date, much of the empirical literature on racialized organizations is grounded in ethnographic research (e.g., Abad, 2019; Bell, 2014; Graauw, Gleeson & Bloemraad, 2013; Watkins-Hayes, 2019; Wooten, 2019) and survey research is rare. The current study contributes to this body of literature by empirically investigating the survey data from a wide range of nonprofits across the U.S. Such empirical evidence further attests to the argument of racialized organizations in resources acquisition and organizational functioning. It is also worth noting that the storm caused by the COVID pandemic presents a unique moment to observe racialized organizations because the racialized character of POC-led and POC-serving nonprofits was likely reinforced and amplified in their frontline services to disadvantaged communities and communities of color.

To sum up, this study has three contributions: *First*, it analyzes a large national sample of U.S. nonprofits; *Second*, it uses data collected in August 2021 to examine the intermediate or ongoing impact of the pandemic on nonprofits; *Third*, it assesses, in light of racial equity, changes in finances and operations at the organizational level as a result of the pandemic. To answer the above questions, we use a unique data set from the COVID-19 Community Impact Survey in the US to examine differences in perceived disruptions in finances and operations in

association with the racial and ethnic characteristics of organizational leadership and communities served.

## **Background**

Research on the impact of the pandemic on nonprofits thrived at the beginning of the pandemic. Below we review empirical studies on nonprofits' finances and operations, respectively, followed by a review of the racial equity perspective as applied to nonprofits from organizational practice (internally) to broader impacts that nonprofits have on the society (externally). Finally, based on the literature, we put forth our research questions for empirical investigation.

### **Impact of the Pandemic on Nonprofits**

***Financial Impact.*** As nonprofits rely largely on external funding to finance their services, research on the impact of the pandemic on nonprofits has predominantly focused on the financial impact (Newby & Branyon, 2021). Many nonprofits almost immediately experienced revenue loss and issues with cash flow and short-term solvency due to a reduction in charitable giving and cancellation of program activities and fundraising events (Maher, Hoang, & Hindery, 2020; Van Steenburg et al., 2022). An estimated one-third of nonprofits in the US were in danger of closure due to financial strains caused by the pandemic (Center for Disaster Philanthropy, 2021). Nearly half of the nonprofits in a survey considered the impact of COVID-19 much worse than the Great Recession in 2008-2009 (Maher, Hoang, & Hindery, 2020).

A review of 68 studies from March 2020 to early 2021 reveals that nonprofits were hit hard by the sharp decreases in individual donations, revenues from fundraising events, and earned income (Stewart et al., 2021). Based on an online survey of a US national representative sample

of over 2,000 nonprofits, Faulk et al. (2021) estimate that 40 percent of nonprofits reported revenue losses in 2020 and among these the average revenue loss was 31 percent; fee for service went down by at the median of 30%; and 37% of nonprofits reported decreased donations in 2020 from the previous years (2015-2019). On the other hand, funds from government and foundations grew substantially in 2020 (Stewart et al., 2021), but these trends were short-term and unlikely to continue indefinitely (Johnson, Rauhaus, & Webb-Farley, 2020).

The financial impact of the pandemic on nonprofits varies greatly by organization size. Small organizations are more vulnerable to financial volatility. A larger share of small nonprofits (with annual expenses under \$500,000) experienced a loss in individual donations than larger organizations (Faulk et al., 2021). Despite increased funding support from government and foundations, many smaller and community-based organizations were less likely to benefit from the increases (Johnson, Rauhaus, & Webb-Farley, 2020).

Saving a “rainy day” fund or a financial reserve can reduce a nonprofit organization’s susceptibility to a crisis as well as help create a buffer to avoid disruptions such as having to lay off staff and/or reduce operating hours (Kim & Mason, 2020). However, it is not always clear how much money to save in order to successfully navigate changes in revenue. Three months of operating expenses as a reserve is commonly suggested, but it turns out to be a severe underestimation (Irvin & Furneaux, 2021). In addition, such a financial reserve needs to vary based on organization size (Irvin & Furneaux, 2021). Since small organizations (US\$180,000 or less) are more vulnerable to a crisis, it would require nearly one year of the operating budget to be prepared for income shocks.

***Impact on Operations.*** The impact of the pandemic on nonprofit operations is multifaceted, including but not limited to increased demands, rising operating costs, halting of

programs/services and events, staff shortage, changing service delivery methods, and technology (Chalise, 2021; Nonprofit Association of the Midlands, 2020; Shi et al., 2020). Due to high rates of unemployment, more than half of nonprofits reported greater demand from the community during the COVID-19 pandemic, one-third were experiencing higher operating costs, and one-third pared back programs or services (the Nonprofit Times, 2021).

Staffing shortages became a common issue as nonprofits used furlough, layoff, hours and pay cuts to adjust to the financial crisis (Stewart et al., 2021). Nearly one-third of nonprofits had layoffs and furloughs, 12 percent reduced employee benefits, and 20 percent of nonprofits operated under a hiring freeze (The Nonprofit Times, 2021). Faulk et al. (2021) estimate that, by the end of 2020, the nonprofit sector lost paid employees, part-time employees and volunteers by seven percent, 12 percent and 18 percent, respectively. Staff shortages have substantially curtailed nonprofits' capacity to provide services (Santos & Laureano, 2021).

In addition, as containment and mitigation measures were adopted for public health purposes, not being able to provide face-to-face services during the pandemic caused stress for nonprofits no less than that of the financial strain. This apparently counters the long-established image of nonprofits being physically on the frontline of emergencies (Newby & Branyon, 2021).

### **Racial Equity and Nonprofits**

Racial equity may contribute to organizational resilience in many ways. *First*, Nonprofits led by and/or serving people of color often have a wealth of knowledge around clientele's demographics, needs, strengths, and barriers to services because many of these nonprofit leaders and employees are/were "in the same pathway and place in life" (Hall, 2021). When new situations rise, such practical knowledge can be quickly deployed for circumstance assessment and decision-making (Shi et al., 2020). *Second*, Organizations led by and/or serving people of

color not only embrace values such as diversity and inclusion but also practically use them to guide decisions and spark actions (Hall, 2021). **Third**, nonprofits led by and/or serving people of color often ground their work in the community and see it as “our community”. They also provide support for emerging organizations in the community with training and professional development (Hall, 2021). Such ability to come together and build coalitions of public and private entities is essential for mobilizing resources and overcoming adversity. **Fourth**, nonprofit employees with a commitment to service, tolerance of stress, and an empathy with people affected by a crisis help strengthen an organization’s adaptability. These “soft” attributes are often found in nonprofits led by and/or serving people of color, aiding in their judgement of the situation and preparation for the unexpected (Herrero & Kraemer, 2022).

There is broad literature on racial disparities in various organizational forms, such as nonprofits (e.g., Faulk et al., 2021; Kim & Li, 2022), social enterprises (e.g., Bryson, Crosby, & Seo, 2022), government agencies (e.g., Gooden, 2014, 2017; Park & Ahn, 2022), and small businesses (e.g., Rakshit & Peterson, 2022; Santellano, 2021). Nonprofit organizations resemble other institutions in witnessing a “renewed focus” on racial equity in recent years (Bernstein, Aulgur, & Freiwirth, 2019). Many nonprofits in the US serve racial and ethnic minorities, including Black or African American, Latinx, and Indigenous, Native American, or Alaskan Native (Faulk et al., 2021). Given their public service missions and inherent embeddedness as social entities with entrenched values and beliefs, nonprofits can be inspected through a racial equity lens, from outside and within. From outside, it looks at how nonprofits promote societal well-being through racial equity endeavors (Bryson, Crosby, & Seo, 2022). For example, in communities with high density of park-supporting nonprofits, improved park access benefit all



racial-ethnic groups, yet greater benefits are yielded for whites than for racial/ethnic minorities (Cheng, Yang, & Deng, 2022).

From within, nonprofits have increasingly incorporated practices to embrace race, equity and inclusion in their governance, management, and culture (Hawkins, 2014; Hill, 2017). Such practices include, but are not limited to, diversity training, increasing racial/ethnic diversity in nonprofit boards, appointing racial/ethnic minorities as chief executive officers, and disclosing diversity data of organizations (Hill, 2017; Taylor, Paul & McCoy, 2019). For example, some nonprofits reveal their demographic data to the public (Taylor, Paul, & McCoy, 2019); foundations consider racial diversity of board members in making their decisions about grants (Ostrander, 2010; Paarlberg et al., 2020). Newly released national data show that seventy percent of boards in the US have at least one board member who identifies as a person of color (Faulk et al., 2021). In addition, some nonprofits explore equity in their compensation practices and succession planning (Word & Sowa, 2017). Inclusion, as a principle, is increasingly used by nonprofits in their hiring practices and decision-making in formal and informal organizational processes (Buse, et al., 2016; Castillo, 2018).

Racial equity in nonprofit governance not only improves performance in governance activities (Fredette & Bernstein, 2019; LeRoux, 2020) but eventually “translates into strategies that are responsive to...(people of color) communities and focus on addressing root causes of racial inequities” (Mumford, 2021, p.7). Nonprofit organizations welcoming greater diversity are more agile and sustainable (Saleem, Tahir, & Batool, 2021) and nonprofit organizations serving racial/ethnic minorities are particularly adaptive to expand services during the pandemic (Mumford, 2021).

Despite efforts to improve racial equity, there are still gaps in that racial and ethnic minorities remain underrepresented in nonprofits (Cherry, 2020; Mumford, 2021). Nationwide, 16 percent of nonprofits primarily serving people of color have all-white boards and 58 percent of rural nonprofits have no people of color on their boards (Faulk et al., 2021). In addition, nonprofits led by people of color have significantly less cumulative assets than white-led nonprofits (Mumford, 2022) and organizations led by racial minority people face disadvantages in fundraising (Faulk et al., 2021; Kim & Li, 2022; Paarlberg et al., 2020). Geographical differences are also salient in this regard. For example, large nonprofits in urban areas on the east or west coast of the US are more likely to disclose diversity data than those rural and small nonprofits in the south (Taylor et al., 2019).

### **Research Questions**

Organizational resilience is, more than often, used in synonym with financial resilience. For example, Maher, Hoang, and Hindery (2020) consider financial capacity, cash flow, revenue diversity, and the elasticity of revenue portfolios to be the key factors in organizational resilience. We consider organizational resilience “the ability to withstand adverse conditions while still delivering services” (Searing, 2021, p.181). As a concept to characterize nonprofits’ (especially human service nonprofits’) responses to adversities, organizational resilience attests to the importance of both organizational persistence and service delivery, especially in a time of crisis (Searing, 2021). On the one hand, organizational persistence concerns financial sustainability in the long run; on the other hand, service delivery concerns service continuity and mission realization at the present time while taking into consideration all parameters. It is precisely a balance of organizational persistence and service delivery that defines organizational resilience. We specifically examine the following questions:

*Q1: How are POC-serving nonprofits compared to others with respect to changes in finances and operations during the pandemic?*

*Q2: How are POC-led nonprofits compared to others with respect to changes in finances and operations during the pandemic?*

## **Methods**

### **Data and Sample**

To answer the above research questions, the study uses data from the Federal Reserve System's (FRS)<sup>1</sup> COVID-19 Community Impact Survey Data. FRS's community development function in collaboration with eight national partners designed and administered the survey. The survey was designed using Qualtrics to monitor the impact of the pandemic on low- and moderate-income communities and the organizations that serve them. In August 2021, collaborators sent anonymous survey links to representatives of nonprofit, government, and business entities (n=5,200) servicing low- and moderate-income communities across the US (Chalise & Gutkowski, 2021). The survey was also promoted via newsletters and social media posts. A total of 3,681 entities responded to the survey, of which nearly 70% are nonprofit organizations (n=2,681), providing a range of direct or indirect services in areas of child welfare, food assistance, education, health, housing, etc. Given the scope of the current study, we only focus on the sample of nonprofits for analysis.

### **Measures**

***Dependent Variables.*** We examine two aspects of disruptions caused by the pandemic. The first entails disruption to financial streams for nonprofits and the second includes service operations.

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<sup>1</sup> Twelve Federal Reserve Banks and the Board of Governors are referred to as the Federal Reserve System (FRS).

Regarding *financial streams*, respondents were asked to compare the current situation to pre-pandemic conditions and answer how COVID-19 was impacting (at the time of the survey, i.e., August 2021) the entity in each of the following: *fee for service*, *individual donations*, *corporate donations*, *government funds*, *foundation funds*, and *expenses*. Response categories include “significantly decreased”, “modestly decreased”, “no change”, “modestly increased”, and “significantly increased”. For analysis to focus on financial turbulence, we regrouped these response categories to “decrease” (1) (combining “significantly decreased” and “modestly decreased”) vs. “otherwise” (0) (combining all other response categories) for revenue streams from *fee for service*, *individual donations*, *corporate donations*. Since relief funds from government and grants from foundations increased substantially during the pandemic (Chalise & Gutkowski, 2021), the response categories are regrouped to include “increase (1) (combining “significantly increased” and “modestly increased”) vs. “otherwise” (combining all other response categories).

Regarding *operations*, there is a question assessing the overall *disruption* by asking “What level of disruption is COVID-19 having on the entity you represent?” We recoded this variable into two categories: “significant disruption” (1) vs. “otherwise” (combining “some disruption” and “no disruption). Respondents were also asked three other questions: “Comparing the current situation to the pre-pandemic conditions, how is COVID-19 impacting the entity you represent in each of the following - *demand for services*, *ability to provide services*, and *staffing levels*?” Response categories include “increased” (1) vs. “otherwise” (0) for the question regarding *demand for services*; and “decreased” (1) vs. “otherwise” (0) for the questions regarding *ability to provide services* and *staffing levels*, respectively.

We collapse these ordinal dependent variables into binary categories for two considerations. First, this is consistent with what is observed in the literature regarding the overall trends in financing and service for nonprofits during the pandemic regardless of the specific measures (e.g., Martin, et al., 2021; Stewart et al., 2021). Second, pairwise comparison is more practical and less complicated than comparisons across multiple levels. In more specific terms, we intend to estimate the probability of the perceived change (with the value of 1 for most of the above dependent variables) as opposed to the reference category (with the value of 0).

***Independent Variables.*** The study has two independent variables: one indicating if a nonprofit primarily serves a community of color (that is, over half of the organization’s clientele are racial/ethnic minorities) (1=yes; 0=no). An organization is defined as POC-serving if the answer was “yes” to this survey question: “Does the entity you represent primarily serve a community of color?” For clarity, when POC-serving nonprofits are compared with their counterparts (“else”), the counterparts are those nonprofits not primarily serving people of color (non-POC-serving, i.e., primarily serving white communities). Another independent variable indicates if a nonprofit is led by a person of color (1=yes; 0=no). Specifically, we define an organization as POC-led respondent self-identified their organizations as being led by a person of color by responding “yes” to this survey question: “Is the entity you represent led by a person of color?”

***Control Variables.*** Three variables are controlled for in the study. Literature shows that organization size can be indicated by total assets or revenue, expenses, number of employees, etc. (e.g., Searing and Lecy, 2022). For this study, *organization size* is indicated by the organization’s annual operating expenses “small” (1) (less than \$500,000), and “otherwise” (0). We use this cutoff for organization size, as suggested by the National Center for Charitable

Statistics Project Team at the Urban Institute (2019). A different cutoff of organization size (less than \$250k of annual operating expenses) is used for robustness checks, as suggested by Pettijohn and Boris (2013). We also include a variable indicating if an organization is a *direct service provider* (1=yes; 0=no) as nonprofits providing direct service may be more likely experience disruptions than their counterparts. Finally, an organization’s primary service *location* is identified using the question asking, “What type of area do you mostly serve?” With this question, nonprofits are grouped into “urban organizations” (1) or “rural organizations” (0). Since the survey is anonymous, these organizational data cannot be merged with any other existing data (such as IRS Form 990 data) for additional control variables (such as state, overhead rate, etc.) not included in the survey questionnaire.

### **Analysis Plan**

Analysis will first describe the sample’s profile and focus on perceived changes in finances and operations by organizational characteristics. For multivariate analysis, linear probability regression analyses are conducted to estimate each dependent variable as a function of the independent variables:

$$D = \alpha + \beta_1 POC\text{-serving} + X\lambda + \varepsilon \quad (1)$$

$$D = \alpha + \beta_2 POC\text{-led} + X\lambda + \varepsilon \quad (2)$$

Where  $D$  represents the perceived changes in the organization. The term *POC-led* indicates if an organization is led by a person of color, *POC-serving* indicates primarily serving people of color, and  $X$  is a vector of control variables. The regression coefficient of  $\beta_1$  shows the percentage difference in the perceived change as a result of the pandemic for POC-serving nonprofits vs. else, when everything else is held constant. The regression coefficient of  $\beta_2$  shows the percentage

difference in the perceived change as a result of the pandemic for POC-led nonprofits vs. else, when everything else is held constant.

Linear probability regression analysis is used because it allows for direct and convenient interpretation of the regression coefficients. According to Hellevik (2009), linear analysis of dichotomous dependent variables is not only acceptable but intuitively meaningful to understand linear measures as differences in probabilities. We will check the results from linear probability regression for robustness by including in the model specification a different cutoff for organization size or significant increase/decrease (instead of increase/decrease) for the dependent variables, as well as controlling for location median income. In addition, we will test the above models using logistic probability regression and summarize the results in Appendix.

## **Results**

### **Descriptive Results**

Table 1 presents the characteristics of 2,681 nonprofits in the sample. Nearly half (49.5%) of the sample are POC-serving nonprofits and one-fourth (23.3%) are POC-led nonprofits. Among POC-serving nonprofits, 43.4% are POC-led. More than 60% of POC-led nonprofits are POC-serving. Majority of nonprofits (85.6%) are direct service providers. About one third (31.2%) of the sample are small nonprofits with current operating expenses less than \$500K/year and nearly two thirds (65.3%) are located in urban areas.

About 18 months into the pandemic, nearly half (44.7%) of the nonprofits reported a decrease in individual donations, and about an equivalent share (44.2%) reported a decrease in corporate donations. On the other hand, over two thirds (67.6%) reported an increase in expenses, likely due to increases in government funds and foundation funds as half (49.9%) of

the sample reported an increase in government funds and one third (35.1%) reported an increase in foundation funds.

Nearly 70% of the nonprofits experienced an increase in service demand whereas almost half of the nonprofits observed a decrease in their ability to provide services and 40% reported a decrease in staffing levels. Overall, 93% of the nonprofits reported some (59.7%) or significant disruption (33.7%) caused by the pandemic.

[Insert Table 1 about here]

POC-serving nonprofits appear to be better off compared to their counterparts (non-POC-serving nonprofits) in having increased foundation funds (40.7% vs. 32.8%) and expenses (70.7% vs. 67.6%), but they are less likely to see an increase in government funds (49.4% vs. 53.8%). POC-led nonprofits are disadvantaged compared to non-POC-led nonprofits as they are less likely to see an increase in government funds (45.5% vs. 51.3%) and foundation funds (30.1% vs. 34.4%). Interestingly, however, POC-led nonprofits are more likely than their counterparts to see an increase in expenses (69.6% vs. 67%). What is even more striking is that POC-led nonprofits are less likely than their counterparts to cut staffing by a large margin (23.5% vs. 39.7%).

### **Multivariate Results**

To understand what organizational factors are associated with perceived changes resulting from the pandemic, linear probability models are estimated. Below we focus on whether and how the *POC-serving status* and *POC-led status* are associated with perceived changes in finances and operations during the pandemic.

***POC-Serving Nonprofits vs. Else.*** We compare POC-serving nonprofits with non-POC-serving nonprofits, controlling for organization size, location, and providing direct service (or



not) (see Table 2). As far as finances are concerned, POC-serving nonprofits did not appear to differ from their counterparts in having decreased revenues from individual donations, corporate donations, and fee for service. While government funds increased for nonprofits, POC-serving nonprofits were 6% less likely than other nonprofits to see an increase in government funds ( $p < .01$ ) (also see Figure 1a). Notably, POC-serving nonprofits were 9% more likely than non-POC-serving nonprofits to see an increase in foundation funds ( $p < .01$ ) (also see Figure 1b).

[Insert Figures 1a-1b here]

Results also reveal POC-serving nonprofits were 5% more likely, as compared to non-POC-serving nonprofits, to see an increase in expenses ( $p < .05$ ). When we look at “significant increase in expenses” instead of “increase in expenses”, the coefficient increases to 9%, indicating that POC-serving nonprofits were 9% more likely than non-POC-serving nonprofits to see a significant increase in expenses. As far as finances are concerned, it appears that increases in foundation funds for POC-serving nonprofits likely not only eased the financial dent caused by decreases in other revenue sources but also allowed them to increase expenses in response to rising operational costs and growing service demands.

As far as operations are concerned, POC-serving nonprofits were 5% more likely to report significant disruptions than other nonprofits ( $p < .05$ ) when other factors (organization size, location, providing direct service) are controlled for. For example, when organization size (or providing direct service or location) is held constant, POC-serving nonprofits were more likely to experience disruptions than other nonprofits (also see Figures 2a-2c). To test how robust these results are, additional analyses are conducted comparing organizations within the same service area (education, childcare, food, housing, etc.) and the odds of perceived disruption shows a

consistent pattern across the nonprofits depending on whether a nonprofit primarily serves communities of color or not.

[Insert Figures 2a-2c about here]

In addition, demands for service were 5% more likely to significantly increase for POC-serving nonprofits than those not primarily serving communities of color (i.e., non-POC-serving nonprofits) ( $p < .05$ ). Depending on model specification, this coefficient may increase to approximately 10%, indicating higher levels of stress for POC-serving nonprofits in the face of growing needs from their constituents (also see Figures 3a-3c). Despite turbulent financial situations and unusually high demands during the crisis, POC-serving nonprofits responded with resilience by striving to maintain their service ability and staffing level. Our analyses show that POC-serving nonprofits were 5% less likely than their counterparts to have reduced service capacity ( $p < .05$ ) and 7% less likely to have reduced staffing ( $p < .05$ ). These patterns are consistent with the above findings regarding expenses for POC-serving nonprofits.

[Insert Figures 3a-3c about here]

***POC-Led Nonprofits vs. Else.*** As shown in Table 3, POC-led nonprofits appeared to be in a place of disadvantage as compared to other nonprofits. Specifically, they were 5% more likely to observe a decrease in individual donations ( $p < .05$ ). Figures 4a and 4b also show a comparison between POC-led and other nonprofits regarding changes in individual donations and corporate donations. With regard to changes in fee for service and foundation funds, no major difference is observed between POC-led and other entities. While government funds channeled into nonprofits increased overall, such increase was less observed by 6% for POC-led nonprofits as compared to other nonprofits ( $p < .01$ ). Insofar as revenues overall do not seem to have increased more for POC-led nonprofits than for other nonprofits.

[Insert Figures 4a-4b about here]

Findings regarding operations of POC-led nonprofits are essentially similar to those from analyses regarding the POC-serving status. For example, POC-led nonprofits were 6% more likely than their counterparts to be significantly disrupted ( $p < .01$ ) (also see Figures 5a-5b). Other aspects of operations, such as ability to provide service and staffing do not seem to differ between POC-led and other nonprofits.

[Insert Figures 5a-5b about here]

***Robustness Check.*** Additional analyses were conducted using logit models and probit models, alternative specification for small organizations as well as controlling for median income of community served. Overall, results remain robust to all alternative specifications. When utilizing either logit and probit specification, not only does significance remain, but also the differential effect of measures indicating if a nonprofit is POC-serving or POC-led remains almost identical to linear regression results. We summarized the results using logit specification in Tables 4 and 5 (see Appendix).

In our analyses, organization size is measured by a binominal variable indicating total annual expenses of \$500,000 or less. As the literature shows varying cutoffs for organization size, we repeat the above analysis with small nonprofits being alternatively defined as having total annual expense of \$250,000 or less whereas other model specification remains the same. Results come back consistent with those reported in Tables 2 and 3 except for slight differences in the regression coefficients. The regression coefficients for the POC-serving status and POC-led status remain robust, despite the use of a different cutoff for organization size. When significant increase/decrease (instead of increase/decrease) in finances or operations is used for grouping for the dependent variables, the regression coefficient is stronger, especially for the

model comparing POC-led nonprofits to other nonprofits. These results are available upon request.

Overall, small nonprofits, compared to large nonprofits, are more vulnerable to financial changes during the pandemic (also see Figures 6a-6d). Small nonprofits were more likely than large ones to be significantly disrupted and report decreased service capacity but were less likely than large nonprofits to see increased demand for services (also see Figures 2a and 3a).

[Insert Figures 6a-6d about here]

Next, we examine whether disparities observed in the results stem from income differences of the populations/communities served and find that they do not. While POC-serving and POC-led nonprofits are more likely to serve lower-income communities, the gap in finances and operations between POC-serving/POC-led nonprofits and other nonprofits cannot be explained by income differences of the communities served.

Matching our data with communities' median household income is challenging because our survey data does not have precise information on where these communities (served by POC-serving and POC-led nonprofits) are located. But we know the headquarter location of each nonprofit in the survey. According to Faulk et al. (2021), a nonprofit's headquarter location is a strong predictor of the area served. In some cases, though, organizations serve in multiple locations as well as both regionally and nationwide. Therefore, using an organization's headquarter zip code as a proxy for the community's location may provide a noisy measure of income in the communities served. Nevertheless, it is the only way to include an income measure of the community served given the data we have. Tables 6 and 7 show that incorporating communities' income (logarithm of median household income) does not affect the coefficient or statistical significance of the POC-led or POC-serving terms. In other words, median household

income does not alter the differentiated impact on nonprofit finances and operations within organizations serving low-to-medium income communities. This finding is robust when having a dummy variable for high income (1=community's median household income is above the sample's median; 0=otherwise) instead. In all cases, incorporating income does not alter the coefficient of the term indicating if a nonprofit is POC-led or POC-serving. While this finding might be somewhat surprising, Table 8 shows that except for increase in expenses, variation in income does not explain the differences in a nonprofit's disruption, changes in finances or operations. A possible explanation for this is that the survey reached, as expected, nonprofits serving low-income communities and that despite some variation in median income within the sample, majority of these nonprofits were hit, in a similar manner, by loss of revenue and increase in demand.

[Insert Tables 6-7 about here]

[Insert Table 8 about here]

Finally, a model with the interaction term of the POC-serving status and POC-led status was tested but it was not significant. Considering chances of collinearity, we decided to report the results of the specification including the POC-led term and the POC-serving term, respectively. It turns out that the findings are robust to alternative specifications and the latter added more noise than information provided.

Overall, our main results are robust to all alternative specifications including logit models and probit models, alternative specification for small organizations as well as controlling for median income of the community served.

## Discussion and Conclusion

Using the national data from a large sample of US nonprofits, this study reveals the following findings about nonprofits 18 months into the pandemic: *First*, there was a racial disparity in funding support for nonprofits during the pandemic. This is essentially consistent with findings from the study using the 2015 data (Kim & Li, 2022). Our study contributes to the literature by providing further evidence on racial disparity in various funding sources. In particular, POC-serving nonprofits and POC-led nonprofits were less likely to see an increase in government funds relative to their counterparts. In addition, POC-led nonprofits were more likely to experience a decrease in individual donations. This exacerbates the disparities raised by Kim and Li (2022). *Second*, there was a racial disparity in disruptions in nonprofit operations. POC-serving nonprofits and POC-led nonprofits were more likely to experience significant disruptions in service and see an increase in demand, but less likely to report a decrease in ability to serve and staffing. *Third*, despite resources constraints and disruptions, POC-serving and POC-led nonprofits were more likely to maintain or even increase their capacity, showing greater resilience in these nonprofits.

The pandemic, although disruptive, provided an opportunity for us to delve deeper to see systemic disinvestments along racial lines. POC-serving and POC-led nonprofits, mostly small, community-based, having first-hand knowledge of local areas, close ties with racial/ethnic minorities, flexible operations, and established networks in the community, can be expected to take a larger role in disaster responses if they are equipped with more resources. To align this, government and foundations should leverage the support for these nonprofit organizations in emergencies and crises, such as a flood, hurricane, earthquake, epidemic/pandemic. It is equally

important, if not more important, to expand such support in normal times as these organizations are the driving forces on the frontlines of our society to advance diversity, equity and inclusion.

As indicated in the descriptive results, unlike POC-serving nonprofits which appear to be better off than their counterparts in obtaining foundation support, POC-led nonprofits are disadvantaged compared to non-POC-led nonprofits in obtaining funds from foundations and government. Embracing the moral responsibility of assisting underserved communities, our society seems to have more intentional support for POC-serving nonprofits because they are directly engaged in serving communities of color. In contrast, POC-led nonprofits or minority leadership in nonprofits face greater challenges, which might be due to their lack of networks to acquire financial resources and/or lack of trust in the existing funding environment. . Despite disadvantages in procuring resources, POC-led nonprofits managed to increase their expenses and reduce staff cuts during the pandemic. This paper is silent about what strategies were used by POC-led nonprofits to maintain their operations. Volunteers as well as informal networks might have offered a buffer for these organizations to counter turbulences. The different experiences of POC-led and POC-serving nonprofits during the pandemic might reveal that, in advancing diversity, equity and inclusion, efforts to improve resource distribution are not adequate by themselves. Such efforts when accompanied by strategies to improve the distribution of leadership and power in nonprofit executive teams and boards may yield better results. Indeed, the distribution of leadership and power may eventually also affect resources distribution to a large extent.

The study has several limitations that need to be acknowledged. *First*, while the study uses a large national sample, it is not clear whether it is representative of US nonprofits in terms of size, service area, representation of racial/ethnic minorities in nonprofit leadership and clientele,

etc. The data was collected in August 2021, thus responding organizations are only those who had made it through the first 18 months in the pandemic. While many organizations went out of service during the pandemic, respondents to this survey are those who were most resilient and were able to navigate the pandemic until the survey date. To continue this line of research, it would be helpful to examine if POC-serving and POC-led nonprofits were disproportionately affected by closure during the pandemic. *Second*, the disruption measures are based on the assessment of an organization's representative and these subjective/perceptual measures may have a bearing on the results to an unknown extent. Objective measures (such as changes in total revenues, expenses, number of layoffs/hires, changes in the clientele size) in conjunction of subjective measures would help to corroborate or refute the results. *Third*, indicators of racial characteristics of a nonprofit's leadership and clientele are proxies rather than precise measures of these characteristics in the executive leadership and board of directors. For example, the question about organizational leadership asks: "Is the entity you represent led by a person of color?" This measure was likely unable to capture the presence of racial/ethnic minorities in the board of directors or executive leadership other than the highest-ranking position of an organization. Future research may look into a broader range of indicators of racial structures, including but not limited to the number of board directors, executive leaders and middle managers who are racial/ethnic minorities. Racial structures of the clientele can be examined not only at the organizational level but also at the program level. *Fourth*, there is a lack of such data, yet it is important to know the low-income/poverty rates in the communities of color as these communities are likely in greatest need during a crisis, which could present the greatest challenges for nonprofit service providers in those communities. The study might have left out some important variables (such as organization's age, service area, additional leadership



characteristics etc.) due to unavailability or unfeasibility. Merging data of different sources (nonprofit survey data, community data, and Form 990 nonprofit data) might allow a more comprehensive analysis for future research in this regard.

Despite its limitations, this study finds that several inequities affecting nonprofit organizations during the pandemic. There were disparities in funding support for nonprofits during the pandemic with POC-led and POC-serving nonprofits being less likely to see an increase in government funds. In addition, POC-serving nonprofits and POC-led nonprofits were more likely to experience significant disruptions in service and see an increase in demand, but less likely to report a decrease in ability to serve and staffing. Nonetheless, greater resilience was found in POC-serving and POC-led nonprofits during the pandemic. While this has been the case in 2020, further attention and funds would be beneficial to allow these organizations to continue serving people in need.

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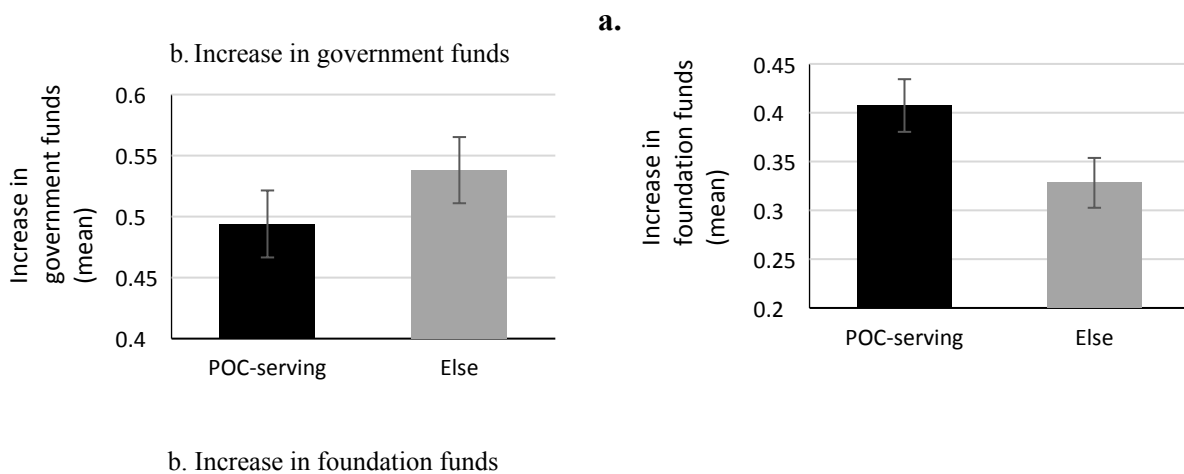
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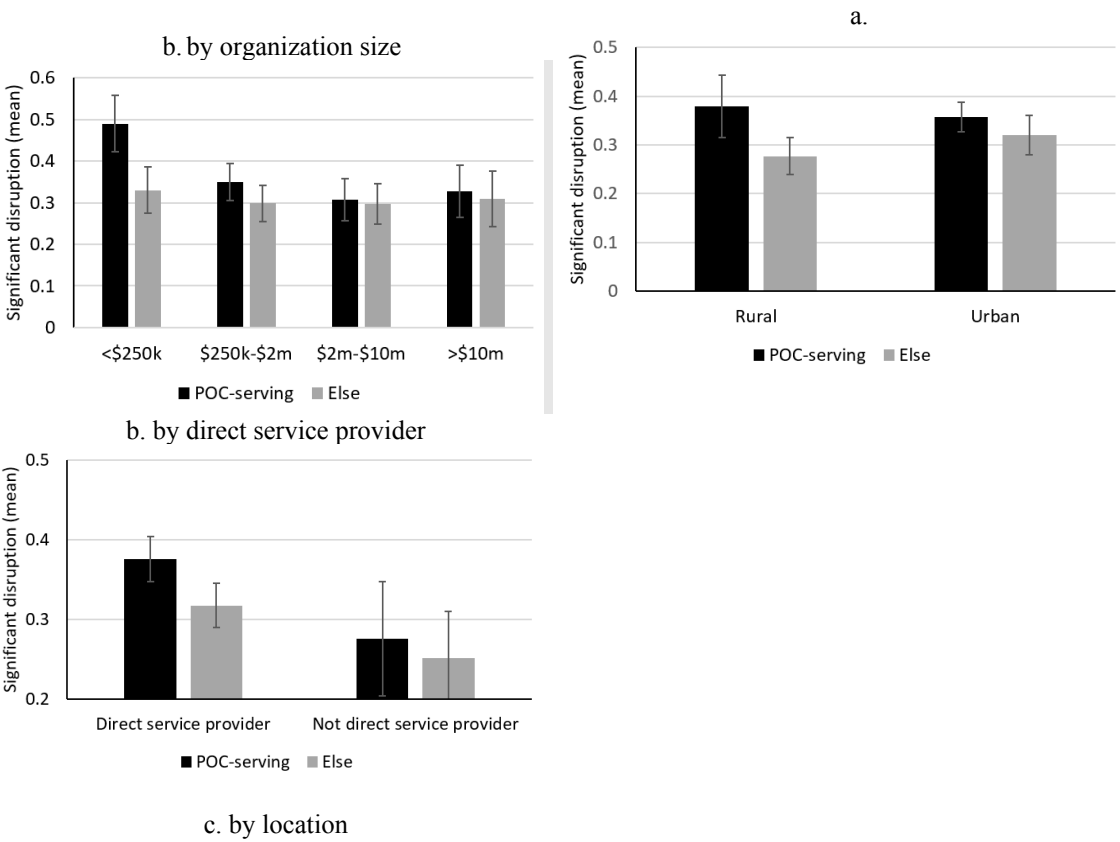
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**Figure 1a-1b. Government funds and foundation funds: POC-serving nonprofits vs. else**

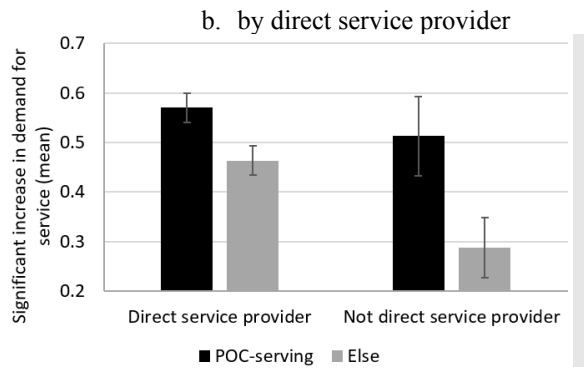
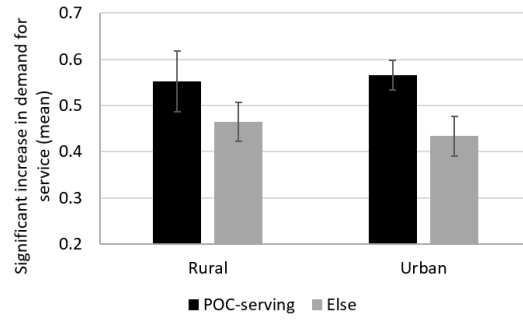
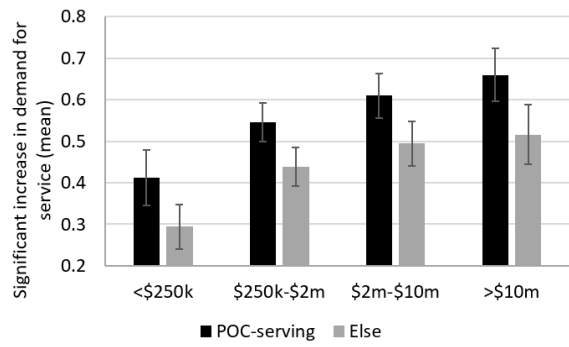


**Figure 2a-2c. Significant disruption: POC-serving vs. else**



**Figure 3a-3c. Significant increase in demand for service: POC-serving nonprofits vs. else**

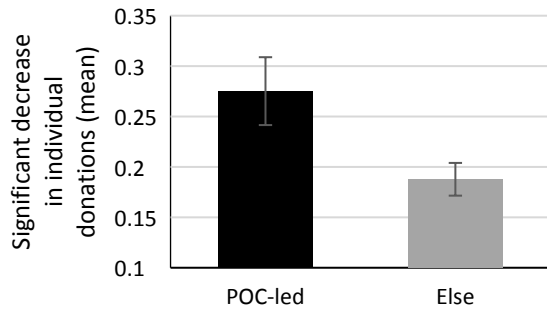
a. a. by organization size



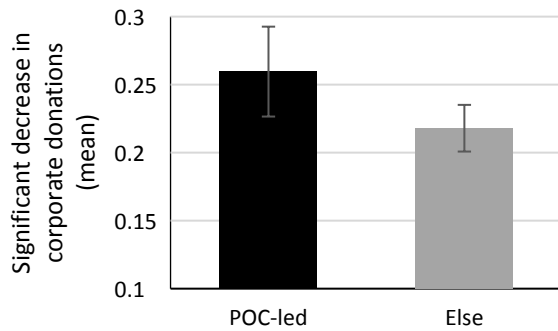
c. by location

**Figure 4a-4b. Sources of revenues: POC-led nonprofits vs. else**

a. Significant decrease in individual donations

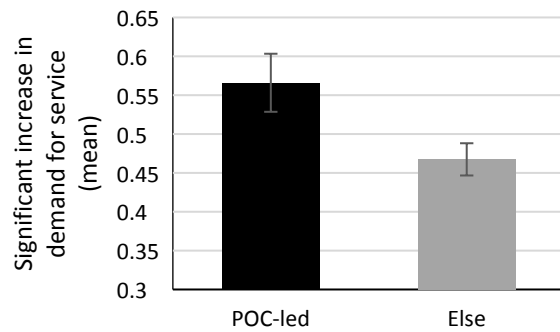
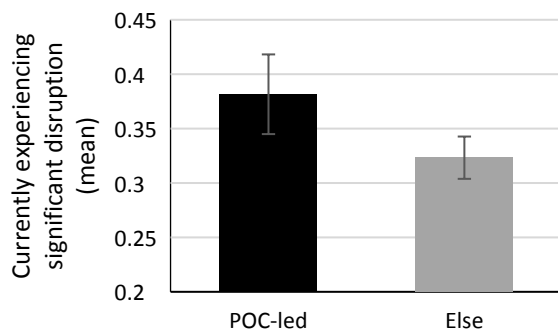


b. Significant decrease in corporate donations



**Figure 5a-5b. Operations: POC-led nonprofits vs. else**

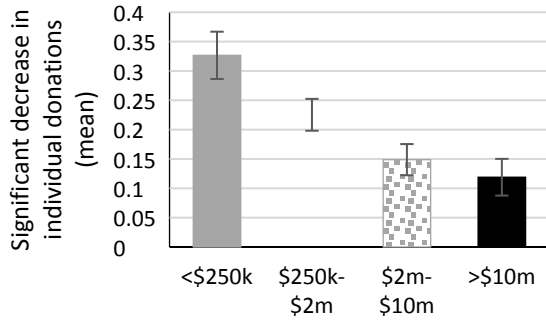
a. Currently experiencing significant disruption



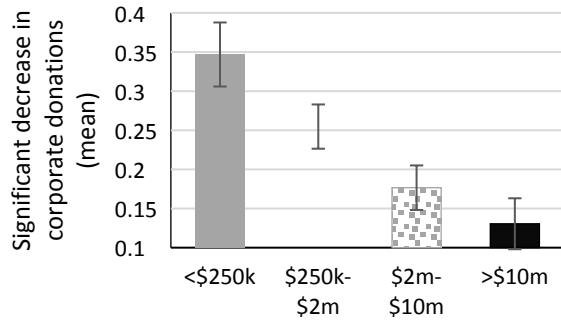
b. Significant increase in demand for service

## Figures 6a-6d: Sources of revenues by organization size

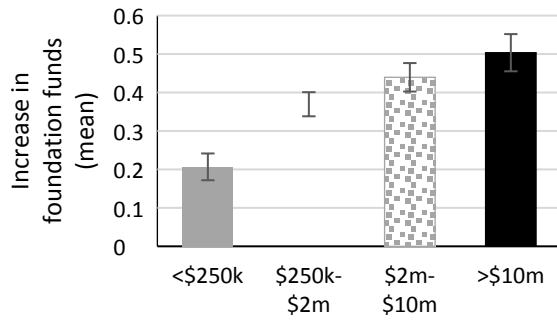
a. Significant decrease in individual donations



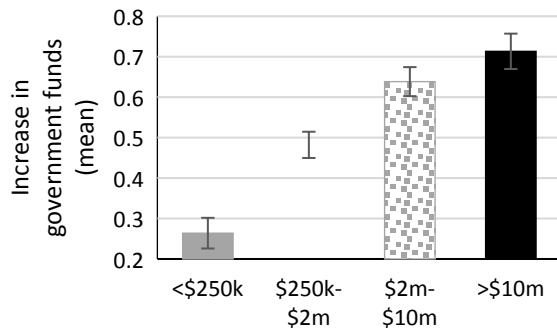
b. Significant decrease in corporate donations



c. Increase in foundation funds



d. Increase in government funds





**Table 1: Characteristics of the sample\***

<b>Variables</b>	<b>Full sample (n=2,681)</b>	<b>POC-serving or not</b>		<b>POC-led or not</b>		
		<b>Yes (n=1,328)</b>	<b>No (n=1,353)</b>	<b>Yes (n=687)</b>	<b>No (n=1,994)</b>	
<b><i>Dependent variables</i></b>						
<i>Finances</i>	Decrease in individual donations	44.7	44.5	44.6	47.9	43.8
	Decrease in corporate donations	44.2	43.5	45.1	44.4	44.2
	Decrease in fee for service	28.4	29.1	28.4	27.9	28.6
	Increase in government funds	49.9	49.4	53.8	45.5	51.3
	Increase in foundation funds	35.1	40.7	32.8	30.1	34.4
	Increase in expenses	67.6	70.7	67.6	69.6	67.0
<i>Operations</i>	Significant disruption**	33.7	36.4	30.7	38.2	32.3
	Increase in demand for services	69.1	74.0	66.1	71.8	68.3
	Decrease in ability to provide services	46.7	45.0	49.5	46.2	46.8
	Decrease in staffing levels	39.8	37.2	43.1	23.5	39.7
<b><i>Independent variables</i></b>						
	Serving people of color (POC-serving)	49.5	-	-	43.4 <sup>c</sup>	37.7 <sup>d</sup>
	Led by people of color (POC-led)	23.3	62.3 <sup>a</sup>	8.2 <sup>b</sup>	-	-
<b><i>Control variables</i></b>						
	Organization size (small)***	31.2	28.2	22.8	33.3	20.1
	Direct service provider	85.6	50.8	83.8	87.5	85.1
	Location (urban)	65.3	80.4	48.8	79.0	60.5

\* Percentages are reported in the table.

\*\* This variable assesses current disruption (as of August 2021) caused by the pandemic.

\*\*\* Having annual expenses less than \$500K.

<sup>a</sup>. The percentage reflects the proportion of POC-led nonprofits among POC-serving nonprofits.

<sup>b</sup>. The percentage reflects the proportion of POC-led nonprofits among non-POC-serving nonprofits.

<sup>c</sup>. The percentage reflects the proportion of POC-serving nonprofits among POC-led nonprofits.

<sup>d</sup>. The percentage reflects the proportion of POC-serving nonprofits among non-POC-led nonprofits.

**Table 2: Regression coefficients<sup>a</sup> of linear probability models:  
*POC-serving nonprofits vs. else***

Variables	Finances (DV <sub>s</sub> )						Operations (DV <sub>s</sub> )			
	Decrease in individual donations	Decrease in corporate donations	Decrease in fee for service	Increase in governmen t funds	Increase in foundatio n funds	Increase in Expenses	Significan t disruption	Increase in demand	Decrease in ability to serve	Decrease in staffing
Organization size (small)	.203*** (.027)	.144*** (.027)	-.072*** (.021)	-.259*** (.023)	-.171*** (.022)	-.102*** (.022)	.108*** (.023)	-.139*** (.022)	.140*** (.023)	.018 (.023)
Providing direct service	.08*** (.030)	.079*** (.030)	.064** (.026)	.152*** (.030)	-.010 (.029)	.183*** (.030)	.085*** (.027)	.124*** (.029)	.064** (.030)	.128*** (.028)
Location (urban)	-.009 (.024)	.047* (.024)	.021 (.022)	.018 (.023)	.015 (.023)	-.082*** (.021)	.031 (.023)	-.023 (.022)	.086*** (.024)	.053** (.023)
POC-serving	.015 (.023)	-.025 (.023)	-.011 (.021)	-.065*** (.022)	.088*** (.022)	.051** (.021)	.052** (.022)	.049** (.021)	-.052** (.023)	-.074*** (.022)
Constant	.332*** (.033)	.312*** (.033)	.244*** (.029)	.499*** (.034)	.403*** (.033)	.605*** (.033)	.177*** (.030)	.635*** (.032)	.341*** (.034)	.278*** (.032)
Obs (N)	2,154	2,154	2,154	2,154	2,154	2,154	2,154	2,154	2,154	2,154
R-squared	.028	.020	.010	.076	.037	.040	.018	.035	.022	.013

<sup>a</sup> Robust standard errors in parentheses.

\*\*\* p<0.01, \*\* p<0.05, \* p<0.1



**Table 3: Regression coefficients<sup>a</sup> of linear probability models:  
*POC-led nonprofits vs. else***

Variables	Finances (DVs)						Operations (DVs)			
	Decrease in individual donations	Decrease in corporate donations	Decrease in fee for service	Increase in government funds	Increase in foundation funds	Increase in expenses	Significant disruption	Increase in demand	Decrease in ability to serve	Decrease in staffing
Organization size (small)	.174*** (.023)	.126*** (.024)	-.079*** (.022)	-.259*** (.020)	-.172*** (.022)	-.104*** (.022)	.10*** (.022)	-.128*** (.022)	.137*** (.023)	.014 (.023)
Providing direct service	.083*** (.029)	.063** (.030)	.061** (.026)	.140*** (.030)	-.004 (.029)	.171*** (.030)	.085*** (.027)	.129*** (.029)	.052* (.031)	.119*** (.028)
Location (urban)	-.015 (.022)	.029 (.022)	.012 (.020)	.005 (.022)	.039* (.022)	-.067*** (.020)	.032*** (.021)	-.007*** (.02)	.067*** (.022)	.024 (.022)
POC-led	.052** (.024)	.00004 (.024)	.010 (.022)	-.064*** (.024)	.020 (.024)	.031 (.022)	.064*** (.023)	.026 (.022)	-.030 (.024)	-.007 (.024)
Constant	.322*** (.032)	.331*** (.033)	.165*** (.028)	-.495*** (.033)	.418*** (.032)	.622*** (.032)	.191*** (.030)	.641*** (.031)	.346*** (.033)	.268*** (.031)
Obs (N)	2,252	2,252	2,252	2,252	2,252	2,252	2,252	2,252	2,252	2,252
R-squared	.031	.015	.025	.075	.030	.034	.017	.033	.018	.008

<sup>a</sup> Robust standard errors in parentheses

\*\*\* p<0.01, \*\* p<0.05, \* p<0.1

## Appendix

**Table 4: Regression coefficients<sup>a</sup> of logistic probability model:  
*POC-serving nonprofits vs. else***

Variables	Finances (DV <sub>s</sub> )						Operations (DV <sub>s</sub> )			
	Decrease in individual donations	Decrease in corporate donations	Decrease in fee for service	Increase in government funds	Increase in foundation funds	Increase in expenses	Significant disruption	Increase in demand	Decrease in ability to serve	Decrease in staffing
Organization size (small)	.828*** (.113)	.585*** (.111)	-.501*** (.134)	-1.308*** (.122)	-1.075*** (.130)	-.616** (.117)	.556*** (.114)	-.763*** (.114)	.462*** (.111)	.089 (.114)
Providing direct service	.353*** (.129)	.335*** (.128)	.321** (.147)	.633*** (.136)	-.081 (.131)	.791*** (.129)	.422*** (.140)	.545*** (.128)	.252** (.128)	.576*** (.136)
Location (urban)	-.046 (.099)	.181* (.099)	.103 (.110)	.085 (.103)	.0547 (.103)	-.418** (.110)	.140 (.105)	-.111 (.108)	.327*** (.098)	.227** (.100)
POC-serving	.069 (.094)	-.096 (.094)	-.059 (.103)	-.298*** (.097)	.373*** (.097)	.241** (.103)	.246** (.010)	.235** (.103)	-.209** (.093)	-.314*** (.095)
Constant	-.694*** (.141)	-.713*** (.141)	-1.150*** (.162)	-.081 (.147)	-.392*** (.144)	.491*** (.144)	-1.413*** (.154)	.558*** (.144)	-.543*** (.140)	-.954*** (.149)
Obs (N)	2,154	2,154	2,154	2,154	2,154	2,154	2,154	2,154	2,154	2,154
Pseudo R-squared	.021	.012	.009	.058	.036	.034	.014	.029	.010	.010

<sup>a</sup> Robust standard errors in parentheses  
 \*\*\* p<0.01, \*\* p<0.05, \* p<0.1

**Table 5: Regression coefficients<sup>a</sup> of logistic probability model:  
*POC-led nonprofits vs. else***

Variables	Finances (DVs)						Operations (DVs)			
	Decrease in individual donations	Decrease in corporate donations	Decrease in fee for service	Increase in government funds	Increase in foundation funds	Increase in expenses	Significant disruption	Increase in demand	Decrease in ability to serve	Decrease in staffing
Organization size (small)	.769*** (.109)	.498*** (.108)	-.540*** (.130)	-1.316*** (.119)	-1.048*** (.126)	-.643*** (.113)	.511*** (.110)	-.743*** (.111)	.454*** (.108)	.087 (.110)
Providing direct service	.361*** (.125)	.262** (.124)	.305** (.143)	.583*** (.132)	-.051 (.127)	.738*** (.125)	.418*** (.136)	.571*** (.125)	.203* (.123)	.531*** (.132)
Location (urban)	-.070 (.093)	.107 (.092)	.057 (.102)	.024 (.095)	.162* (.096)	-.349*** (.103)	.148 (.098)	-.033 (.101)	.248*** (.092)	.105 (.093)
POC-led	.223** (.100)	.007 (.099)	-.042 (.110)	-.276*** (.102)	.086 (.102)	.151 (.111)	.287*** (.102)	.129 (.111)	-.110 (.099)	-.030 (.100)
Constant	-.694*** (.141)	-.713*** (.141)	-1.150*** (.162)	-.081 (.147)	-.392*** (.144)	.491*** (.144)	-1.413*** (.154)	.558*** (.144)	-.543*** (.140)	-.954*** (.149)
Obs (N)	2,252	2,252	2,252	2,252	2,252	2,252	2,252	2,252	2,252	2,252
Pseudo R- squared	.021	.008	.010	.058	.029	.030	.014	.027	.008	.006

<sup>a</sup> Robust standard errors in parentheses

\*\*\* p<0.01, \*\* p<0.05, \* p<0.1

**Table 6: (Robustness Check) Regression coefficients<sup>a</sup> of linear probability model:  
*POC-serving nonprofits vs. else***

Variables	Finances (DVs)						Operations (DVs)			
	Decrease in individual donations	Decrease in corporate donations	Decrease in fee for service	Increase in government funds	Increase in foundation funds	Increase in expenses	Significant disruption	Increase in demand	Decrease in ability to serve	Decrease in staffing
Organization size (small)	0.204*** (0.027)	0.144*** (0.028)	-0.094*** (0.024)	-0.301*** (0.026)	-0.224*** (0.024)	0.131*** (0.027)	0.133*** (0.027)	-0.161*** (0.027)	0.115*** (0.028)	0.028 (0.028)
Providing direct service	0.095*** (0.031)	0.090*** (0.031)	0.068** (0.027)	0.142*** (0.032)	-0.012 (0.031)	0.169*** (0.032)	0.105*** (0.028)	0.130*** (0.031)	0.066** (0.032)	0.136*** (0.029)
Location (urban)	-0.0201 (0.0241)	0.038 (0.0245)	0.025 (0.022)	0.024 (0.024)	0.018 (0.024)	0.073*** (0.022)	0.022 (0.023)	-0.007 (0.022)	0.067*** (0.025)	0.043* (0.024)
Income	-0.032 (0.026)	-0.001 (0.027)	-0.0137 (0.0247)	-0.031 (0.026)	0.012 (0.026)	-0.053** (0.025)	0.061** (0.025)	0.021 (0.024)	-0.004 (0.027)	0.007 (0.026)
POC-serving	0.014 (0.023)	-0.023 (0.023)	-0.017 (0.021)	<b>-0.067***</b> (0.023)	<b>0.088***</b> (0.023)	<b>0.041*</b> (0.021)	<b>0.063***</b> (0.022)	<b>0.042**</b> (0.021)	<b>-0.049**</b> (0.023)	<b>-0.067***</b> (0.023)
Constant	0.681** (0.295)	0.339 (0.298)	0.389 (0.275)	0.829*** (0.293)	0.264 (0.293)	1.195*** (0.273)	-0.499* (0.277)	0.379 (0.271)	0.410 (0.299)	0.199 (0.286)
Obs (N)	2,068	2,068	2,068	2,068	2,068	2,068	2,068	2,068	2,068	2,068
R-squared	0.031	0.016	0.012	0.076	0.046	0.041	0.023	0.037	0.013	0.013

<sup>a</sup>. Robust standard errors in parentheses

\*\*\* p<0.01, \*\* p<0.05, \* p<0.1

**Table 7: (Robustness Check) Regression coefficients<sup>a</sup> of linear probability models:  
*POC-led nonprofits vs. else***

Variables	Finances (DVs)						Operations (DVs)			
	Decrease in individual donations	Decrease in corporate donations	Decrease in fee for service	Increase in government funds	Increase in foundation funds	Increase in expenses	Significant disruption	Increase in demand	Decrease in ability to serve	Decrease in staffing
Organization size (small)	0.195*** (0.027)	0.128*** (0.027)	-0.099*** (0.023)	-0.301*** (0.025)	-0.222*** (0.023)	-0.138*** (0.026)	0.126*** (0.026)	-0.157*** (0.026)	0.117*** (0.027)	0.030 (0.027)
Providing direct service	0.099*** (0.030)	0.074** (0.031)	0.065** (0.026)	0.132*** (0.031)	-0.006 (0.030)	0.156*** (0.031)	0.107*** (0.028)	0.135*** (0.030)	0.056* (0.031)	0.127*** (0.029)
Location (urban)	-0.027 (0.023)	0.021 (0.023)	0.016 (0.021)	0.010 (0.022)	0.041* (0.022)	-0.060*** (0.021)	0.025 (0.022)	0.005 (0.021)	0.049** (0.023)	0.018 (0.023)
Income	-0.017 (0.026)	0.010 (0.026)	-0.008 (0.025)	-0.028 (0.026)	0.005 (0.026)	-0.050** (0.024)	0.067*** (0.024)	0.022 (0.024)	0.006 (0.026)	0.004 (0.025)
POC-led	<b>0.054**</b> (0.025)	3.46e-05 (0.025)	-0.017 (0.023)	<b>-0.061**</b> (0.024)	0.023 (0.024)	0.021 (0.023)	<b>0.070***</b> (0.024)	0.028 (0.022)	-0.029 (0.025)	-0.002 (0.024)
Constant	0.519* (0.289)	0.240 (0.294)	0.334 (0.272)	0.787*** (0.291)	0.359 (0.289)	1.173*** (0.272)	-0.548** (0.270)	0.375 (0.269)	0.311 (0.295)	0.218 (0.282)
Obs (N)	2,162	2,162	2,162	2,162	2,162	2,162	2,162	2,162	2,162	2,162
R-squared	0.031	0.012	0.012	0.075	0.037	0.036	0.022	0.034	0.011	0.008

<sup>a</sup> Robust standard errors in parentheses

\*\*\* p<0.01, \*\* p<0.05, \* p<0.1

**Table 8: Finances, Operations and Income Differences<sup>a</sup>**

Variable	Finances (DV <sub>s</sub> )								Operations (DV <sub>s</sub> )			
	POC-serving	POC-led	Decrease in individual donations	Decrease in corporate donations	Decrease in fee for service	Increase in government funds	Increase in foundation funds	Increase in expenses	Significant disruption	Increase in demand	Decrease in ability to serve	Decrease in staffing
Income	-0.096*** (0.024)	-0.097*** (0.021)	-0.030 (0.023)	-0.001 (0.023)	0.006 (0.022)	-0.030 (0.023)	0.001 (0.023)	-0.066*** (0.022)	0.036 (0.022)	-0.022 (0.022)	0.029 (0.023)	0.006 (0.023)
Constant	1.549*** (0.260)	1.310*** (0.227)	0.784*** (0.257)	0.465* (0.256)	0.222 (0.240)	0.848*** (0.257)	0.353 (0.251)	1.423*** (0.242)	-0.053 (0.241)	0.947*** (0.241)	0.157 (0.257)	0.337 (0.250)
Obs.(N)	2,539	2,675	2,675	2,675	2,675	2,675	2,675	2,675	2,675	2,675	2,675	2,675
R-squared	0.006	0.009	0.001	0.000	0.000	0.001	0.000	0.004	0.001	0.000	0.001	0.000

<sup>a</sup> Robust standard errors in parentheses

\*\*\* p<0.01, \*\* p<0.05, \* p<0.1