

November 2018

Contingency Funding in Philanthropy Assessment

Combined Results for Foundation & Nonprofit Organizations

Survey Databook

Introduction

Background

In 2015, Open Road Alliance conducted a study to assess the need for contingency funding in philanthropy. They surveyed 200 nonprofits and 200 foundations to explore how often projects require contingency funding and are subsequently granted that funding, the capacity organizations have to deal with disruptive and unexpected events, and the consequences of denied requests for projects and for the funder-grantee relationship.

In 2017, to build on the findings from its 2015 study, Open Road commissioned Harder+Company Community Research to conduct a more in-depth assessment of what happens to nonprofits when they encounter unexpected catastrophic roadblocks and how foundations respond to offer support. The current study focuses on the following evaluation questions:

- How often do unexpected roadblocks occur for nonprofits?
- How do foundations and nonprofits prepare for and respond to unexpected roadblocks?
- What are the effects of unexpected roadblocks for nonprofits and foundations?

This databook summarizes responses to all of the questions from both the **foundation and nonprofit surveys**.

Methods

The primary outreach was to people in contact lists that Harder+Company purchased from The Foundation Center (funders) and Charity Navigator (nonprofits), each listing about 5,000 organizations in the United States. We also invited representatives from funder and nonprofit organizations to participate through outreach to membership and umbrella organizations (e.g., Grantmakers for Effective Organizations (GEO) and Northern California Grantmakers, Guidestar, Independent Sector), communication with current and former Harder+Company clients, postings on social media, and sharing fliers at industry conferences.

Survey responses were initially collected with an online survey, distributed via email. To increase response numbers, in February 2018, telephone outreach was added to the data collection strategy. A team of trained data collectors called nonprofit organizations and foundations from the original contact list that had not yet responded and asked them to complete the survey over the phone or offered to resend them the survey via email.

Data collection concluded in July 2018, when there were at least 200 respondents to each of the surveys (400 respondents overall), to align with 2015 response numbers. Responses to individual questions vary (ranging from 187 to 246), and is indicated within each table.

Limitations

As with all survey research, this study has limitations that should be considered when interpreting findings:

Sampling. The survey was administered primarily to organizations whose contact information was purchased from The Foundation Center, a nonprofit organization that gathers and maintains comprehensive information about grantmakers, and Charity Navigator, an independent organization that evaluates charitable organizations in the United States. We conducted outreach to membership and umbrella organizations, communication with current and former Harder+Company clients, postings on social media, and sharing fliers at industry conferences. The generalizability of results could be limited to the extent that this is not a random sample of foundations or nonprofit organizations.

Data Collection Methods. Two different data collection methods were used (i.e., telephone and online). However, since the survey instrument was the same, we would not expect this to introduce widely biased results. As previous research has found that respondents to online and telephone surveys can differ,¹ the combination of methods in this study could have resulted in a more thorough response distribution.

Comparability. This databook includes comparison information of the nonprofit and foundation surveys when available. However, some questions were intentionally worded differently between the two surveys to increase clarity and precision. Variations in wording are noted when applicable. In these cases, data should be compared with caution. Tables that are marked in **red** indicate that data is comparable for **foundations and nonprofits**, tables in **dark blue** are responses for **foundations only** and tables in **light blue** are responses for **nonprofits only**.

¹ Keeter S, et al. (2015). From Telephone to the Web: The Challenge of Mode of Interview Effects in Public Opinion Polls. Pew Research Center, Washington, DC. Available at: <http://www.pewresearch.org/2015/05/13/from-telephone-to-the-web-the-challenge-of-mode-of-interview-effects-in-public-opinion-polls/>.

Firmographics

Exhibit 1. Funders Only: Number of Foundation Respondents by Type (n=245)

Foundation Type	%
Private / Independent foundation	38%
Family foundation	25%
Community foundation	25%
Company-sponsored foundation	5%
Operating foundation	2%
Other*	3%

* Other responses include: nonprofit foundation (n=3), government agency (n=1), health care foundation (n=1), municipal endowment (n=1), public charity (n=1), and re-granting organization (n=1).

Exhibit 2. Nonprofits Only: Primary Funder Type (n=217)

What type(s) of funders does your organization receive at least 20% of its annual funding from?*	%
Foundations	62%
Corporations	29%
Government	35%
Other**	40%

* Total percent may exceed 100% because respondents could select more than one response.

** Other responses include: individuals (n=62), private contributions (n=7), members (n=4), fundraising (n=3), fees for service (n=2), revenue (n=2), don't know (n=1), events (n=1), founder (n=1), general contributions (n=1), gifts (n=1), scholarship program fees (n=1), and workplace campaigns (n=1).

Exhibit 3. *Nonprofits Only*: Number of Nonprofit Respondents by Focus Area (n=225)

Focus Area	%
Human services / civil rights	24%
Education	20%
Environment (e.g., environmental protection, park)	13%
Health	12%
Community development / housing and neighborhood development	7%
Animals (e.g., animal rights, wildlife conservation, zoo or aquarium, animal services)	4%
International development / international policy	4%
Arts, culture, humanities (e.g., museum, performing arts, library, historical society, secular media, secular public broadcasting)	3%
Public policy research	1%
Other*	11%

* Other includes: youth development (n=9), advocacy (n=2), aging services (n=1), disaster relief (n=1), domestic violence (n=1), drug and alcohol abuse (n=1), drugs and alcohol, domestic violence and human trafficking (n=1), firefighters (n=1), humane farming and food safety (n=1), hunger relief (n=1), membership organization (n=1), mental health (n=1), religion for children (n=1), restoration (n=1), social services (n=1), and supporting families (n=1).

Exhibit 4. Both Funders and Nonprofits: Annual Budget

Budget	Funders' Grantmaking Budget (n=238)	Nonprofits' Operating Budget (n=213)
Mean	\$6.3 million	\$11.1 million
Median	\$2.0 million	\$2.4 million
Range	\$4,000 to \$85.0 million	\$20,000 to \$703.0 million

Exhibit 5. Both Funders and Nonprofits: Number of Grants Awarded or Received

Number of Grants	Funders' Awarded Grants (n=242)	Nonprofits' Received Grants (n=208)
Mean	304	24
Median	80	15
Range	0 to 7,700	0 to 250

Exhibit 6. Both Funders and Nonprofits: Geographic Focus of Organization and Grantmaking*

Geographic Focus(es)	Funders (n=246) %	Nonprofits (n=219) %
Local	74%	66%
Regional	41%	47%
National	24%	25%
International	15%	14%
Other	3%**	3%***

* Total percent may exceed 100% because respondents could select more than one response.

** Other responses include: state (n=7).

*** Other responses include: statewide (n=5) and individual (n=1).

Exhibit 7. Nonprofits Only: Budget Status for 2016 Fiscal Year (n=215)

Did you end the fiscal year with a:	%
Surplus (i.e., ran surplus for a mean amount of 5%)	47%
Break even	30%
Deficit (i.e., ran deficit for a mean amount of 5%)	22%

Exhibit 8. *Nonprofits Only:* Months of Cash on Hand (n=191)

How many months of cash on hand does your organization have?	
Mean	7
Median	4
Range	0 to 60

Exhibit 9. *Funders Only:* Responding For a Specific Portfolio (n=246)

Will you be responding for a specific portfolio within the foundation?	%
No	90%
Yes	10%

Exhibit 10. Funders Only: Annual Grantmaking Budget, Specific Portfolio (n=23)*

2016 annual grantmaking budget for this portfolio	
Mean	\$2.5 million
Median	\$750,000
Range	\$69,570 to \$27.0 million

* This question was only asked of respondents who answered yes to the question, "Will you be responding for a specific portfolio within the foundation?"

Exhibit 11. Funders Only: Number of Grants Awarded, Specific Portfolio (n=22)*

Approximate number of grants awarded in this portfolio in 2016:	
Mean	51
Median	42
Range	8 to 173

* This question was only asked of respondents who answered yes to the question, "Will you be responding for a specific portfolio within the foundation?"

Responding to Disruptive Events

Exhibit 12. Both Funders and Nonprofits: Requesting Additional Funds Due to Disruptive Events

	Funders In 2016, did any grantees ask you for additional funds due to disruptive events? (n=246) %	Nonprofits In 2016, did your organization request additional funds due to disruptive events? (n=225) %
No	66%	87%
Yes	34%	13%

Exhibit 13. Both Funders and Nonprofits: Number of Separate Requests for Additional Funds Due to Disruptive Events

How many separate requests did you receive / make?	Funders (n=79)*	Nonprofits (n=27)**
Mean	7	5
Median	3	3
Range	1 to 50	1 to 50

* This question was only asked of respondents who answered yes to the question, "In 2016, did any grantees ask you for additional funds due to disruptive events?"

** This question was only asked of respondents who answered yes to the question, "In 2016, did your organization request additional funds due to disruptive events?"

Exhibit 14. Both Funders and Nonprofits: Number of Different Grantees / Projects Requesting Additional Funds

How many different grantee / projects made these requests?	Funders (n=79)*	Nonprofits (n=29)**
Mean	6	3
Median	2	1
Range	1 to 50	0 to 27

* This question was only asked of respondents who answered yes to the question, "In 2016, did any grantees ask you for additional funds due to disruptive events?"

** This question was only asked of respondents who answered yes to the question, "In 2016, did your organization request additional funds due to disruptive events?"

Exhibit 15. Both Funders and Nonprofits: Percent of Times Additional Funding Was Granted

Out of the requests you received, how many times did you grant the request?*	Funders (n=78)*	Nonprofits (n=26)**
Mean	94%	63%
Median	100%	67%
Range	3% to 100%	0% to 100%

* This question was only asked of respondents who answered yes to the question, "In 2016, did any grantees ask you for additional funds due to disruptive events?"

** This question was only asked of respondents who answered yes to the question, "In 2016, did your organization request additional funds due to disruptive events?"

Exhibit 16. Funders Only: Barriers Preventing Additional Funding to Grantees*

Do the following barriers prevent you from providing additional funding to grantees who experience disruptive events?*	Never	Rarely	Sometimes	Often / Always	Don't know
Financial barriers, e.g., no budget or financial capacity to make additional grant (n=80)	25%	18%	33%	24%	1%
Administrative barriers, e.g., no policy or criteria in place (n=80)	46%	28%	23%	3%	1%
Lack of staff capacity, e.g., no staff available to oversee additional support (n=79)	61%	24%	9%	3%	4%
Legal barriers, e.g., unable to award additional funding due to legal constraints (n=80)	58%	29%	8%	1%	5%
Other (n=30)**	27%	20%	17%	13%	23%

* This question was only asked of respondents who answered yes to the question, "In 2016, did any grantees ask you for additional funds due to disruptive events?"

**15 of 30 who selected "Other" provided the following additional comments:

- Rarely (n=6)
 - Board did not approve advancing payment because did not feel confident in organization and recommended they merge with another organization.
 - Budget allocated for these events has been spent.
 - If the new direction of the modification request did not align with the foundation's interest, or if there was a forensic audit happening in the nonprofit, we might deny the request.
 - Program fit
 - Restriction on the funding (criteria for the award).
 - Until 2016, grant distributions were made twice a year. Then, in 2016, flooding provided a lot of extra money to distribute and a lot of need.
- Sometimes (n=5)
 - Grantees' plans / situation does not align with our criteria and/or due diligence concerns emerge.
 - Other assistance provided, unmet matching grant.
 - Something outside of guidelines and we were unable to make an exception.
 - Timing
 - When donor advised funds are used to support disruptive events, it requires the nonprofit to have broad recognition or a mission that resonates with the donors; this creates barriers for organizations led by people of color.
- Often / Always (n=4)
 - Resistance / skepticism among staff and board; inexperience.
 - Unanticipated policy challenges or opportunities.
 - We are able to grant funds to organizations once per year, so if a need arises after a grant is made, we need to wait until the following fiscal year to address it.
 - We have tended not to view ourselves as a disaster funder and so have shied away from these types of grants generally, unless they were related to a specific project we had recently funded.

Exhibit 17. *Both Funders and Nonprofits:* Conditions Affecting Likelihood of Providing or Requesting Additional Funding Due to a Disruptive Event

	Funders*				Nonprofits			
	How do the following conditions affect how likely you are to provide additional funding to a grantee facing a disruptive event?				How do the following conditions affect your likelihood to request additional funding due to a disruptive event?			
	Increases likelihood of providing additional funding	No impact on likelihood of providing additional funding	Decreases likelihood of providing additional funding	Don't know	Increases likelihood of requesting additional funding	No impact on likelihood of requesting additional funding	Decreases likelihood of requesting additional funding	Don't know
Longer relationship between funder and grantee (funder n=82) (nonprofit n=216)	74%	23%	0%	2%	71%	13%	7%	9%
Greater foundation board interest in Project** (funder n=82)	61%	37%	1%	1%	–	–	–	–
Larger original grant size (funder n=82) (nonprofit n=213)	11%	65%	21%	4%	26%	39%	18%	17%
Other***, **** (funder n=24) (nonprofit n=66)	46%	17%	0%	38%	27%	8%	2%	64%

* This question was only asked of funders who answered yes to the question, “In 2016, did any grantees ask you for additional funds due to disruptive events?” All nonprofits were asked this question.

** Not asked of nonprofits.

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*** 12 of 24 Funders who selected "Other" provided the following additional comments:

- Increases likelihood of providing additional funding (n=11):
 - Alignment with specified overarching policy priorities
 - Case by case justification
 - Collaborative efforts to resolve
 - Fulfills specific community-wide need
 - How critical the nature of the service is to the community
 - Impact on services in the community
 - Magnitude of disruptive event
 - Our sense of whether the grantee planned adequately to avoid the disruption and will take steps to avoid it again
 - Program fit
 - Role the organization or project plays in their field and if there are any serious obstacles that will prevent them from accomplishing their goals and outcomes
 - Severity of event and relationship of organization and original grant to our top priorities
- Don't know (n=1):
 - We fund few disruptive event responses, so there is not a pattern.

**** 16 of 66 nonprofits who selected "Other" provided the following additional comments:

- Increases likelihood of requesting additional funding (n=14):
 - Deepness of the relationship with the funder
 - Expressed interest in finding particular programs or needs
 - Foundation staff leaving and having to build new relationships
 - Geographic location; would ask locally
 - Government funding in current political climate
 - Identify new opportunities or challenges as a result of the initial funding
 - If an event occurs or findings emerge that create a need to communicate an increased need
 - If funder has a giving program for disruptive events or has funded other organizations in similar events
 - Legislative or commission action
 - Loss of federal funding source
 - Mission alignment and knowledge of disruptive issue
 - Partner in our collective impact efforts
 - Size of need based on the event and funds available
 - There is a lack of foundations willing to make large grants to organizations of our size. For instance, our roof needs to be replaced for \$90,000; where can we apply for and get a grant for that?
- Decreases likelihood of requesting additional funding (n=1):
 - Communicating short and long-term goals and successes tremendously helps during time of grant decisions.
- Don't know (n=1):
 - Fire can cause cancelling and rescheduling

Exhibit 18. Both Funders and Nonprofits: Set Resources Aside for Disruptive Events

	Funders	Nonprofits
	Does your organization set resources aside to provide additional funding for grantees that have encountered a disruptive event?	Does your organization set resources aside to use in case of disruptive events?
	(n=243) %	(n=223) %
No	77%	30%
Yes	23%	67%
Don't know	0%	3%

Exhibit 19. Both Funders and Nonprofits: Likelihood of Future Disruptive Events

	Funders	Nonprofits
	In the next 12 months, how likely is it that a grantee affected by disruptive events related to any one of your grants will request additional funds?	In the next 12 months, how likely is it that a project affected by a disruptive event will require additional funds?
	(n=243) %	(n=224) %
Very likely	8%	14%
Somewhat likely	26%	25%
Somewhat unlikely	20%	29%
Very unlikely	37%	24%
Don't know	9%	9%

Impact of Denied Requests for Additional Funding

Exhibit 20. Both Funders and Nonprofits: Funding Outcomes of Denied Requests

	Funders How often did the following funding outcomes occur when you were unable to provide additional funds to grantees dealing with a disruptive event?			Nonprofits How often did the following funding outcomes occur when you were denied additional funding to deal with a disruptive event?		
	Never / Rarely	Sometimes / Often / Always	Don't know	Never / Rarely	Sometimes / Often / Always	Don't know
Nonprofit found alternative source of funding (funder n=220) (nonprofit n=191)	19%	42%	39%	26%	64%	11%
Nonprofit covered additional costs of the project using operating or unrestricted funds (funder n=219) (nonprofit n=193)	22%	37%	41%	21%	70%	8%
Nonprofit did not find additional funds to complete the project (funder n=218) (nonprofit n=190)	40%	18%	42%	49%	38%	12%

Exhibit 21. *Nonprofits Only*: Impact of Requesting Additional Funds on Likelihood of Future Grants

Do you believe that requesting additional funds in the event of unexpected circumstances impacts a funder's likelihood of awarding you future grants?	(n=201) %
No	32%
Yes	34%
Don't know	33%

If yes, please describe (n=49)

Less confidence in organization (n=20)

- Does not seem like good planning.
- Funder may perceive a troubled agency and be wary of funding.
- Funders look to your ability to overcome, not interested in "saving" the organization.
- I would hope not, as long as it is a legitimate need. It is the unexpected circumstances that impact our bottom line. The fact that we do not apply for, nor receive any federal, state, county, or city funding does not cushion our bottom line either.
- If our risk assessment process were inadequate.
- If there is not sound reason, the funder could feel you misused the original amount or did not plan appropriately.
- It can demonstrate a lack of proper planning.
- It can, as they learn about your lack of flexibility within budget and management decisions that could have been taken but were not.
- It shows a lack of stability, which may influence later funding decisions.
- Less confident.
- Many funders do not address unforeseen needs; given limited funds and competitiveness of grants, it could easily be negatively viewed.
- May affect our reputation and credibility.
- May impact confidence in our ability to meet outcomes.
- Maybe. It can show uncertainty to the organization that would be giving the grant, as to why you are requesting additional funds.

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- Need different / better sustainability plan.
- Not completing as planned can = risk to funder. This reduces application of meaningful learnings, taking risk and innovation.
- Often viewed as mismanagement.
- The funder may feel the agency was unable to manage the funds they received.
- They feel like you aren't very good at managing your funds.
- We would show ourselves to be unprepared for the unexpected, making our organization vulnerable and ill equipped.

Depends on situation (n=11)

- Based on your relationship with the funder, they may give you more; you may be able to convince them to give more now and less later.
- Depends on the funder, but some would be affected.
- Depends on the relationship with the funder, heavily considered when seeking additional funds. Only turns to certain donors.
- I think it depends on a lot of things, mainly the circumstances and the relationship.
- If funder understands our priorities.
- It depends on the funder and our relationship with them.
- Positively or negatively depending upon circumstance.
- Try to be transparent, but not good odds.
- Very hard to say, but if you have a good relationship with funder and have kept them in the loop, you stand a better chance.
- Yes, I think it impacts it but not necessarily negatively. Depends on openness of the relationship and the reason for the unexpected event.
- Yes, I think it impacts unless the funder has a full understanding of the issues.

Receive lower amount in future (n=9)

- Funders will likely not have additional funds allocated for this purpose.
- It tends to erode the relationship and make us less likely for increases or future funding altogether.
- Lower amount.
- Might not give more funds in future years. (3)

- Often changes timing of future requests (seen as new grant, so resets clock). Despite not being at fault, can skew perceptions and may take time to win back trust.
- Possible reduction of funds in the coming years.
- Yes, if the donor is a longtime donor who begins to experience donor fatigue.

Didn't provide much detail (n=7)

- It did once.
- More difficult.
- Most funders have budgets, so if you request additional funds, they may feel that you have already gotten your share of the budget.
- Negatively.
- Requesting recent capital campaign funding hurt some operating grants.
- They are looking for stable organizations that show they can meet their mission.

Positive effect – appear more prepared (n=2)

- More likely to receive future gifts. Demonstrates need, nimble responsiveness.
- With demonstrated success, increases likelihood of future funding.

Exhibit 22. Both Funders and Nonprofits: Project Outcomes of Denied Requests

	Funders			Nonprofits		
	How often did the following project outcomes occur when you were unable to provide additional funds to grantees dealing with a disruptive event?			How often did the following project outcomes occur when you were denied additional funding to deal with a disruptive event?		
	Never / Rarely	Sometimes / Often / Always	Don't know	Never / Rarely	Sometimes / Often / Always	Don't know
Project completed as planned (funder n=214) (nonprofit n=190)	15%	45%	39%	19%	71%	11%
Project completed but original timeline extended significantly (funder n=214) (nonprofit n=191)	19%	47%	35%	33%	57%	11%
Project completed but scope reduced significantly (funder n=213) (nonprofit n=193)	21%	45%	34%	34%	57%	9%
Project terminated without meeting its original objectives (funder n=213) (nonprofit n=190)	45%	18%	37%	64%	25%	11%
Other*, ** (funder n=82) (nonprofit n=56)	18%	6%	76%	25%	12%	63%

* 10 of 82 funders who selected "Other" provided the following additional comments:

- Never / Rarely (n=2)
 - Situation never occurred.
 - We always ensured project completion.

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- Sometimes / Often / Always (n=3)
 - Negotiate a shift in the project to support the grantee in addressing policy changes causing the disruptive event.
 - Project completed, but in a much less sustainable manner.
 - Cut back on staff or reduced salaries.
- Don't know (n=5)
 - Extend grant timeline.
 - I don't think we've even been asked to fund an organization after a disruptive event for their recovery.
 - We have never experienced a grantee requesting additional funds because of a disruptive event.
 - We have not had a project we funded ask for such funding.
 - We provide GOS, not project funding.

**4 of 56 nonprofits who selected "Other" provided additional comments as follows:

- Never / Rarely (n=1)
 - We almost never ask for additional funds.
- Sometimes / Often / Always (n=3)
 - We normally plan sustainability into projects and request only starting or growth grants.
 - University is a founding partner for our school. As a result of this partnership, the University donates the use of the facility and maintenance / repair services of it. It also contributes an average of \$1 million for operating funds.
 - Place people on a waiting list until funding available.

Communication between Funders and Grantees about Disruptive Events

Exhibit 23. Both Funders and Nonprofits: Perceived Level of Comfort Asking Funders for Additional Funding Due to Disruptive Events

Funders How comfortable do you believe your grantees feel asking funders for additional funding in the face of disruptive events? (n= 211)			Nonprofits How comfortable are you asking funders for additional funding in the face of disruptive events? (n=189)		
1 / 2 (not at all comfortable)	3	4 / 5 (extremely comfortable)	1 / 2 (not at all comfortable)	3	4 / 5 (extremely comfortable)
33%	26%	41%	25%	23%	52%

Exhibit 24. Both Funders and Nonprofits: Frequency of Communication about Disruptive Events by Funders

	Funders How often does your organization communicate with applicants in the following ways about disruptive events?			Nonprofits How often do your funders communicate with you in the following ways about disruptive events?		
	Never / Rarely	Sometimes / Often / Always	Don't know	Never / Rarely	Sometimes / Often / Always	Don't know
Before awarding/being awarded grant (funder n=213) (nonprofit n=191)	61%	33%	6%	60%	28%	12%
With grant agreement (funder n=212) (nonprofit n=190)	64%	25%	12%	66%	23%	11%
After grant awarded (funder n=212) (nonprofit n=198)	56%	35%	8%	62%	28%	11%

Exhibit 25. *Nonprofits Only:* Frequency of Communication about Disruptive Events by Nonprofits

How often do you initiate communication with your funders in the following ways about disruptive events?	Never	Rarely	Sometimes	Often / Always	Don't know
We discuss the possibility of disruptive events before being awarded the grant. (n=191)	37%	28%	15%	8%	13%
We discuss the possibility of disruptive events after being awarded the grant, during project implementation. (n=189)	29%	33%	20%	6%	12%

Exhibit 26. *Both Funders and Nonprofits:* Timing of Communication about Disruptive Events

	Funders			Nonprofits		
	Never / Rarely	Sometimes / Often / Always	Don't know	Never / Rarely	Sometimes / Often / Always	Don't know
At the following stages, how often do you ask grantees about potential disruptive events that could lead to a need for additional funding?	At the following stages, how often do you ask grantees about potential disruptive events that could lead to a need for additional funding?			At the following stages, how often do your funders ask about potential disruptive events that could lead to a need for additional funding?		
During RFP / application (funder n=213) (nonprofit n=188)	59%	33%	8%	65%	21%	14%
During the grant period (funder n=212) (nonprofit n=188)	55%	39%	7%	62%	27%	11%
At the end of the grant period (funder n=210) (nonprofit n=187)	61%	30%	9%	64%	25%	12%

Exhibit 27. *Both Funders and Nonprofits: Practices to Increase Comfort in Communicating with Grantees / Funders about Disruptive Events**

What would help your foundation feel more comfortable communicating with grantees / funders about disruptive events?	Funders (n= 210)	Nonprofits (n= 187)
	%	%
Nothing, already comfortable communicating with grantees / funders about disruptive events	49%	30%
Information shared from peers	38%	50%
A manual with best practices for communication	22%	42%
A webinar training	18%	35%
Other	18%**	10%***

* Total percent may exceed 100% because respondents could select more than one response.

** Other responses for funders include: no disruptive events requested funding (n=18), share best practices or feedback (n=9), one-on-one conversations (n=6), need for more information (n=3), provide additional grants (n=1), and use of business model (n=1).

*** Other responses for nonprofits include: personal relations with funders (n=7), training / conference (n=3), education about disruptive event (n=2), hearing from funders (n=2), risk management / business plan (n=2), and not sure (n=1).

Exhibit 28. Both Funders and Nonprofits: Process After Disruptive Event *

Which of the following, if any, describes what your organization does after a grant / project encounters a disruptive event?	Funders (n= 214) %	Nonprofits (n= 188) %
Deal with each disruptive event individually	80%	77%
Share / communicate lessons learned with other grantees / organizations as appropriate	22%	34%
Make changes to the next project based on this most recent experience	20%	52%
Communicate lessons learned publicly to grantees / funders, peer funders / peers, and others	11%	33%
Follow a standard procedure to assess and document lessons learned internally	10%	29%
None of the above	11%	8%
Other	8%**	2%***

* Total percent may exceed 100% because respondents could select more than one response.

** Other responses for funders include: not applicable as no disruptive event has occurred (n=6), share internal lesson (n=4), varies by event (n=2), work within foundation to find resources (n=2), don't know (n=1), note for grant period in grant review (n=1), and nothing (n=1).

*** Other responses for nonprofits include: never had a disruptive event (n=3).

Exhibit 29. Funders Only: Organization's Tolerance for Risk (n=215)

How would you rate your organization's tolerance for embracing risk in grantmaking?	1 not at all comfortable	2	3	4	5 extremely comfortable	Don't know
	6%	15%	33%	29%	15%	2%

Exhibit 30. Funders Only: Internal Communication about Risk Tolerance (n=211)

Are program officers / staff informed of your organization's risk tolerance / risk profile?	%
Yes	71%
No	23%
Don't know	6%

Exhibit 31. Funders Only: Additional Feedback (n=115)

Is there anything you'd like to add about your organization's approach to disruptive events during a grant?

All our grants are structured as general operations funding, which we hope helps partners handle unexpected circumstances with additional degree of flexibility.

Always maintain open communication with grantees.

As a community foundation, [we] manage many funds for organizations. So, in a sense, the money already belongs to the organizations. So, when a grantee needs money, they can usually get their hands on it. [Our organization] provides very little unrestricted funding, but a LOT of funding in donor managed funds.

As a community foundation, we field a large number of such requests annually.

As noted above, the questions within this survey assume that additional funding is the primary lever to address risk; there are others.

Because we are local, have not incurred disruptive events.

Because we fund NY and SC, we had many grantee projects that were impacted by flooding; we sometimes extended evaluation / reporting periods and gave emergency funding.

table continued on next page

Board of Directors has only once or twice dealt with a request for funds following a disruptive event. We never considered having. You have given me food for thought!

Disruptions have had less to do with a particular grant, but more with either a) unforeseen organizational challenges; b) political challenges e.g., hate crimes, immigration enforcement, natural disasters, etc. Responding to a disruptive event does not always indicate a tolerance for risk. Shit happens and you can help out or not. Risk is only one dimension of the response. Responding to disruptive events, for all foundations, is heavily influenced by race and class bias.

Disruptive events are not a common topic for [our organization].

Disruptive events are unlikely to occur; therefore, the foundation does not discuss such events at any point during the grantmaking process nor set aside emergency funds.

Disruptive events for us so far has meant only timeline problems, which we normally allow extensions of time to complete projects.

Disruptive events rarely impact our grantmaking because of the types of grants we fund. Also grant deliverables are directly tied to our funding and don't usually rely on other funders. Sometimes an ED or Project Director will change, which will disrupt the funded program and a no-cost extension to the grant is given.

Due to the nature of our grantmaking, we don't often make reactionary grants as disruptive events arise. As a proactive move, and because we want to show trust in grantees (especially long-term relationships) we often make general support grants to organizations, where funding can be used and applied as needed.

Flexibility is important.

Foundation not our main business; we are not an active foundation. Only meet once a year to vote on grants.

Fund safety equipment, educational programs; our funding is straightforward and we don't encounter these events.

Funding regionally makes it possible and practical.

Generally, we don't frame it as disruptive events but encourage grantees to talk to us about challenges and we regularly check in with them on this. As challenges arise, we discuss how we can help in a way that most benefits the grantee organization.

Grants we make would not be considered risk adverse. The only instances of our grants not being completed as proposed is when the health of the principal investigator was compromised (cancer). In those very infrequent cases, we provide a partial rescind / refund, but do not provide more funding.

Have no policies or experience with disruptive events during a grant. Probably need to be thinking about this issue.

I am going to education myself about this and incorporate it into what we do because not being informed opens us to risk. I need to learn about this and present this to our staff about how to incorporate this into our grants.

I don't think it is a significant issue. (3)

I think our risk tolerance toward innovation is slightly higher than our risk tolerance for "emergency funding". We fund both, but the dynamics of the conversation are often different.

If a grantee encounters a disruptive event, they must inform us and work collectively to: 1. Reduce the grant award 2. Extend the grant period so that they can reschedule events impacted by the disruptive event 3. Produce a revised budget, which will be approved / denied by the grantor board of directors.

If it's a grantee we've worked with and the trust, really want them to succeed and will do what we can to help. The impact of the services they provide is paramount and the trust (and trustees) will make sure an organization does not go under.

In 20 years, we have not had this experience of having a grantee ask for additional assistance due to a disruptive event.

In 2016, the foundation shifted from a standard program funding model to a capacity building model. We have increased capacity for embracing risk from 1 (pre-2016) to 3 (today). Capacity building granting now allows us to provide capital funds like the purchase of a new water heater in addition to staff training. This model is helping embrace more risk.

It's just not something we encounter much.

Key is good and constant communication between program officers and project staff.

Low flexibility as a government-sponsored org but there are some other agencies that can award small technical assistance grants (new this year, in pilot stage).

Might be more open to allowing grantee to repurpose fees to address the disruptive event, creating flexibility in the funding to support grantees.

Most of our grantees operate in a fluid environment; we assume that there may be changes in programs 'in the field' and give our grantees room to roll out programs as they see fit.

Most of what we have encountered deal with natural disasters.

Much of our risk tolerance level is not reflected in just responding to disruptive events.

No / Not Applicable (n=13)

On a case by case basis.

Once they occur, our grantees work to address them without extra funding.

Only "disruptive event" a grantee might encounter is that their school district attempts to redirect the funds. In which case, we demand a refund and then re-distribute the funds directly to the teacher.

Only fund a program but don't want to be a crutch for their program. Want them to be sustainable. They have checks along the way and if they're not met, they don't continue funding. No tolerance level, just making sure the work is sustainable and long-term.

Only long-term grantees would ever feel comfortable approaching our foundation about the possibility of funding following an unexpected emergency or "disruptive event."

Our "disruptions" are the result of state budget impasse.

Our approach is simple - try to encourage open communication with grantees and support their success.

Our focus is incredibly specific. We fund yoga classes. Our grantees have not experienced disruptive events that have compromised their yoga classes or led to a need for more funding.

Our foundation primarily provides general operating support. We allow organizations to apply every year. We don't get additional requests for funding, since we only allow one per year, but we often get requested increases, which are often based on disrupted funding or urgent needs. These are considered on a case by case basis, and we fund many (but not all) requested increases.

Our organization provides emergency funding for authors in a similar fashion as ORA. Therefore, do not award grants for project completion. Purpose is only to provide funding for authors who experience a disruptive event.

Our organization typically issues annual funding and will usually revise the grant strategy based upon any disruptive events that occur.

[Our organization] created an urgent fund in 2016 to support grantees; try to foster open communication with grantees, especially in the face of federal changes since 2017 and concerns for grantees' populations (i.e., immigrants, women, people of color, etc.).

[Our organization] focuses on creative funding mechanisms when it comes to considering capacity for risk with grantees.

[Our organization] has two streams of funding: unrestricted for grantmaking and endowments for nonprofits. For about half of the grantees, the endowments function as a source of emergency funding to help meet payroll or other expenses. Otherwise, there are no additional funds set aside. In 2017, [we] gave some grantees additional funding to help resolve program interruption caused by large wildfires in the region. Grantees and funder know there is limited additional funding available, but that grantees should ask if they need it.

[Our organization] is clear to grantees that we don't provide the type of grants that can really save a nonprofit from a disruptive event. We don't have the capacity to provide contingency funding and leave that type of work to larger funders in the region.

[Our organization] makes it very clear to potential grantees that we are very risk adverse. Emergency funds are available in an emergency, but such actions are discouraged.

[Our organization] provides grants that are completely unrestricted funds for their grantees, which allows the grantees to use them for anything (unexpected events, payroll, etc.). Our open communication with grantees and long term relationships (providing smaller grants and then eventually larger grants) is the key to successful relationships with grantees. This funding structure (all unrestricted) is different from many and changes the programmatic and funding outcomes.

Our relationship with the grantee and their leadership has a huge impact on our willingness to support grantees through disruptive events. An unknown or new grantee is unlikely to be successful with such a request, but those we've funded repeatedly, or with leaders we know well and trust, are far more likely to get support with program and executive staff going out of our way to help find a solution.

Our trustees are informed about disruptive events.

Our usual assistance for disruptive events comes as a request for emergency funds due to occasional environmental hazards (hurricanes), unforeseen capital expenses (boiler out, leaking roof) and project or general funding shortfalls (usually \$5k or less).

Possible "disruptive events" vary so much - from hurricanes to staff transitions to currency fluctuations to local municipalities renegotiating terms of project agreements, so it's hard to have one approach.

Primary disruptive events that we've been engaged in are natural disasters (fire, tornado), and we typically serve as an intermediary — securing additional funds to support long-term recovery.

Program staff will request milestone updates (very brief reports) for complex projects where early difficulties might threaten the long term success of the project.

Talking to the program officers (about disruptive events) is a good step before addressing Board members; [our organization] only provides programmatic funding. While we are flexible with grantees (i.e., extending timelines, outcomes), we cannot provide capital grants. However, we are managed within a larger foundation management firm, so Program Officers know about the funders who provide capital grants and can help grantees find alternative funding sources.

There is a Donor Advised Fund where funds can be drawn off-cycle (i.e., could be used for a disruptive event). During the application process, the foundation discusses the impact of their funding (which is usually small between \$10k- \$25k) on the grantee's overall budget. We do not have a standard practice of discussing the possibility of a disruptive event.

This has only happened once in 23 years and we funded immediately.

We adapt to our nonprofits' needs, but rarely need to grant additional funds. We have not had many disruptive events.

We also consider disruptive events at the community level and proactively work with nonprofits / communities to explore how we can best assist — understanding the strain on nonprofits' capacity and unmet community needs. Examples would be support following immigration policy changes, wildfires that bumped up against population centers, and a school shooting. In these situations — and really in most situations — our orientation is less about how we support a grantee in completing a particular project and more about how we can support organizational health and community well-being.

We are a foundation that funds graduate students through an office of research at [a university]. They only fund 3 students a year and wouldn't be the right foundation if they needed additional funding in order to complete their projects.

We are a small but growing foundation and have only been making grants for four years. This has not been an issue to date, but certainly would see this possibility in the future.

We are a small community foundation with limited funds, and such are usually one of the last that an organization will approach. Typically, we reach out to nonprofits to offer emergency funding in response to a specific event (e.g., hurricane).

We are aware that disruptive events will happen, especially with our grantees working on justice reform and the arts. This is because of their own capacity and missions. When disruptive events occur we work closely with grantees to make sure they are able to continue their mission and if necessary will "roll up" our sleeves to help them through this.

We are open to changing the purpose of our grant if the grantee requests that but they rarely do.

We are proactive when disruptive events occur. If we feel that we can provide needed assistance, we will reach out to the organization and offer financial assistance. We have good relationships with the majority of our grantees, so our communication flows easily.

We are small and connect very personally to our community nonprofits in order to help reduce trauma of change and disruption. We have an open door mindset of learning and supporting.

We are very open to redirecting our capacity building funding if a grantee experiences a disruptive event. We've seen several changes in leadership (i.e., ED / CEO) that have made redirecting our grant to a different purpose in order to maximize the benefit of our capacity building dollars.

We are very understanding of organizations' needs and as long as they are honest with us, we are understanding. We only have an annual grant process and we don't have additional funding, but we are pretty tolerant. If we did have access to that type of funding, we would use it.

We believe in being true partners and try to help them in any situation.

We do give 1 annual emergency recovery grant (\$2,000 to \$6,000). After that, we deal case-by case with grant recipients that report a disruptive event that impacted our support. NOTE, this has rarely occurred.

We do not offer additional funding, but do consider requests for re-budgeting as well as no-cost extensions throughout the award period.

We don't have a formal policy and procedure and have not been proactive about approaching it but interested now in how we can best approach this. Typically, we just refer them to our emergency fund.

We don't really experience disruptive events and make it clear when giving the grants that do not support additional funding.

We don't use the words "risk" or "disruptive event", but do have very strong relationships and open conversations with grantees. Our grantees know that if they encounter roadblocks to their program or grant for their program, they can call us and have one or more conversations about how we can work together to accomplish each other's goals.

We encourage open dialogs with grantees and communicate that we understand that unusual circumstances may prohibit progress toward intended outcomes.

We engage deeply with our grantees and likely are in conversations before and during any disruptive event. They are not surprises.

We evaluate grants over time with the applicants, having robust conversations that are meant to create a dynamic of trust and support so grantees are comfortable sharing information with us. We also aim to be very holistic with our funding, so we are aware of potential needs and organizational capacity to address them when they arise. We also fund reserves (cash, capital, artistic) to help organizations maintain resources for disruptive events.

We have a goal-oriented, grantee-centered approach to each circumstance. We do NOT follow a formula or preset procedure. We are NOT afraid of, or deterred by, existence of project risk. Risk is a factor we seek to understand and it factors into our assessments and strategies, but does NOT drive decisions.

We have a small amount set aside for emergency funding; however, those grants are for all NPOs who encounter a disruptive event and are unrelated to our competitive grants.

We have an internal guideline that 10-15% of our program priority grants should be to "risky" organizations, and we track this percentage annually.

We have grantees complete a "Risk Register" as part of their planning and reporting process so that we are always considering how to manage and mitigate risks. The missing aspect in your framework is that there may be beneficial opportunities that are disruptive events. The same management relationships and forward-looking skills and culture needed for risk management are those needed for "opportunity management." In fact, you can motivate grantees to better manage risk by first addressing the positive events.

We have not considered and dealt with numerous disruptive events so we do not have a one size fits all policy in place. This might be something we look into developing and addressing before going into a grant agreement though now that we are aware of the issue.

We intentionally have very few grantees, so we are designed to address program changes and disruptive events. We also look at disruptive events on the side of opportunity - opportunities arise that will make the work more powerful. We don't look at them in terms of just getting a program finished.

We just work it out.

We look at them on a case by case basis. If the grantee has other likely sources for funding, we deny the extra belated grant.

We occasionally have grantees ask us for additional funding during their regular grant cycle for anticipated issues, particularly when they know staff turnover is coming, but it is unusual for them to ask us in the middle of a grant for additional funding.

We primarily work in research, so disruptive events are rare and often outside the scope of grantees' work. Disruptive events related to the recession (i.e., faculty positions ending) might have interrupted work in 2008-2009.

We rarely deal with disruptive events in the way you are referring to them. More often, the disruptive event is a project that does not manifest in the way or in the timeframe the grantee envisioned and they need flexibility with funding or an expanded timeline.

We rarely receive such disruptive event requests but review them with a different standard than a regular request. We tend to delve much deeper into the reason or activities that led to the risk.

We recently developed a risk statement that we plan to use to categorize each of our grants into low- medium- or high risk levels. Those at the high risk level will have more communication and monitoring from staff. We are planning to have the risk statement approved by our board.

We recognize that events beyond the control of the grantee may happen and impact the grantee's ability to complete a project as originally proposed.

We set aside every year \$50,000 in case of a federally declared disaster in our area to respond immediately to need without waiting on our regular process.

We use the term "grant modification request" as a synonym for "disruptive event." We consider each grantee's challenge individually if such a need is present. We meet regularly with other local funders and small- to mid-size nonprofits in order to stay abreast of needs and nonprofit capacity. The grants we award are never so large that the termination of funding would really cause a nonprofit to go under.

We wish that we would have an emergency fund and feel now we can't really help in these tough situations but have a rule of not being able to fund the same project for another 3 years. Usually encourage to seek fund from somewhere else.

We'd love to learn more about being open to these types of grants in a smart, effective way as part of our tech capacity building initiative.

Exhibit 32. Nonprofits Only: Additional Feedback (n=78)

Is there anything you'd like to add about your organization's approach to disruptive events during a grant?

All our projects are highly specific and different, so need to find individual approaches. Very lucky that we have great relationships with most funders.

Communicate clearly, be transparent, and honestly discuss options.

Communication strategies need to be put in place to deal with such disruptive events and organization should have an emergency budget.

Communication with funders will be different depending on whether the grant is for operational support or project specific.

Disruptive events are rare in our history, but failure to respond honestly did impact our long-standing relationships. It seems taboo to tell a grantor that you have encountered a problem, and unfathomable that you could expect them to do help with a solution. It would be interesting to know how widespread these issues are among nonprofits, and how they deal with the consequences.

Disruptive events as described here rarely if ever happen to us.

Disruptive events have greatly affected the proper implementation of programs since they strain the budget. Therefore, there should be an engagement between the funder on the recipient on the best way to overcome them.

Fortunately, we have not experienced many disruptive events but our best approach has been always to have and continue open communication with funders.

Greatest disruptive event for us is poverty, which is rampant in our state.

Have evaluator on board; keep in mind how changing environment changes project conditions; better advocacy.

In [our location], we are somewhat limited as to the knowledge of individuals who are willing to make significant grants to organizations. We are in the process of sending appeals out to prospective businesses and corporations, hoping to get favorable responses.

In our line of business, which is relatively high-risk, disruptive events are common, meaning we should be planning for them with budget and time contingencies as well as insurance and other risk-mitigation measures.

It depends entirely on the relationship with the funder. Some funders are close strategy partners so they often are seeing what we are seeing. Other funders are practically anonymous, which makes it very hard to approach them. In either event, too many funders expect us to have a crystal ball that predicts the future better than we ever can. This creates some unrealistic expectations when there is a disruption. Funders are often so risk averse that they won't start funding a project until it is almost sure to be successful. We have often joked in our office about securing a victory for our mission and auctioning it off to funders so they can claim credit for it since so many do not want to step in when there is any risk.

It is always best to talk to the funder early and not wait until reporting time. Also, it is good to ask in advance about having to switch the purpose of the funds.

It is unlikely to happen to us.

Made strategic plan, made committees for each program. Built in to operation.

Most of our funders are long-time funders and we have reasonable relations with them.

No or Not Applicable (n=31)

Not really applicable since we take pride into delivering what we promise and not ask for more \$\$\$. However, we would like to look more into this as we grow our org to international level.

Not really, but they certainly do happen. We have reached out to funders when it has, and have found a wonderful charitable community....but still, sometimes they just cannot help! It would be great if they connected us with someone who they know could assist.

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Our agency does our best to have financial reserves in the event of any sort of financial... Focused on fundraising.

Our biggest disruptive event was a major embezzlement case 15 years ago that shook up the whole organization. Still have numerous internal safeguards in place to prevent that from happening again.

Our organization does not experience many disruptive events.

Our organization relies heavily on the income generating programs as a buffer in case of disruptive events in the training program. Some of the events that might disrupt our programs are related to Presidential elections that normally results to very low turnover.

Our president thinks we have to keep our word and need to find contingency funding elsewhere instead of bugging the original funders.

Our unexpected events are always weather-related, and our facility is 90 years old. So we indeed had a water main breaking last year!

Recent hallway fire during closed hours highlighted need for further planning and the impact that a disruptive event can have on an organization serving children.

Special circumstances.

There is much more we can learn on this, and we thank the Open Road Alliance for making us aware of this.

This is where processes are imperative. Having a game plan removes the need to react vs respond and key to unity and organizational thought being embraced.

To ensure that there are minimal disruptions in our program operations, and to provide a sustainability plan for our programs, our organization launched an urban endowment campaign to cover the operating deficit costs for programs at our urban branches.

Try to participate with local emergency folks so you're part of that planning when disaster happens.

We appreciate your work filling this important role; sometimes the funding challenges we experience don't meet your exact definition of a disruptive event.

We are a large organization and have been really well established for many years, so have more luxury compared to smaller or younger nonprofits so we have a larger reserve of money to pull from, building repairs are budgeted for, and conservative in budgeting-expects the worse. Feel confident when unplanned events happen. Not the end of the world- well established board that is supportive, and the decision makers always have the worst in the back of their mind.

We are very lucky that we work in a very steady environment where we hardly have to deal with such issues.

We constantly evaluate and approach things with curiosity.

We could use encouragement from funders to talk about the real possibility of needing additional funds due to disruptive events.

We did not have any disruptive events so had very little to say.

We have actually never experienced an issue due to a disruptive event.

We operate pretty much hand to mouth with an annual budget of about \$2 million. We are 100% privately funded and just started our 39th anniversary year!

We rarely have any type of disruptive event that would impact a foundation grant.

We rarely, if ever, have disruptive events.

We survived Superstorm Sandy and many local funders provided additional grants.

We try to communicate with funders at the first hint that something might disrupt our workplan. Information equals trust and confidence!!

We try to document and share with funders.

When major project fell through 7 years ago, we re-engineered the funding including NGOs and government and did a good job pulling it through.

While our approach is to be completely transparent with donors regarding disruptive events, we have rarely requested additional funding to help manage them.