

CHARITABLE SECTOR

Covid Upends Charitable Playbook



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For Canadian charities, innovation is one path to success

A healthy December bump eased what would otherwise have been a dismal year for Canadian charities. They will remember 2020 as a time of painful disruption, when virus-fighting measures stemmed or halted the flow of donations.

Overall giving fell 4% in Canada last year, according to RBC data. The decline masked some sharp divergences within the sector, with some organizations seeing increased contributions and others getting nothing—literally.

“I think the thing that’s going to persist is that many of these organizations to survive, they had to become online overnight,” said Kelly Schmitt, incoming CEO of Benevity, whose software helps coordinate giving and volunteering, on a recent episode of Disruptors, an RBC podcast. “There’s been no charity galas, no golf tournaments. The fundraising activity that they used to do just completely dried up.”

Charitable giving has fallen in times of recession before. It dropped sharply in the 2008-2009 financial crisis, declining more than 5% in each year according to Statistics Canada (data for 2020 is not yet available). This time around, what was an existential crisis for some was an opportunity for others to innovate—to embrace new technologies and platforms to reach longstanding supporters, and attract new ones.

The pandemic dealt an uneven blow to Canada’s charities

Almost 42% of organizations that had received donations in 2019 got less in 2020, according to RBC data. The combined dam-

age amounted to \$60 million less in donations. Some charities did fine; 27% received zero dollars in 2020.

The biggest collective hit came in May, early in the pandemic, when giving plunged 30% from a year earlier. In December, donations rose 21% from a year earlier, as many Canadians rushed to lock in contributions before the end of the tax year.

Small, grassroots organizations are at greatest risk, according to a report from Imagine Canada, a non-profit that promotes the work of thousands of Canadian charities. They tend to have fewer financial reserves, and many of their typical donors were hit hard by the economic downturn. ”

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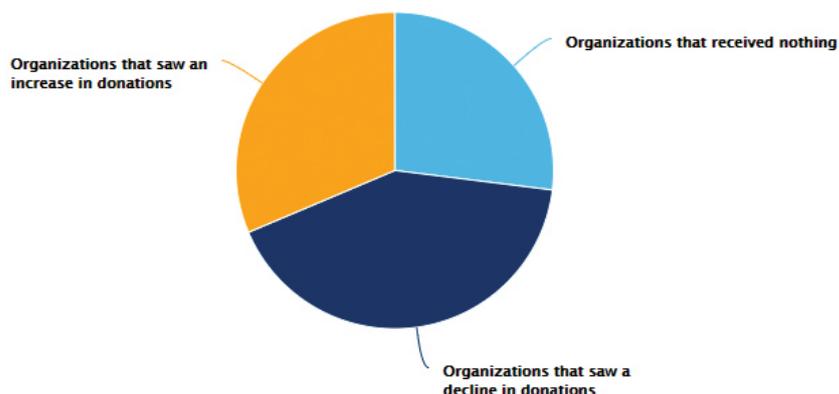
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More than a quarter of Canadian charities received nothing in 2020

% of organizations that received at least \$1 in charitable givings in 2019



Source: RBC Economics, RBC Data and Analytics