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## Nonprofit Essentials | February 2022

Equity. Sustainability. Capacity. Compliance. All in the relentless service of advancing our missions and improving our communities and the world. Nonprofits are always keeping one eye on their mission-related programs and the other on operational issues so they can keep going, all while advancing the ball when the ground is shifting beneath us and the rules are changing mid-game.

Every day, our team at the National Council of Nonprofits collects intelligence through our networks about what nonprofits on the frontlines are facing. We distill from that the information that we think you, as part of the nonprofit community, will need and want to know. This month, we cover the shifting laws and practices around salary transparency, and what they mean for equity; the rising number of nonprofit dissolutions and mergers, with stories from the field; new rules for reporting gifts-in-kind, and more. [We're always looking for feedback](#), including what you'd most like us to cover in future issues.

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### Can New Laws and Practices Address Pay Disparities?

Women and people of color in all sectors continue to earn significantly less than white men. There is plenty of evidence that gender and racial pay disparities exist in the nonprofit world. In addition to working to advance gender, racial, and other aspects of diversity in their staffing and leadership, nonprofits with a commitment to

equity need to implement hiring practices that have proven to produce better outcomes in pay equity. One such practice is salary transparency. New laws in an increasing number of cities and states are requiring all employers – including nonprofits – to implement practices that are shown to promote pay equity. But, whether it's required by law or not, nonprofits must intentionally change our practices and culture by implementing transparency policies on our own. Our article explores the evidence, the sources of pay disparity, new laws and proposed new laws, and some other solutions.

[Read the full article](#)

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## **New Reports Focus on Nonprofit Leaders of Color**

The Building Movement Project (BMP) released [\*Trading Glass Ceilings for Glass Cliffs: A Race to Lead Report on Nonprofit Executives of Color\*](#). This new report focuses on the experiences and challenges of nonprofit leaders of color. It explores the added burdens facing leaders of identity-based organizations, the challenges that BIPOC leaders encounter when taking over leadership from white predecessors, as well as the common realities of being a leader of color in the nonprofit sector. Key findings of the report include:

- Leaders of color need supports, not more training.
- Leaders of color take on added burdens, without additional compensation.
- Leaders of identity-based organizations face distinct demands.
- Unique challenges come with taking over leadership from white predecessors.
- Too few white leaders factor race equity into their succession plans.

The report builds upon the findings of BMP's 2019 [\*Race to Lead Revisited\*](#) report and other research. Related is BMP's recent [\*Making \(Or Taking\) Space\*](#) report, which takes an in-depth look at nonprofit leadership transitions from white to BIPOC leaders with interviews of incoming BIPOC leaders, exiting white leaders, and board members who oversaw the hiring process.

Register for free to join the Building Movement Project's webinar on February 24 for a conversation to learn more about the report and [how Black leaders are navigating the nonprofit sector](#).

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## **Rising Interest in Nonprofit Dissolutions and Mergers**

We are seeing an increasing number of charitable nonprofits, especially smaller ones, looking to close down their operations or merge with other organizations to preserve their missions. As the \$50 billion received by nonprofits in forgivable PPP funds and other government supports that helped nonprofits weather the COVID crisis have expired, state associations of nonprofits across our network are reporting increased inquiries from nonprofits in their states about how to dissolve or merge. And we're hearing the same from consultants who help nonprofits with mergers and acquisitions. We spoke with Doug Sauer, an independent advisor to the New York Council of Nonprofits (NYCON) and its former CEO, about this trend and issues involved in mergers, how funders are involved, and what some of the challenges – and opportunities – are.

[Read the full article](#)

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## **Gifts-In-Kind: New Reporting Rules for Nonprofits**

The accounting standards for valuing nonfinancial assets or “gifts-in-kind” such as land; buildings and equipment; rent and the use of facilities; materials and supplies, such as food and clothing; and other assets have changed. The Financial Accounting Standards Board (FASB), which sets the generally accepted accounting principles (GAAP) that nonprofits must follow, released Accounting Standards Update (“ASU”) 2020-07, “Presentation and Disclosure by Not-for-Profit Entities for Contributed Nonfinancial Assets,” in September 2020. The Update is effective for annual periods beginning after June 15, 2021, and may require some retrospective changes in how your nonprofit reported contributions of nonfinancial assets in previous years. If your nonprofit isn't already familiar with this “ASU,” now is a good time to learn about it. (Note that the ASU applies to financial statement presentation and does not change the tax rules for providing donor acknowledgments.)

[Read the full article](#)

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## **Data for Change**

## ***Be Heard through NFF's 2022 State of the Nonprofit Sector Survey***

We get it, you're tired of filling out surveys! We are, too. Nonprofit survey fatigue has reached new heights during the pandemic, as researchers and advocacy organizations try to stay on top of fast-moving developments. But we're asking you please: stretch your form-filling-out muscles one more time and raise your organization's voice through the Nonprofit Finance Fund [State of the Nonprofit Sector Survey](#). Why? This is one of the few ongoing surveys for our sector, meaning it can help identify trends in ways that a lot of the one-off surveys of the past couple years can't. This is a vital national survey on the financial health of nonprofits. It collects data on the experiences of nonprofit leaders and informs our sector's efforts to improve the lives of people in communities across the country. In the past, its findings have been widely used and cited by nonprofit leaders and boards, funders, advocates, policymakers, media, researchers, and many others.

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## **Tweet from the Minnesota Council of Nonprofits: Affirmed**



You've heard of microaggressions, but what about microaffirmations?

"Microaffirmations affirm someone's identity; recognize & validate their experience & expertise; build confidence; develop trust; foster belonging; and support someone in their career."



[ideas.ted.com](https://ideas.ted.com)

How to be an ally in the workplace: 13 ways to do it

Intervening when you see microaggressions is a great way to support people who are marginalized; another way is through microaffirmations. Diversity, equity an...