It's Time to Go

A SELF-GUIDED WORKBOOK TO ASSIST WITH NONPROFIT ORGANIZATIONAL CLOSURE

The Muttart Foundation

Philanthropy and Nonprofit Leadership
CARLETON UNIVERSITY

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Every year, there are a number of charities and other nonprofits that close their doors. Some are able to celebrate success in achieving their goals; others end their operations because of more unfortunate situations.

We are, to use an overused phrase, living in unprecedented times. The global pandemic that made 2020 an *annus horribilis* for everyone has had a disproportionate impact on Canada's charities and nonprofits. Many have been working at the front lines, trying to deal with increased demands for services while facing elimination of many forms of the fundraising activities that traditionally sustain them. In Canada, as elsewhere, there are predictions that tens of thousands of charities and nonprofits will be unable to survive. While we hope these predictions are overstated, we fear they may not be.

Closing a charity or nonprofit is not a simple exercise. Financial realities butt up against deeply held values. The "can do" spirit that is at the heart of charities must be balanced with the truth that "doing more with less" is, more often than not, an empty phrase that seeks to hide disaster for clients, staff and communities.

If a charity or nonprofit makes the difficult decision to close, it must strive for excellence in that, as it has over the life of its existence. This workbook will help them do just that.

The authors of this workbook – Uzma Gilani, Praan Misir, Shane Norris and Ellie Sabourin – have done a masterful job in developing this publication, bringing together academic expertise and real-life examples to provide advice that will help in one of the most difficult tasks any charity will ever face. We are grateful to them, and to the faculty and staff of Carleton University's Master of Philanthropy and Nonprofit Leadership program, for agreeing to work with us on this project.

We dedicate this publication to the hundreds of thousands of Canadians whose work for charities and nonprofits – paid or volunteer – makes our communities and our countries stronger, richer, and more compassionate.

MALCOLM BURROWS
President

BOB WYATT
Executive Director

Established in 1953 by Merrill D. Muttart and Gladys E. Muttart

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Acknowledgments

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The Muttart Foundation has published several workbooks on Board Development to promote good governance in the nonprofit sector. The Muttart Foundation has recognized the gap in knowledge on how to wind down nonprofit and charitable organizations and engaged Carleton University students to develop this workbook to help guide nonprofits how to close their organizations.

The students who developed this workbook would like to acknowledge the contributions of all those who provided assistance and guidance. The authors would like to thank the faculty of the Philanthropy and Nonprofit Leadership program at Carleton University for their support in developing this workbook. The authors would also like to thank Professor Paloma Raggo, teaching assistant Christopher Dougherty, faculty advisor Professor Richard Paton and Executive Director Bob Wyatt of the Muttart Foundation for their assistance in directing the development of this workbook and in editing and revising the final document.

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Executive Summary

After the global pandemic broke out in March 2020, many nonprofits had to resort to extreme actions to overcome the new challenges it presented to the charitable sector. Most organizational leaders have never had to either drastically reduce or close their programs and layoff most or all of their workforces. It made conversations around, and a mindful approach to, organizational closure necessary.

The Muttart Foundation engaged a group of students in the Masters in Philanthropy & Nonprofit Leadership (MPNL) program at Carleton University, Ottawa, to conduct a study of best practices in order to develop a workbook to assist charitable sector leaders through the process of dissolving their organizations. The goal of the workbook is to provide a framework for nonprofit dissolution. Tasks involved an in-depth review of crisis and change-management literature and other material as well as interviews of nonprofit leaders.

Insights from interviews and the research affirmed that when we think about the important work nonprofits do, it is impossible not to believe that closing is the ultimate disaster. Leaders and their boards might weigh different alternatives to closing. However, financial constraints or other challenges specific to their context may lead them to ultimately decide that closing is in the best interest of both the organization and the community served. Ultimately, the organization must make an informed decision to close its doors. Best practices in decision making are based on an analysis of the current organizational position and its short and long-term outlook.

The process of closing an organization is a time of uncertainty and mixed emotion, but it is also a time for agility and planning. The results of our study reinforced the perspective that closing is a change management process. It should be managed like a project, with decisions grounded in mission and organizational values. A closure management team should be appointed, who will be responsible for identifying the tasks involved in closing, establishing timelines, and putting the plan to close in action. Legal advice should also be obtained for specific closing processes particular to your jurisdiction.

Closing can be difficult on staff, volunteers and other stakeholders and can make them upset, sad, or angry. A 'soft' approach, which involves ensuring that they are treated with consideration and compassion is invaluable through changes. Additionally, thorough and personalized communications can help to make a difficult process smoother, and reduce the emotional impact on staff, volunteers, and stakeholders.

Employees are at the heart of the process. It is essential to treat them with fairness, dignity, and respect. They need clear and frequent communication from leaders who are visible and available. They need to understand what is required of them through the changes, why they are losing their jobs, and how the organization will help them cope. Leading with empathy and being mindful of the staff and volunteers' need to be seen and heard through the process will contribute to positive responses to organizational change. Donors and funders are valued partners and must also be immediately advised and engaged in dialogue. Leaders should not worry about over communicating or about having all the answers. The critical thing is to do it promptly and consistently.

The board of directors can be uniquely positioned to supply expertise and to help steer the organization through the process of shutting down. The partnership between leader and board is more important than ever during this time. It is important to understand how the board functions, and how best it makes decisions, so that staff can support effective decision-making by the board.

Lastly, endings can be celebrated! Closing events can celebrate an organization's mission and past successes and allow opportunities to honour staff, volunteers and donors while simultaneously acknowledging and accepting its imminent closure. Legacy projects and other means of ensuring that the spirit of the organization's work lives on may also prove useful.

The workbook sections contain different guidelines for charitable sector leaders in light of our research. We understand nonprofits are varied in size and operations, and as such the guidelines are not a one size fits all approach to dissolution. However, we hope you will find them useful in organizing your closing activities.

Introduction

Nonprofit organizations and charities close for a variety of reasons. These can include issues related to financial management, increased competition, and yes, even global pandemics. On a more positive note, organizations also close their doors when they are on good terms, when their funds have been successfully disbursed, and when their organizational mission has been achieved.

This workbook has been designed to aid nonprofit executives in understanding the process of closing a nonprofit or charitable organization. This information is provided to the reader through a series of readings, practical exercises, and excerpts from interviews of charitable sector leaders who have either had to close an organization or are contemplating closing.

This workbook will discuss the following topics:

i. Understanding what is meant by organizational closure
ii. Identifying whether your organization may need to close
iii. Developing and implementing a closing plan
iv. Celebrating the legacy and accomplishments of your organization.

Every nonprofit organization operates in its own unique environment and with its own unique set of constraints. This self-guided workbook aims to provide a comprehensive overview of an ideal closure process. It is recommended that nonprofit executives use this workbook to guide their own organizational closing process. It is also recommended that legal advice be obtained with regards to any proposed closure process due to the different federal and provincial laws that regulate nonprofit and charitable organizations. This guide is designed for you and we hope you find the information both helpful and informative.

Limitations of the workbook

The workbook aims to have as broad an applicability as possible and may not represent all the possible ways that an organization can effectively progress through the process of closing. It provides guidance of a general nature only. It is always a good idea to take appropriate advice on your own account and as it relates to specifics of your organization and situation before undertaking any action which may have significant legal or other consequences

Closing your organization: A Checklist

- ☐ Do you understand the closure process?
- ☐ Do you understand the dissolution requirements for your jurisdiction?
- ☐ Have you obtained legal advice?
- ☐ Have you determined what warning signs suggest you need to close?
- ☐ Has your board approved the decision to close?
- ☐ Have you set a closing date?
- ☐ Have you determined your disbanding and reconnecting tasks?
- ☐ Have you developed your timeline for closure?
- ☐ Have you developed your overall communications strategy for announcing your closing?
- ☐ Have you designated a spokesperson?
- ☐ Have you informed your staff and volunteers?
- ☐ Have you informed your donors and partners?
- ☐ Have you informed your wider community?
- ☐ Have you begun to dispose of your assets?
- ☐ Have you celebrated your accomplishments?

Every organization is different, but every organization needs to consider these key steps as part of their closing process.

Each of these questions is explored further throughout the workbook.

Section 1:
Understanding the closure process

Why learn about closing your organization?

> *"Philosophically, I don't think any organization is actually prepared for the process of closing down."*
>
> -Frances Shakov, General Manager, Dancemakers

Organizations are born, they live, and they close, reflecting the natural cycle of life and death. We rarely focus, however, on how to successfully close an organization. We are taught about how our organizations survive and thrive but less often how we close them down and how to preserve their legacies.[1] It is essential to learn how to close down organizations successfully to minimize the impact on staff and stakeholders and wind down operations with no loose ends. Closing without a better understanding of the process or a proper plan can create undue stress and anxiety for staff and stakeholders. Closing requires adequate planning and effective communication. This workbook can help you better understand this process.

> *"The only thing I could say is that it is going to be a very stressful situation. It's not a pleasant task of closing down something."*
>
> -Steven Clark, ED, the Royal Canadian Legion

What is involved in closing an organization?

The task in front of you is to plan for as successful a closing as possible, ensuring all closing and dismantling tasks are completed with no loose ends and employees are motivated to continue their efforts in both programmatic and administrative operations until the organization closes.

The closing of an organization is, at its core, a change management process that requires balancing the tension between maintaining activities and dissolving activities. The whole process becomes much more difficult if these tensions are not effectively managed. Organizational leaders will need to carefully plan their closing down process and from as many perspectives as possible to better balance this tension.

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[1] Lena, J. (2018). The Process Model of Closure and Nonprofits: The Exit of Exit Art. *The Journal of Arts Management, Law, and Society*, 48(1), 17–31. *https://doi.org/10.1080/10632921.2017.1398116*

Multiple considerations include:

- How to ensure clients and customers are connected with similar support services and organizations
- What roles in the organization are essential during the closing down process?
- When do these positions become obsolete?
- How to support staff to reconnect or transfer to other job opportunities once the organization has closed its doors
- Which assets are needed to facilitate the shutdown and when can they be disposed of

These considerations are but a few of the issues that leaders will need to confront and think through as they plan for a successful closing. Having a well-developed plan can make closing down a much easier process. This workbook will help you develop this plan.

A Note about Terms

The terms dissolution and voluntary revocation often occur in discussions of closure in the charitable and nonprofit sector. While dissolution refers to any kind of closure for an organization, the term voluntary revocation applies specifically to charitable organizations.

Dissolution and voluntary revocation are legal terms that are usually outlined in federal and/or provincial regulations. Specific dissolution requirements will form a part of your closing process.

While the closing of an organization may reflect the stages of grief, it is important that in your discussion of closing, you avoid using or dwelling upon the biological terms of death or dying. Instead, it is better to use a term like closing, and to focus more on mission achievements, natural transitions, and celebrations of the organization’s accomplishments.

Steps toward the dissolution of a federally incorporated nonprofit:

- An organization’s voting members, or if there are no members, an organization’s directors, must pass a resolution to dissolve the organization.
- For an organization to dissolve, it must not retain any property, and have discharged all its liabilities.
- Organizations must apply for dissolution to Corporations Canada for:
    a. Either a Certificate of Intent to Dissolve; serving public notice that all operations have ceased, and the organization is liquidating its assets
    b. a Certificate of Dissolution, once the liquidation process has been completed
- Applications for dissolution must be sent to Corporations Canada
    c. Form 4017- Articles of Dissolution or.
    d. Form 4019- Statement of Intent to Dissolve.

For more information, please consult Corporations Canada website at:
https://www.ic.gc.ca/eic/site/cd-dgc.nsf/eng/cs05167.html

If your nonprofit organization is incorporated provincially, you must consult the appropriate provincial legislation that outlines the dissolution process in your province.

It is in your interest to obtain legal advice about navigating the complexities of federal and provincial legislation.

Three organizational phases of closing down

Organizations proceed through three distinct organizational phases when they close: permanent, temporary, and defunct.[2]Leaders must understand these phases and how to influence staff and stakeholder's feelings and beliefs through them.

1. Permanent Phase
    - Staff may perceive the organization as permanent and that all operations will continue
    - Staff may feel unprepared for the organization's transition to closing
    - Communication confirming closure can help staff accept the reality of the situation

2. Temporary Phase
    - Staff, volunteers, and stakeholders can begin to accept the process of closing down
    - The organization is now beyond survival
    - All activities are now focused on the tasks of closing the organization
    - Tasks are associated with two main activities: disbanding and reconnecting[3]
    - Activities may include the commencement of legacy projects to preserve the organization's achievements through various initiatives[4]

3. Defunct Phase
    - The organization has successfully completed the process of closing activities
    - Programs have been terminated
    - Operations have ceased
    - All assets have been disposed of, or transferred to other organizations

[2] Sutton, R. (1987). The Process of Organizational Death: Disbanding and Reconnecting. *Administrative Science Quarterly*, 32(4), 542–569. *https://doi.org/10.2307/2392883.*
[3] *Ibid*
[4] Lena, J. (2018). The Process Model of Closure and Nonprofits: The Exit of Exit Art. *The Journal of Arts Management, Law, and Society*, 48(1), 17–31. *https://doi.org/10.1080/10632921.2017.1398116*

We are all familiar with the five stages of grief that include denial, anger, bargaining, depression and finally, acceptance.[5] The closing down of an organization reflects similar phases of this psychological transition. It is up to organizational leaders to support staff through the change management process toward closure so that they may reach the final stage of acceptance.

This acceptance provides a meaningful transition toward closure where staff efforts during the temporary organizational phase can be quite productive, and work efforts can remain constant if not increased and galvanized toward achieving a successful closing.

> *"It is extremely important to keep people informed throughout the entire process from the point of your planning to close down to the actual process of closing down and after the fact as well. It is extremely important to maintain those strong communications because what that does is it eliminates uncertainty, and that's where confusion reigns. You want to eliminate the confusion, eliminate the uncertainty, having strong communications that will go a long way to doing that."*
>
> -Steven Clark, ED of the Royal Canadian Legion

Shifting from permanent to temporary

An organization's board of directors has the final say on whether an organization will persist or if it will need to close. This decision to close will be based on various internal and external factors, explained in later sections of this workbook. It is important to understand that the decision to close means that organizational leaders will be responsible for managing two things. The first relates to the tasks required for closure. The second relates to managing the perception of closure in the organization. An official decision to close means the organization must now be perceived as a temporary organization.

Organizational leaders have a responsibility to ensure that this perception shift is successfully communicated to organizational staff. The management of this perception shift[6] will shape staff collective feelings and behavior while closing an organization. Leaders will need to ensure that the first communication of the organization's closing to staff and stakeholders is clear, concise, and direct. Above all else, this messaging must indicate that the organization will be closing. It should now be perceived as a temporary organization and will close its doors at some point in the future.

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[5] Barton-Cunningham, J. (1997). Feelings and interpretations during an organization's death. *Journal of Organizational Change Management*, 10(6), 471–490. *https://doi.org/10.1108/09534819710190111*

[6] Sutton, R. (1987). The Process of Organizational Death: Disbanding and Reconnecting. *Administrative Science Quarterly*, 32(4), 542–569. *https://doi.org/10.2307/2392883*, p. 543

What happens in a temporary organization?

Temporary organizations are organizations that prioritize the immediate and short-term tasks of dismantling the organization. These tasks are of two types: **disbanding tasks**; where links between an organization and its staff, all stakeholders, physical objects and settings are *severed*; and **reconnecting tasks**; where links between the closing organization and its staff, clients, customers, community stakeholders and physical objects and settings are *created and strengthened*. Both tasks occur at the same time.

Disbanding tasks

These tasks will include all those activities that prepare the organization for closure. A choice of these tasks is included in Table 1.

Table 1: List of Disbanding Tasks

Disbanding Tasks
Scheduling the elimination of organizational positions
Scheduling the planned exit of employees
Scheduling the planned termination of programs
Ending client intake
Ending customer orders
Terminating contracts with suppliers
Selling off equipment, land or assets
Scheduling the planned termination of property leases
Moving locations
Archiving documents and materials in preparation for legacy projects

Reconnecting tasks

These tasks will include those activities that try to attach and link staff and stakeholders to other organizations or social systems. Table 2 has some examples of reconnecting tasks.

Table 2: List of Reconnecting Tasks

Reconnecting Tasks
Transferring clients to other organizations or programs
Connecting staff to employment resources or support
Transferring staff to other positions in other organizations
Offering direct assistance to staff for identifying and locating new employment opportunities
Offering job counselling, resume workshops, networking workshops
Assisting in applying for government benefits
Providing reimbursement for travel to conferences or interviews for employment
Creating space and resources for peer support
Offering grief and bereavement counselling if required

Coordinating both activities at the same time creates operational tension that must be managed. Three major tension areas[7] exist.

Table 3: List of three major operational tension areas

Tension Area	Tension
Staff	Keeping the staff you need versus letting go of the staff you do not
Programs and Services	Managing services to clients and customers while planning for the termination of those same programs
Assets	Keeping the equipment and assets required to keep the organization going while it is in the process of closing while attempting to liquidate these and other organizational assets.

Once the organization has completed the disbanding tasks and has removed all the organization's assets, leaders can prepare to announce that the organization is defunct and has permanently closed.

What happens when your organization is defunct?

Nonprofit leaders must be sure to communicate to staff and stakeholders that the organization has been completely dismantled, all operations have ceased, and that the organization has closed. This final communication should focus on the organization's collective achievements; it should refrain from statements of blame or fatalistic determinism.

Parting ceremonies and legacy projects

Celebratory gatherings can help staff cope with the organization's closure by focusing on the organization's achievements. These gatherings also provide an opportunity for staff to support and console each other. Staff and community members will benefit from such gatherings to share stories and experiences, process complex emotions, and collectively say goodbye to the organization[8]. Leaders should consider the beneficial impact of a closing ceremony or celebration of their organization's life as it can serve to usher staff and community stakeholders into the final acceptance of organizational closure.

This acceptance can further assist staff and the community to attain a level of certainty and finality about the organization's ending. This is essential to stimulating new directions of growth and new developments and opportunities for staff, stakeholders and the community. Parting ceremonies can help staff and supporters accept the organization's closing and move on with their lives.

[7] Sutton, R. (1987). The Process of Organizational Death: Disbanding and Reconnecting. *Administrative Science Quarterly*, 32(4), 542–569. *https://doi.org/10.2307/2392883.*

[8] Hayslip, B., Ragow-O'Brien, D., & Guarnaccia, C. (1999). The Relationship of Cause of Death to Attitudes Toward Funerals and Bereavement Adjustment. *OMEGA — Journal of Death and Dying*, *38*(4), 297–312. *https://doi.org/10.2190/M5E7-KAEU-KHUC-9G7C*

Practical case study and a moment for reflection

Case study #1: Communicating Closure: The closing of the Old East Village Grocer[9]

The Old East Village Grocer (OEVG) was a social enterprise run by ATN Access in London, Ontario. ATN Access for Persons with Disabilities is a charitable organization. ATN Access provides employment support and training opportunities for individuals with disabilities to "improve the quality of their lives through a variety of assessment, skills upgrading and personal development services."[10]The OEVG provided access to groceries and basic needs in an area of London that could be described as a food desert and was within walking distance of several social housing complexes. The decision to close ATN's OEVG social enterprise was mainly due to the financial realities of the COVID-19 pandemic and the associated public health guidelines. Additional costs related to sanitation protocols, staffing shortages, supply chain issues and capital replacement costs added additional strain to the social enterprise.

Closing the OEVG was an emotional decision, but one that needed to be made. The organization felt that it was adequately prepared. Its closing down process included effective messaging to staff, stakeholders and customers, as well as strategic planning for asset liquidation and termination of lease contracts. Andrea Topham, ED, had earlier experience in closing small businesses and understood the strengths of both a well-crafted communication plan and the trusting work relationships within the organization in addressing the challenging decision to close.

The communication plan outlined well-timed messaging to be issued to staff, media outlets and customers and used a variety of media platforms, both traditional and social media. It communicated the decision to close, the date of the closure, and the reasons behind the decision. The plan was tailored to the unique information needs of the different groups. Additional tailored messaging was sent to the customer base of the OEVG offering sale prices and product discounts to help liquidate the store's inventory before its closing date and to take the opportunity to say thank you and goodbye to the staff at the store.[11]

The closure of the OEVG exposed deep connections to the store from its customers and community groups. Clients and customers expressed sadness at its closing. But, thanks to OEVG's comprehensive and customized communications plan, the community was supportive and understood why it had to close.

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[9] Topham, A (2020) Personal Communication with ED of ATN Access

[10] ATN Access. (2020, October 30). *About Us* Retrieved from *https://www.atn.ca/about-us/*

[11] LeBel, J. (2020, May 29). *Old East Village Grocer to permanently close as of June 7,* Global News. Retrieved from *https://globalnews.ca/news/7003978/old-east-village-grocer-closED-coronavirus/*

Moment for reflection

Consider the closing down of the Old East Village Grocer and use the questions below to reflect on your own organization's process of communicating closure.

1. What are the similarities between the Old East Village Grocer and your organization? What are the differences?
2. What elements of the Old East Village Grocer's communication plan would work for your organization? What do you think you will need to do differently?
3. What important relationships will your organization have to consider when communicating a closure?
4. How can your communication be tailored to meet the unique needs and concerns of different stakeholder groups such as staff, clients, and customers?

Recap: some key considerations

- Closing an organization is a change management process and some staff may resist this change
- Organizational closing consists of three phases, permanent, temporary, and defunct. Your closure plan should address how your organization will move through these phases
- Organizational closure tasks consist of disbanding tasks and reconnecting tasks. Your organization should identify which tasks will be pursued in each phase of its closure journey
- There will be tension due to balancing disbanding tasks with reconnecting tasks. Your closing plan should understand why this tension occurs and take steps to address it
- Celebrating the organization's legacy can help to reinforce the idea that closure is final while creating a space for stakeholders to both grieve the closing and celebrate the organizational legacy

Section 2:
Identifying When to Close

Nonprofit organizations exist in an ambiguous and complex world.[12]Evolving social, economic, demographic, political and environmental changes push nonprofit leaders and their organizations to the limit.

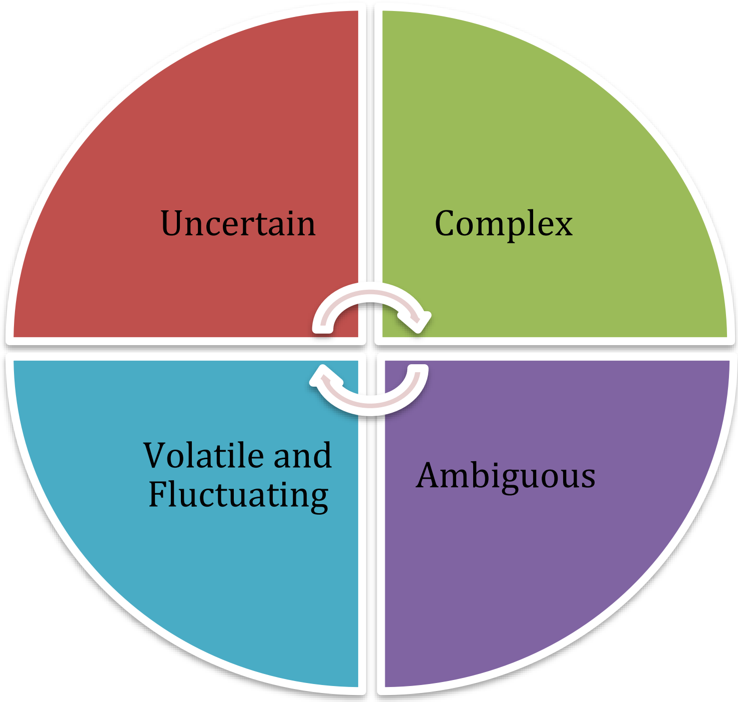

Figure 1: The complex nonprofit environment

[12] La Piana, D. (2018) The Nonprofit Strategy Revolution. Turner Publishing Company. New York, NY. Kindle Edition.

Organizational leaders are faced with great expectations to act quickly, decisively and strategically in addition to applying an agile approach that accounts for environmental complexities.[13]This ideal response is difficult to achieve in the best of times, chaos or crisis increases the difficulty of achieving this. The decision to close your organization may come as a shock to everyone concerned and is a textbook example of an ***organizational crisis***: a low-probability and high-consequence event characterized by ambiguity.[14]How to navigate through the process effectively ultimately depends on supportive leadership behaviour as well as agility.

> *"If you're a leader going through closing something down, if you're going to wait till you have all the answers, you're not going to succeed, or you're not going to do as well as you could as a leader. Because the reality is, there is no right answer."*
>
> -Laura Syron, CEO, Diabetes Canada

Recognizing the signs of closure

Although the charitable and nonprofit sector is used to volatility, each organization experiences this in its own unique way. However, what is important is that you can recognize whether the current challenges you face are survivable or whether they signal that closure is on the horizon.

> *"It's taking the time to not just do the day to day,but think of where your organization is going to be. What's your organization's best before date? How can you get to where you want to be when you have to close? It means a lot more planning. "*
>
> -Don McRae, Charitable Sector Researcher

[13] Bathurst, R., Jackson, B., & Statler, M. (2010). Leading aesthetically in uncertain times. Leadership, 6(3), 311–330. *https://doi.org/10.1177/1742715010368761*
[14] Wooten, L., & James, E. (2008). Linking Crisis Management and Leadership Competencies: The Role of Human Resource Development. Advances in Developing Human Resources, 10(3), 352–379. *https://doi.org/10.1177/1523422308316450*

The following is a list of potential warning signs that may indicate that your organization is in more trouble than one might think.[15]Each warning signal on its own may not indicate much, but if your organization is experiencing several of these[16], a conversation around closure may be required.

Table 4: Closure Warning Signs

Warning Signs
A gradual decline in activity over a long-term period
Challenges in attracting and keeping staff and fundraisers
Consistent declines in your organization's primary revenue stream
Other organizations in your niche (collaborators and/or competitors) are achieving better results compared to your organization
Organizational fatigue
Founder's syndrome
A negative forecast in your organization's long-term financial analysis
Successive failures in revenue diversification
Successive failures in strategic partnerships and collaborations
Problems with ongoing financial stability
Problems with your organizational reputation
Heavy reliance on a single funding source

But how can you tell whether the presence of these warning signs calls for a conversation around closure? One useful thought exercise is to plan, with your board, a potential "exit strategy," a process to close your organization down in a mindful manner.

To develop this strategy, you and your board should try to work your way through the following questions:

a. How much time would it take to maintain our operations while we plan to close?
b. Who would we need to have stuck with us to the end, to succeed?
c. How much would this cost?

The goal of this exercise is not to come up with an exact plan but rather to give your organization a sense of what the closure process would entail. This knowledge will prove useful in making a future decision to close operations.

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[15] O'Grady, M. (n.d.) Case study of an intentional closure of a no profit. Retrieved from *https://static1.squarespace.com/static/5d5dbf5c27fded000108ebdf/t/5d718d4d6393cf0001b786c9/1567722829518/Case+Study+CPIC+Closure+Version+5.pdf,* p. 8

[16] Hager, M., & Galaskiewicz, J. (2002). How Nonprofits Close: A Qualitative Study of 31 Twin Cities Nonprofit Organizations. Proceedings and Membership Directory - Academy of Management, 8(1), A1–A6. *https://doi.org/10.5465/APBPP.2002.751939*

Is closure right for my organization?

The decision to close is a governance decision, but it might not be the only choice available to your organization. There are a few broad alternatives to consider.

Choosing an alternative now does not mean that you might not consider closing at some point in the future. If your organization is facing severe financial challenges and/or has a shortage of other resources required to pursue alternatives, it will be wise to consider all risks involved with continuing your operations.

Options to nonprofit closure include merger through partnership, organizational restructuring, a transition to inactivity, change of mission, or periods of inactivity to preserve financial viability. Should these options fail to improve an organization's state of viability, organizational closure may be the only choice that remains. When this happens, understanding the process can improve the outcome.

Table 5: Options instead of Closure

Keep Going	Merge	Close
Engage your Community If a decision to shut down leaves a gap in your community, or if there is a very high need for the service you offer, you can engage your stakeholders and rely on them to support you and rally for your cause	A merger is the acquisition or establishment, direct or indirect, by one or more persons. In other words, when two or more organizations come together, it usually involves the transfer of all assets owned by one organization to the other(s)[17].	Dissolution is the legal act of termination of a corporation.
Restructure If your mission is no longer applicable to your community or some of your programs are no longer relevant, you will need to re-visit your mission statement, probably change the purpose of your charity and then change your charity's governing documents[18].		
Collaboration/Partnership[19] Your organization may be able to partner with a similar organization to co-develop or co-manage a particular program or offering.		

[17] Merger Enforcement Guidelines, Government of Canada

[18] Government of Canada, Canada Revenue Agency. (2020, July 28). Making a change to your organization Retrieved from *https://www.canada.ca/en/revenue-agency/services/charities-giving/charities/operating-a-registered-charity/making-changes.html*

[19] Main, K. (2014). Partnerships for Community Benefit: A Canadian Handbook on Partnerships between Charities and Non-Charities (including Citizen-led initiatives) Retrieved from *https://communityfoundations.ca/wp-content/uploads/2019/05/Better_Together_2015.pdf*

The impact of COVID-19 on the nonprofit sector

The COVID-19 global pandemic has impacted our society in unimaginable ways. At the time of this writing in the fall of 2020, the nonprofit sector has witnessed sector-wide impacts that have seen increasing demand for services as the cracks in Canada's social support systems have been exposed bare, putting more demand on civil society to fill those gaps. Public health guidelines, lockdowns and social distancing measures have prohibited conventional fundraising efforts, threatening the financial viability of nonprofit organizations sector-wide and driving organizations to consider closing.

Imagine Canada's Sector Monitor Report from April 2020

- 69% of surveyed organizations have experienced decreased revenues
- 73% seeing their donations dwindle
- 35% of charities reported seeing increases in demand for their services
- 30% of surveyed charitable organizations reporting that they have laid off staff
- 55% indicating that layoffs are approaching
- Estimate for layoffs in the nonprofit sector include 37,000 full time positions and 46,400 part time positions.[1]
- 20% of charities may need to close their doors in three to six months
- 25% of charities may close within one year

The Ontario Nonprofit Network suggested that by the end of June 2020

- 40% of Ontario nonprofits seeing increased demand for their services
- a sector wide financial loss of $90 million CAD
- 20% of nonprofits indicating that organization closures are imminent in the next six months[1]

The nonprofit sector in Canada accounts for 8% of GDP and provides 2 million[1] jobs for Canadians and the impact of COVID-19 may well indeed hollow out the sector.

"I've just seen the report that suggests that we could see 20% of nonprofits closing in the province of Alberta, and likewise in Canada, and so for many of those organizations, it's really reviewing what your mandate is. Have you accomplished it? Because sometimes maybe you have accomplished the goal and you can celebrate that, and closure is not always a bad thing. I think in the sector, we try to search out things to do in order to have an organization continue to survive, but it deviates it away from its true mission."

-Dawna Morey, ED, Lending Cupboard

Shifting from Permanent to Temporary: Working with the board

As mentioned at the beginning of this workbook, the presence of warning signs or major threats to your organization makes strategic plans about its end necessary. While it may be organizational staff and the executive director who collect the information that suggests the organization should close, the decision to close is a governance decision. Only the board of directors can make it.

Every nonprofit organization is different, and every board is different. In order for an executive director to discuss the topic of closing with their board, they must first understand how the board works. Specifically, they must understand the board's governance model, and must understand how the board performs together as a group.

Board Governance Models[20]

Table 6: Board Governance Models

Type of Board	Primary Focus	Description
Operational	Operations	Operational boards are working boards where board members do the work of the organization, manage it, as well as govern it
Collective	Operations/Inclusive Decision-making processes	Both board and staff are involved in decisions about the work of the organization and its governance
Management	Management of operations	Board members directly manage operations such as finance and service delivery.
Constituent Representational	Constituent Interests	These are elected boards that balance the organization's best interests against the needs and interests of the constituencies they represent.
Traditional	Governance	The board governs and oversees operations via board committees, but management functions are delegated to the executive director or CEO.
Results-Based	Governance	The board sets the overall strategic direction for the organization but empowers the CEO to achieve board directives
Policy Governance	Governance	The board sees its role as creating policies that establish organizational goals, with the CEO empowered to achieve these goals however they like
Fundraising Board	Fundraising Activities	These boards may be responsible for governance but chiefly focus on raising funds.
Advisory Board	Advice and Connections	The CEO primarily manages this board. The board's role is to provide advice and approve CEO-recommended plans and budget.

[20] Gill, M. (2009, September 7). *Overview of governance models and board types*. CharityVillage. https://charityvillage.com/overview_of_governance_models_and_board_types/

Once the type of board is determined, the next step is to understand how effectively the board works together.

Board Governance Effectiveness

The board's ability to make decisions effectively will influence the planning of the organizational closure process. Board-readiness and effectiveness can be assessed via several tools. We have provided a simple one below.[21]

The Governance Effectiveness Quick Check

Rating Scale: Agree Strongly (5); Agree (4); Agree Somewhat (3); Disagree Somewhat (2); Disagree (1); Disagree Strongly (0)

Question	**Score**
1. This organization's orientation for board members adequately prepares them to fulfill their governance responsibilities	
2. This board is actively involved in planning the direction and priorities of the organization	
3. The board does a good job of evaluating the performance of the ED/CEO (Measuring results against objectives)	
4. This organization is financially sound (viable and stable)	
5. Board members demonstrate a clear understanding of the respective roles of the board and ED/CEO	
6. The organization's resources are used efficiently (good value for money spent)	
7. The board has high credibility with key stakeholders (e.g., funders, donors, consumers, collateral organizations or professionals, community, staff)	

[21] Gill, M., Flynn, R. J., & Reissing, E. (2005). The governance self-assessment checklist: An instrument for assessing board effectiveness. Nonprofit Management and Leadership, 15(3), 271–294. https://doi.org/10.1002/nml.69

Question	Score
8. Board members demonstrate a commitment to this organization's mission and values	
9. Board members comply with requirements outlined in key elements of the governance structure (bylaws, policies, code of conduct, conflict of interest, traditional/cultural norms, etc.)	
10. The board's capacity to govern effectively is not impaired by conflicts between members	
11. There is a productive working relationship between the board and the ED/CEO (characterized by good communication and mutual respect)	
12. I am confident that this board would effectively manage any organizational crisis that could be reasonably anticipated	
13. Board meetings are well-managed	
14. The board uses sound decision-making processes (focused on board responsibilities, factual information, efficient use of time, items not frequently revisited, effective implementation)	
15. This organization has a good balance between organizational stability and innovation	
Total of the 15 items	
Overall Score (Total divided by 15)	

A governance assessment will help you realize how prepared the board of directors will be to approve a decision to close the organization.

A Special note about your Board

What if the reason you must close is due to your board? What if your organization is experiencing Founder's Syndrome and the Founder sits on the board? What if your board is dysfunctional and unable to perform its duties?

These are some examples of governance challenges that may prevent you from fully involving your organization's board in planning organizational closure. It might be best to consult resources on how to improve board relations and strengthen governance policies before assisting the board with a closure process.

If the need to close is urgent, then it may be best to prepare as much information as possible so that the board can easily make their decision. Ideally, the information you provide will convince a majority of board members of the urgency of the decision to close.

Preparing the board for closure

You will need to share with your board all the information that supports closing the organization. In addition to the warning signals discussed earlier, it may also be useful to include the answers to the following questions as part of the exit strategy.[22]

Mission, Values, and Strategy	**Have your mission and values been consistently reflected in all your strategies?**
Programs	Are your programs still relevant? Is there still a need for your service?
Clients/Community	Do you continue to serve the same number of clients as you did three years ago? How many clients pay for your services? How many people receive help from the services you offer?
Financials	Are there any significant downward trends in your revenue? Which programs are these related to? What significant financial challenges do you face today?
Competitive Landscape	Are there other organizations doing similar work? Is there an over-supply of programs or organizations like yours?
Funders and Donors	What has changed? Are there new funding priorities for your donors? Any significant trends in donor loyalty?
Political/Social/Economic/Environmental Threats	Are there any notable or emerging trends that have threatened your mission? Are there new issues that need to be considered? Is your mission still relevant with the changing times and social issues?

Additionally, you might want to reflect on the following questions:

- How long have your challenges existed?
- What efforts have you made to prevent them?
- Why did these efforts not work, and what went wrong?

[22] La Piana, D. (2018) The Nonprofit Strategy Revolution. Turner Publishing Company. New York, NY. Kindle Edition.

Continuing the board conversation on closure

Boards can play a crucial role in advancing organizational change and in supporting EDs.[23]

Effective boards engage in planning from the outset.[24]During high uncertainty and organizational crisis, the board may be expected to perform non-traditional duties. Directors may also be expected to rapidly educate themselves about the organization's challenges and approve a plan of action right away instead of getting overinvolved in lengthy governance processes.[25]

The board of directors will begin by reviewing the in-depth analysis of organizational challenges that you have prepared. Given the importance of their role, it is essential that your board:

- Be given all the necessary information
- Consult your bylaws to check for any conditions required to make decisions about the nonprofit's future
- Evaluate all possible alternative options, including new funding sources, before voting to shut down the organization or program.
    - Your board has a duty of care to fulfill. It could be that your closure leaves a gap in your community, or that your organization has clients who are at high risk due to loss of service through your programs and their needs will persist.

"You know, everyone was saying that moving forward, your charity is important. Because despite COVID, people still have Epilepsy. There are people seriously affected by it. There are still people who die from Epilepsy. And so that need hasn't or didn't go away because of COVID. Should we continue, or should we hold it there? There was no consideration to closing at all. But we asked those questions and then had answers in support. And we went out and did some solid research to support our decision making. I think that was critical."
- Gary Collins, ED, Epilepsy Canada

Don't be afraid to ask your board to step in and step up during troubled times. Some ways board members can support the organizational leader is by:

- Simply asking if they can help and what kind of help is needed
- Helping to resolve anxieties
- Offering advice and expertise
- Forming an executive committee to create strategies for navigating through challenging times
- Communicating with all stakeholders at all levels.
- Reaching out to stakeholders in their network of contacts that may be able to provide assistance/help to the organization or executive director in different ways

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[23] McMullin, C., & Raggo, P. (2020). Leadership and Governance in Times of Crisis: A Balancing Act for Nonprofit Boards. *Nonprofit and Voluntary Sector Quarterly*. *https://doi.org/10.1177/0899764020964582*
[24] Burlingame, D., Tempel, E.R., Seiler, T.L. (2016). Achieving Excellence in Fundraising (4th ED.). Hoboken, New Jersey: Wiley.
[25] McMullin, C., & Raggo, P. (2020). Leadership and Governance in Times of Crisis: A Balancing Act for Nonprofit Boards. *Nonprofit and Voluntary Sector Quarterly*. *https://doi.org/10.1177/0899764020964582*

While going through this process, your board may have some questions for you.

Topic	Potential Questions
Strategic	What are the short-term and long-term ramifications of this decision? What are the processes for informing our major partners, donors, and stakeholders? Who else needs to be consulted about this decision?
Operational	What is the plan for disposing of any organizational assets and discharging any debts? When will organizational programs close? What is the process for archiving organizational assets and products? Which operations activities need to persist to help with closing, and which need to cease? How will the organization's office, website, and other business systems be closed?
Financial	Would the board be financially liable for any reason? How much funding is left in the organizational reserve, and how many months of operation does this represent? Are there any significant financial liabilities that the organization faces?
Communications and Risk Management	How will this news be communicated? Who will be the official spokesperson? Is the board or the organization exposed to any risks because of closing? How will staff and other stakeholders be informed?
Legal	What are the legal requirements for dissolution in our jurisdiction? Are there any legal issues or risks that would affect closing?
Human Resources	When will staff be terminated? Which staff will be let go at once, and who will be kept on to assist with closing? How will volunteer and contractor dismissals be managed? What will be offered to support staff during this challenging time?

How will we get there? Making your exit strategy

Once your board has voted to close, your first, and most important step, is to set a closing date. The actual closure process can take a considerable amount of time, so deciding on a date will give you a realistic timeline and space to work within. Being decisive about the date will give your staff a good chance of finding new employment and enable you to control any negative reactions around your closing. It will also give you time to plan your organization's legacy.

> *"It was a long process. It took 18 months to close down [ArtsSmarts head office] as there are certain steps you have to go through with the CRA."*
>
> -Frances Shakov, General Manager, Dancemakers

Recap: some key considerations

- Identify which factors in the organization's operating environment make the likelihood of closing higher
- The board of directors must take the decision to close, and information should be prepared to help assist them in making this decision
- Boards can help with the closure process, but this will depend on their -governing model and how effectively they work. These should be known prior to embarking on any closure process
- Your board may have questions for you related to strategic, operational, and fiduciary concerns resulting from closing. You should prepare responses to these questions
- Once the board has approved a decision to close, the first step should be to set a closing date

Section 3:
Communicating Your Closure

Developing a Closing Plan

Now that a closing date has been set, your organization can begin to plan its closing process.

Your organization should develop its lists of disbanding and reconnecting tasks and prioritize those tasks by their relative importance to the closing process. This ranking will decide in what order these tasks will be done. It may be helpful to group these tasks by their major program area, e.g., Operations, Human Resources, Fundraising. It is imperative that each task in your closing process has clear start and end dates.

In addition to developing a plan for closing, your organization should also appoint an individual, or a small team of individuals, who will be responsible for leading the closure process. The size of this team will depend on your organization and its resources. Still, it is crucial that the administration of closure is centrally managed. This ensures that closing tasks are managed and completed within a suitable time and manner.

Your list of tasks and personnel should be used to develop a closing plan timeline. It is recommended that tasks be sorted by their program area and due date. One example of such a plan is included below.

Organizational Closing Timeline		**Board Approved Closing Date: July 1st, 2021**		**Closure Lead: Executive Director**
Task Name	**Task Type**	**Major Program Area**	**Staff Lead Responsible**	**Estimated Completion Date**
Reviewing Staff Contracts and Termination Policies	Disbanding	Human Resources	Executive Director, HR Director	December 31, 2020
Doing an Organizational Asset Inventory	Disbanding	Operations	Executive Director, Operations Director	December 31, 2020
Assessing Organizational Debts and Liabilities	Disbanding	Operations	Executive Director, Operations Director	December 31, 2020
Assessing Organizational	Disbanding	Operations	Executive Director, Operations Director	December 31, 2020

Organizational Closing Timeline		**Board Approved Closing Date: July 1st, 2021**		**Closure Lead: Executive Director**
Task Name	**Task Type**	**Major Program Area**	**Staff Lead Responsible**	**Estimated Completion Date**
Reserves and Days of Cash on hand				
Breaking Property and Equipment Leases	Disbanding	Operations	Executive Director, Operations Director	December 31, 2020
Deciding Program End Dates	Disbanding	Programs	Executive Director, Programs Director	December 31, 2020
Communicating with key donors and volunteers	Reconnecting	Operations	Executive Director, Operations Director	January 1, 2021
Scheduling Staff Terminations and Layoffs	Disbanding	Human Resources	Executive Director, HR Director	January 31, 2021
Communicating news of closure to the public	Reconnecting	Operations	Executive Director, Operations Director	March 1, 2021
Transferring Organizational Program Assets to other Organizations	Reconnecting	Programs	Executive Director, Programs Director	April 1, 2021
Transferring Clients to other organizations or programs	Reconnecting	Programs	Executive Director, Programs Director	April 1, 2021
Offering job counselling to laid-off staff and contractors	Reconnecting	Human Resources	Executive Director, HR Director	May 1, 2021
Connecting Staff to Employment Resources and Support	Reconnecting	Human Resources	Executive Director, HR Director	May 1, 2021
Assist in applying for government benefits	Reconnecting	Human Resources	Executive Director, HR Director	May 1, 2021

Organizational Closing Timeline		**Board Approved Closing Date: July 1st, 2021**		**Closure Lead: Executive Director**
Task Name	**Task Type**	**Major Program Area**	**Staff Lead Responsible**	**Estimated Completion Date**
Ensuring all legal requirements for dissolution have been completed	Disbanding	Operations	Executive Director, Operations Director	June 1, 2021
Archive, transfer, or close digital and social media assets	Disbanding	Programs	Executive Director, Programs Director	June 1, 2021
Celebrating the organization's legacy and impact	Reconnecting	Human Resources	Executive Director, HR Director	June 30, 2021
Archiving Organizational Financial Records	Disbanding	Operations	Executive Director, Operations Director	July 1, 2021
Closure Process Completed	Disbanding	Operations	Executive Director	July 1, 2021

Managing Stakeholder expectations

People are the heart of every nonprofit and charitable organization. Organizations are run by committed staff, dedicated volunteers, and capable board members who deliver services to clients and other beneficiaries. Funders and donors contribute to ensuring these services are delivered. The whole sector revolves around relationships between people. Maintaining trust and integrity within those relationships becomes indispensable when organizations shut their doors. When the awareness of shutting the doors becomes real, people's fears and anxieties begin to grow.

When leaders are faced with closing down, putting people first becomes even more critical. Closing an organization requires that leaders honour and recognize people's efforts and celebrate the organization's achievements to keep those relationships healthy within the community.

> *"I think that the most important thing to prioritize is people first. You have to deal with the people and all the emotions that happen with them first and then we can get into the minutiae on how you should actually close down because it's easy to forget how impactful your organization is on folks well hopefully is not that easy to forget. But you know, you get so wrapped up in the stuff on having to do this that I always, always, always encourage folks to think of the people first and make sure they're okay."*
>
> -Andrea Topham, ED, ATN Access

Working with your staff

For your staff and volunteers, the closure of your organization means two things. It means the loss of employment income, benefits, and other material aspects of their work. It also means the loss of the opportunity to contribute to an issue or a cause with which they are emotionally invested. Thus, within your closure plan, you must ensure that staff and volunteer concern and fears about both the material losses and emotional losses connected to organizational closure are addressed. Any significant change to our lives can be interpreted as either an emotional or psychological loss.
Staff, volunteers, and stakeholders may react with strong emotions of fear, anxiety, sadness or even anger. For this reason, the change must be managed with effective communication and confident leadership.

> *“Look after your people, that's all. As much as you can, do it and be seen doing it. So that people know. They’re going to be upset. Knowing that they are being cared for and thought of, however, will make their acceptance of this difficult decision easier”*
>
> – David Morley, President and CEO UNICEF Canada.

Leading through closure

The success, or failure, of your plan to communicate news of closure and layoffs to your staff depends on your approach as an organizational leader leading through this change. Here are some recommendations that you should incorporate into your leadership approach.

Set the tone

You will be leading this closure process. The approach you take will directly affect how the closure decision is received by organizational staff. It is essential to take personal responsibility for the process and be fully engaged in all aspects of the closure discussion and plan execution.

> *"Organizationally, I was the face. It was me who led the town halls, and I very deliberately put in the messaging in the town halls that ultimately this is my choice, this is my decision. Because we didn't want employees thinking, oh, my manager gave me up. And so, all of those were my decisions. And ultimately, I was the face: all the letters came from me, I was certainly the connection to the board. And certainly, for my senior leadership team, it was me because obviously the leaders didn't want to give up their people. And I had to make some tough calls, it was hard, but you know, that’s what it is to be a CEO.”*
>
> –Laura Syron, CEO, Diabetes Canada

Treat all your employees equitably and be deliberate and mindful of what you do and how you communicate. More than anything else, during the closure process, you must be available and approachable.

> *"It's important that the different levels of the organization see the leadership of the organization taking that leadership position, responding to the challenge and reacting."*
>
> -Steven Clark, ED, the Royal Canadian Legion

Remember your staff and volunteers are people too

Your closure process should treat your employees with dignity and respect. Employees will be facing several challenges to their personal and economic conditions because of your organization's closure.

Allow your employees to say goodbye to their colleagues and clients by hosting parting ceremonies if possible. Parting ceremonies are covered in Section 4: Celebrating the end: Parting ceremonies and legacy projects.

Leaders should:

- Give staff time and space to retrieve personal effects from the workspace.
- If it is financially workable, honour benefit and health plan commitments.
- Explain to your employees how coverage for these plans will cease upon closure.
- If appropriate, offer to act as a reference for future employment, or even help with finding new jobs for your employees.

These tasks are similar to the reconnecting tasks, as discussed in Section 1, Understanding the Closure Process.

A special note about your volunteers.

The charitable and nonprofit sector is volunteer driven. Letting your volunteers go is similar to letting staff go. You should remember that your volunteers' emotional bond and connection to your organization may be quite strong. You have a responsibility towards your volunteers and should be mindful of this in your communications with them, allowing them space to grieve the organization's closure. Consider thinking about how you will commemorate their work with the organization as well.

Practical exercises

Preparing an employee FAQ

Your employees will have a lot of questions as a result of the closure process. As part of preparing to communicate closure news to your staff, you should consider the questions they may ask and prepare responses. Together with your senior leadership and/or board, put yourselves in your employee's shoes. Brainstorm questions they may ask, and then together, prepare responses. The following questions have been provided to help with your brainstorming process.

Closure -Related	**Employment-related**	**Cause-related**
Why is this happening now? *Can this be delayed or avoided?* *What does this mean for me and my job?*	*When is my last pay cheque?* *What will happen to my benefits/RRSP/pension?* *What will be my severance pay?* *When is my last day?* *Will you help me find a new job/write a reference letter?*	*What is going to happen to our projects/products?* *Who will take our place in achieving our organizational mission?* *Who is going to tell our key donors/volunteers/clients?*

Your donors and partners

Your donor and partner relationships with your organization must also be considered as part of your closure checklist. There are two considerations that you must keep in mind when working with this group of stakeholders: the financial relationship and the organizational relationship.

The financial relationship

Put simply, this refers to the funding relationship your organization has with its donors and partners and how those relationships and agreements may be affected by your organizational closure. Depending on the nature of the contribution agreement in place, your organization may have to repay unused funds to a foundation or government partner or settle any outstanding debts. Your organization may also need to get legal advice to decide whether it needs to make refunds to donors[26]. Each of your organization's

[26] Canada Revenue Agency. (2007, April 19). *Returning a gift to a donor* [Service description]. Aem. *https://www.canada.ca/en/revenue-agency/services/charities-giving/charities/operating-a-registered-charity/receiving-gifts/returning-a-gift-a-donor.html*

income streams should be evaluated to see how the financial relationships that make up these streams can be successfully wound down.

The organizational relationship

Relationships with donors and partners are rarely transactional. These individuals give because they care about your organization and the work it does. In addition to addressing the monetary aspect of ending these relationships, you must also address the personal aspect of ending these relationships.

While the key reasons for closure will not change, what you say and how you say it should vary based on the organizational relationship with that partner or donor. A long-term major gift donor will, for instance, require a different and more personalized approach compared to a one-time donor, and your conversation with a foundation's program officer will differ from your conversation with a government program officer. Consider tailoring your messages to meet the unique needs of each stakeholder group.

> *"We took a different approach. We did an analysis of our donor base and discovered that we had a very loyal database of donors that donated for over 25 years. We created a Thank You program and an Honour Roll program. We selected a group of people who had been giving for between 20 and 30 years. We also selected the high donors, but for us, the most important were those who had given for a long time. We did a thank you, for people supporting us for 30 years, for whatever dollar amount that they donated. And we didn't ask for any donations. The letter was completely transparent. And the response was fantastic. We had several people either call or write back or email back saying they're so pleased that we didn't ask them for donations at this time."*
>
> -Gary Collins, ED, Epilepsy Canada

The excerpt above relates an on the ground experience in which you can simultaneously communicate with and thank your donors, ensuring that your long-term and major gift donors are thanked appropriately.

To help with an analysis of your donor database, you may use the provided table to chart out your various donor and funder relationships and see what communication method is best. We have filled in two examples to help aid in your planning. *You can use the blank spaces supplied to fill in donor relationships that your organization has.*

Sample Donor Relationship Table

Sample Donor Relationship Table						
Individual/ Partner/ Funder Name	*Type of Contribution*	*Total Amount Given*	*Length of Relationship*	*Source of Relationship*	*Outreach Method*	*Key Contact*
Foundation #1	Major Gift Donation	$250,000	10 years	Cultivated via Fundraising Team	Personal meeting/ phone call	ED, Board Chair
Individual Donor #1	Monthly donor	$120	2 years	Newsletter subscriber conversation	email	Fundraising department

When a crisis emerges, and an organization's survival comes into question, staff and volunteers can be subject to rumours due to uncertainty and lack of information. Leaders must supply up to date information through communications that can minimize the spread of rumour and eliminate any false information about the organization's closure. Communications must be sequential, consistent, and frequent. Without these communications, staff may be unprepared for the closing down of the organization with potentially detrimental personal consequences and heightened emotions such as anger, depression, and dependence.

The closing of an organization is essentially a change management process. Change is often interpreted as either a personal or a psychological loss and can elicit strong emotional or physical reactions. People tend to react negatively to change and will even resist change if they feel that it will not benefit them. Organizational closure is a significant change. Your staff and volunteers will likely react negatively, and potentially drastically, to this news. It is up to organizational leaders to exhibit the necessary leadership qualities and communication skills to support staff through this change.

Leaders can reframe the closing as a culmination of the organization's collective achievements and mission accomplishments. These are to be celebrated rather than viewing an inevitable closing as something fearful to be resisted. The relationship with your staff should be the heart of every communication where valuing and honouring their contribution, commitment and service to the organization are prioritized to minimize the negative impact of this change.

Communicating Closing

When planning your closure, one of the most crucial steps is to plan your communications.

Although no one wants to be the bearer of bad news, you want to communicate your closure plans as soon as possible - maybe more importantly, as clearly as possible.

Closures can happen quickly but taking the time to establish a communications plan is paramount. The absence of a communication plan can create ill-conceived or incomplete communication, which can turn small issues into significant crises because of poorly constructed and delayed messages.

> *"We had a pretty robust communication plan. That was one of the key things that we started with. As soon as we made the decision, we had a written document that looked at lines, roles, and responsibilities, outlined key audiences and then messages that would go to those key audiences."*
>
> -Andrea Topham, ED, ATN Access

Before you begin communicating upsetting news, you should consider the following:

Who	Who are you communicating this news to? Consider the seniority levels of your staff and volunteers and their roles and responsibilities. Individuals who have been with your organization for a long time, or key members, may require a different approach to that for recent staff or independent contractors.
When	When will you let staff and volunteers know? Will you let everyone know at the same time, or will you stagger the news from the top down?
Where	In what setting or medium will this news be delivered? Will it be a virtual town hall with all staff in attendance or individual or small group meetings? Consider your organization's size, and the relationship you have with your staff when making this decision.
How	What tone or approach will your communications take? Will you be neutral, apologetic, or hopeful?
What	What will you say when you deliver this message?

> *"Show vulnerability, but also show that being vulnerable doesn't mean that you're out of control or lost."*
>
> - David Morley, President and CEO UNICEF Canada

Delivering significant news

Letting someone know that their workplace is closing and their job is being lost is especially tough news to deliver. You must communicate this news to your staff in a manner that is respectful. While there is no foolproof recommended method for delivering bad news, studies have shown that regardless of the type of bad news being conveyed, staff generally prefer to have this news delivered in a direct, honest manner[27]

> "*We had to decide our approach. We had to really try to think of the human side of it. How are we going to support people? What would we tell colleagues about how to reach out to their colleagues if they wanted to be supportive? The most important thing, I think, was the challenge of how to be as supportive as possible*. "
>
> -Laura Syron, CEO, Diabetes Canada

[27] Manning, A. (2017). Bad news first: How optimal directness depends on what is negated. *2017 IEEE International Professional Communication Conference (ProComm)*, 1–10. https://doi.org/10.1109/IPCC.2017.8013959

Here are some Dos and Don'ts when it comes to delivering significant news:[28 29 30]

Dos	**Don'ts**
Carefully prepare and practice your messages. Be open, direct, and ethical.	Beat around the bush or spin.
Explain the decision-making process and context. Explain how the closure will affect employees and how you will help them through this transition. Honesty and clarity are essential	Use jargon and corporate-speak.
Create a safe space for employees to vent and be emotional.	Let your body language contradict your words.
Allow employees to ask questions. Ensure that you have prepared answers to those questions. This is a tough, emotional process, and it is best to be calm and sympathetic to employee worries and concerns	Be cold and unsympathetic.

Don't pretend to be so strong that you're not going to share anything – because you've got to be strong. There's no question, you have got to be strong. But, but to me sharing some of that, of who you are, what it is feeling like right now, for you, or for me, as a leader? That's important. ."

- David Morley, President and CEO UNICEF Canada

[28] Gallo, A. (2015, March 30). How to deliver bad news to your employees. Retrieved from *https://hbr.org/2015/03/how-to-deliver-bad-news-to-your-employees*

[29] Brigham Young University. (2017, October 5). Delivering bad news? Don't beat around the bush: New research shows people typically want to hear it straight. *ScienceDaily*. Retrieved November 26, 2020 from www.sciencedaily.com/releases/2017/10/171005141739.htm

[30] Snyder, H. (2006). Ethical Rationality: A Strategic Approach to Organizational Crisis. *Journal of Business Ethics*, *63*(4), 371–383. https://doi.org/10.1007/s10551-005-3328-9

Tell your people first - Internal communications planning

Your internal communications need to be precise to ensure that there is no internal confusion or ambiguity.

When announcing an organizational change, a communication plan gives management teams a predetermined approach for what, how, and when to communicate with multiple audiences. This tool focuses on the specific messages conveyed during a change or closure. With a detailed template to follow, management establishes a comprehensive process. It eases some of the challenges managers face during a difficult or exacting time. It is advisable to avoid conflicting messaging. A communication plan ensures that the management team is on the same page and prepared with the same key messages.[31]

It is imperative to talk to all staff, key partners, and stakeholders before communicating to the public. You want to make sure that those people hear it from you first in order to avoid rumours or employees finding out from outsiders.

Keep in mind that your employees will likely be feeling a lot of uncertainty. The best way to manage these feelings is through consistent, persistent, and repetitive communications.[32]

> *"We wanted to make sure that when we sent out the communications that we were very methodical and sensitive about it."*
>
> -Heidi Clarkson, Co-founder, IMPACT Parkinson's

It's also important to decide who will deliver which messages to whom. For example, some employees may find it more personal to hear it from their direct supervisors or manager than the ED from whom they may feel more disconnected.

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[31]Newman, A. (2016, February 10). Communication Planning: A Template for Organizational Change. Retrieved from https://ecommons.cornell.edu/handle/1813/71236

[32] Richardson, D. (1996). Communicating change. *Human Resource Management*, *35*(2), 203–216. https://doi.org/10.1002/(SICI)1099-050X(199622)35:2<203: AID-HRM4>3.0.CO;2-1

Your staff communications strategy

You can use the following table to help you in crafting your communications plan for staff. The prompts will help determine your organization's key messaging points.

Internal Communication Strategy Table					
Staff Audience	**Audience Background and Potential Reactions**	**Communication Objectives**	**Communication Channel**	**Communication Timing/Frequency**	**Key Message Tone**
Senior Leadership	*Who*	*What?*	*Where?*	*When?*	*How?*
Mid-level Managers					
Front-line workers					
Part-time employees					
Contract workers and consultants					
Interns					

Informing the Public - External Communications Planning

After breaking the news to your staff, it is important to inform the public clearly and professionally.

It is advisable to develop a media and communications strategy and ensure everyone commits to it to avoid confusing and contradictory messages.

Identify a spokesperson, or a few people, in the organization and help them prepare responses to key questions. Your spokesperson should be available for interviews as soon as your announcement is made public.

> *"There is nothing more imperative in times of crisis than strong communication and that is communication both internally and externally."*
>
> Steven Clark, ED, the Royal Canadian Legion

Once your message is out, your leadership team and spokesperson could follow similar Do's and Don'ts for their communications efforts. It is essential to be honest and candid. Although your external communications should come from a set of key messages and answers, it is vital not to sound too scripted. Below is a sample Communications Plan template that can be tailored to your specific needs.[33]

External Communications Strategy Table					
Audience	**Audience Background and Potential Reactions**	**Communication Objectives**	**Communication Channel**	**Communication Timing/Frequency**	**Key Message Tone**
	WHO?	*WHAT?*	*WHERE?*	*WHEN?*	*HOW?*

Recap: Some key considerations

- Establish a closing plan that assigns responsibility for closing tasks to key personnel, as well as ensuring each task has a deadline
- Specific communication plans should be developed for each major stakeholder group
- Care should be taken when communicating news to staff and volunteers due to their relationship with the organization
- Donors, funders, and partners may need specific communications, as well as legal consultation depending on the nature of the funding relationship
- Your news of closing to the public should also be done via an external communications strategy, but this should only take place after major internal stakeholders have been told

[33] Newman, A. (2016, February 10). Communication Planning: A Template for Organizational Change. Retrieved from *https://ecommons.cornell.edu/handle/1813/71236*

Section 4:
Celebrating the End: Parting Ceremonies and Legacy Projects

Why celebrate your organization's closure?

Celebrating your organization's closure serves several purposes. Rituals of grief allow space for grief, but they also create a space for commemoration and celebration. Celebrating your organization's closure can help staff process heightened emotions such as anger, sadness or guilt, help connect to peer support groups, and make a better adjustment to life post closure.[34]

> *"Our members were very supportive. They understood it. It wasn't a happy decision (to close), but they absolutely understood. Our clients and customers, and the community, absolutely expressed concerns; they were sad. We saw a lot of social media posts; oh, we are really sad, and we loved that store. We did have a local group that offered to do some personal fundraising for us but, at that point, it just wasn't feasible. But overall, people understood."*
>
> -Andrea Topham, ED, ATN Access

Benefits of parting ceremonies for staff and stakeholders

Support staff and stakeholders to prepare for and experience the closure process.
Help staff and stakeholders process heightened and confusing emotions such as anger, sadness, denial, or guilt.
Can connect staff and stakeholders to peer support.
Can help guide staff and stakeholders to lessen denial and move toward the acceptance of the organization's closing.
Can limit the negative psychological, physical, and social impacts of coping with closure
Encourage staff to accept new life opportunities and fully engage in future life events.
Can help shift the organizational outlook away from failure and closing and towards s mission accomplishment and organizational achievements.
Help staff to symbolically disconnect themselves from the organization.[35]

[34] Hayslip, B., Ragow-O'Brien, D., & Guarnaccia, C. (1999). The Relationship of Cause of Death to Attitudes Toward Funerals and Bereavement Adjustment. *OMEGA — Journal of Death and Dying*, *38*(4), 297–312. *https://doi.org/10.2190/M5E7-KAEU-KHUC-9G7C*
[35] Sutton, R. (1987). The Process of Organizational Death: Disbanding and Reconnecting. *Administrative Science Quarterly*, 32(4), 542–569. *https://doi.org/10.2307/2392883*

Nonprofit organizations are mission-driven organizations where staff and stakeholders care strongly about the cause. This results in a level of connection and closeness to their organization that is not dissimilar to the connection one feels to a family member, a close friend or a loved one. When leaders make decisions to close down their organizations, parting ceremonies provide an opportunity for staff and community stakeholders to collectively grieve the closing of their organization and move away from the feelings of denial towards the acceptance of the organization's closing. They also serve as an opportunity for staff to symbolically disconnect themselves from their organizations and begin the process of reconnecting toward new opportunities.

> *"Oh, the biggest challenge in the decision? When we were building, getting this place ready, we had people, we had clients painting and drywalling and everyone put so much effort into it. We have so many private donations from families, and we worked so hard. So I think for us, it was the emotional decision that was the hardest thing. In letting everyone down, we felt some guilt, we can't pay anybody back all these donations. They didn't want it back, but we felt maybe we should try to pay them back, our primary concern was the health of our clients."*
>
> -Heidi Clarkson, Co-founder, IMPACT Parkinson's

Reclaiming personal agency through celebrating your organization's closure

Celebrating the success of your organization's accomplishments offers a new perspective on the closing process. It reframes closure, not as some traumatic event beyond one's control, but as a part of the larger and natural cycle of organizational opening and closing. The process of closing focuses on an organization's achievements, its influence on the community, and the efforts of staff and volunteers in accomplishing its mission. This messaging reaffirms a sense of control and agency in staff and stakeholders that may have been affected by closure. An organization's survival is not the ultimate measure of its success[36].

Parting ceremonies can:

- Provide an opportunity for staff, volunteers, and stakeholders to collectively grieve and process complex emotions about the organization's closure.
- Reaffirm the acceptance of organizational closure for staff.
- Improve the bereavement adjustment process for staff after the organization has closed its doors.
- Offer connections to peer support groups for staff and volunteers.
- Honour the service of the staff, volunteers, and stakeholders.

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[36] Helmig, B., S. Ingerfurth, & A. Pinz. (2014). Success and Failure of Nonprofit Organizations: Theoretical Foundations, Empirical Evidence, and Future Research Survival Charities. *Voluntas,* 25(6):1509-1538.

- Help shape attitudes and feelings about the organization's closure away from death and failure toward organizational accomplishment and the natural cycle of organizational life and death.
- Reaffirm staff agency and control over their efforts in the organization's successful closure and in reconnecting to the workforce with new opportunities.
- Help staff prepare for the inevitability of closing and loss as a natural process.

Legacy projects, organizational accomplishment and honouring staff and stakeholders

Nonprofit and charitable organizations have many touchpoints in the communities they serve over their lifetimes.

Like extraordinary societal contributions from individuals, the influence of these contributions moves beyond the organization's life to influence the future development of our communities and society. Preserving these accomplishments and honouring the staff and stakeholder's efforts in achieving them can be expressed through various legacy projects as a part of the closing down process.

> *"The people in those organizations who are facing that (closing) have to know that what they did was important, that they weren't wasting their time"*
>
> -David Morley, President and CEO UNICEF Canada

What are legacy projects?

Legacy projects are opportunities to fulfill the mission of the organization even after its closure. These projects seek to capture the impact that the organization had on its community, communicate the significance of the organization's achievements, preserve those accomplishments, and serve to influence and educate future interested parties about the organization's life and successes. [37]

They can serve to affirm, recognize, and honour staff, volunteers, donors, and community stakeholders in achieving organizational accomplishments over the life of the organization. In effect, legacy projects uphold the value of the organization's mission. They offer a collective frame to better understand the organization's closure. Most significantly, they can refocus collective staff efforts toward a successful closing down process, including the completion of both disbanding and reconnecting activities.

Legacy projects can be of various sizes from small to large. They can be of several types from archive projects, innovative retrospective programming and commemorative print publications to video and documentary projects. Every legacy project's essence and purpose is to identify, present, communicate and conserve the organization's history, mission, and accomplishments.

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[37] Lena, J. (2018). The Process Model of Closure and Nonprofits: The Exit of Exit Art. *The Journal of Arts Management, Law, and Society*, 48(1), 17–31. *https://doi.org/10.1080/10632921.2017.1398116*

Legacy projects help to convert the process of closing from acknowledging organizational closure toward celebrating the organization’s mission accomplishment. Undertaking them can help provide a mission to a mission-less organization during the closing down process when programs are being shut down, staff positions are being eliminated, assets are being liquidated and clients are being transferred to other organizations.

Benefits and challenges with legacy projects

Legacy projects act as a framework for staff to focus their work efforts during the closing down process by creating an opportunity to motivate staff to communicate the organization’s collective success to the community and other stakeholders. Legacy projects must be managed properly to ensure that staff does not neglect their regular programming responsibilities to serve clients during the organization’s closure.

Staff productivity during an organization’s closure may remain constant or indeed improve. The opportunity to identify and preserve the organization's successes over its lifetime can influence this increase in productivity.[38]

Legacy projects can produce and maintain harmonious relationships among staff that can support reconnecting activities and peer support groups once the organization’s doors have closed. Managers must ensure that the workload of legacy projects is shared equally among staff and is not concentrated among a few key personnel. Concentrating workloads may contribute to added tension or interpersonal conflict during the closing down process.

Legacy projects require both extra resources and extra capacity to complete. Not all organizations will be in the position to take on these projects. Leaders need to address the tension between dismantling activities and maintaining operations until the doors are closed during the closing down process. Organizations must prioritize dismantling activities that relieve the organization of assets. At the same time, keep assets on hand for any planned legacy projects.

Organization funders can play key roles in funding legacy projects that bridge gaps between the unusual request to fund projects that conserve the organization’s legacy during a closing and the more familiar program funding requests.

Organizational leaders can emphasize with funders the key role their gifts can play in capturing and preserving the impact and significance of the organization’s successes over its lifetime. Funders can act as midwives to the process of successfully closing an organization.[39]

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[38] Sutton, R. (1987). The Process of Organizational Death: Disbanding and Reconnecting. *Administrative Science Quarterly*, 32(4), 542–569. *https://doi.org/10.2307/2392883*

[39] Lena, J. (2018). The Process Model of Closure and Nonprofits: The Exit of Exit Art. *The Journal of Arts Management, Law, and Society*, 48(1), 17–31. *https://doi.org/10.1080/10632921.2017.1398116*, p. 26

Legacy projects may reduce harmonious relationships among staff if leaders don't communicate a common goal, and work efforts are not shared among staff equally. Overall, their key benefits are that they can:

- Provide a mission to a mission-less organization.
- Identify, preserve, communicate, and conserve the organization's history and accomplishments.
- Offer a perspective of celebration; transitioning the narrative of closure away from the vocabulary of failure to mission accomplishment and success.
- Provide a conduit to materialize a crowning achievement for the organization.
- Help to preserve an organization that faces imminent closure for future interested parties.
- Offer a coordinating mechanism for disbanding and reconnecting activities.
- Honour the service of staff, volunteers, and community stakeholders.
- Help produce harmonious relationships among staff and volunteers and generate a commitment to the organization's closure.
- Help resolve underlying tensions and mitigate resistance resulting from closure.
- Help serve as a model for other organizations facing closure.

"*If I think about that, I think an easy way to do that is just to make sure that some of your records, whether it's annual reports, or whether it's maybe even doing up a final yearbook and offering that up to your public library, so then it becomes a permanent record of history of what existed, right? You don't want to be totally forgotten, especially if it's been a good thing. You know, the community took up the charge to do something, it took them ten years to do it but they accomplished it and so it becomes part of the history*"

-Dawna Morey. ED, Lending Cupboard

Recap: Some Key Considerations

- Parting ceremonies provide an opportunity for staff and stakeholders to collectively grieve the organization's closure, leading to better acceptance of its closing.
- Celebrating an organization's closure can affirm, recognize, and honour the efforts of staff, volunteers, and stakeholders.
- Legacy projects can help to provide a mission to a mission-less organization during the closing down process.
- Legacy projects offer opportunities to facilitate harmonious working relationships among staff during a time of heightened emotions, interpersonal conflict, and tension.
- Legacy projects can vary in scale and scope depending on the size, capacity and time provided during your organization's closing process.

Section 5:
Final Thoughts

Having a plan and following it can help reduce the stress and anxiety that comes along with closing an organization. Multiple considerations need your attention, as this workbook has outlined. We hope that you have developed a better understanding of the process of closing your organization, what is involved, how to plan accordingly and how to celebrate your organization’s achievements.

At the centre of every nonprofit or charitable organization are the people who contribute to achieving the organization’s mission. Only by adequately planning for and celebrating the organization’s closure can leaders honour and recognize the myriad of staff, volunteers, clients, community partners, funders, and other stakeholders that contributed to the achievement of the organization’s mission over its lifetime.

It is important to remember that an organization’s closure is not a sign of failure. As this workbook has shown, organizations close for a myriad of reasons, not the least of which may be mission achievement.

As leaders, having a better understanding of the closure process can better prepare you to confidently guide your organization through this process and achieve a successful organizational closure leaving staff, volunteers and stakeholders feeling proud of their collective achievements and the wider impact and influence they were able to achieve through your organization.

Section 6:
Appendices

Literature reviews

This research was supported by a literature review of academic peer-reviewed articles covering five main themes: Change Management, Communicating Change, Conflict Management, Crisis Management, and Nonprofit Dissolution. Seminal studies researching the process of organizational closure were also reviewed.

Workbook reviews

A total of 41 workbooks from various sectors and across countries were evaluated to determine the common elements of an effective workbook. The Muttart Foundation's Board Development workbook series was examined to facilitate consistency in the development of this workbook. Case studies and interactive elements of this workbook aim to increase the utility to the reader and facilitate knowledge transfer to the reader.

Interviews

Interviews were conducted between October 14th, 2020, and November 16th, 2020. The interviewees were sector leaders who have experienced the closing down process of their organizations or programs due to the impacts of COVID-19 or other factors. A confidentiality form, brief document introducing the project and list of 10 interview questions were sent to each candidate ahead of their interview. Interviews were conducted via telephone and Zoom video conference and lasted between 15 and 45 minutes each. The interviews were recorded and transcribed to provide informative support for the development of the workbook.

Interview Schedule	
Interview Candidate	**Date of Interview**
Steven Clark, ED, Royal Canadian Legion	Wednesday, October 14th, 2020
Dawna Morey, ED, The Lending Cupboard	Thursday, October 15th, 2020
Gary Collins, ED, Epilepsy Canada	Monday, October 19th, 2020
Andrea Topham, ED, ATN Access	Friday, October 23rd, 2020
Heidi Clarkson, Co-founder, IMPACT Parkinson's	Wednesday, October 28th, 2020
Laura Syron, CEO, Diabetes Canada	Tuesday, October 27th, 2020
Frances Shakov, General Manager, Dancemakers/ArtSmarts	Wednesday, October 28th, 2020
Don McRae, Charitable Sector Researcher	Monday, November 9th, 2020
David Morley, President & CEO, UNICEF Canada	Monday, November 16th, 2020

Interview Insights

A total of 9 interviews were conducted with sector leaders from local and large, national organizations to help provide insight into the process of closure. Leaders shared their experiences in managing the process of closure, supporting relationships with stakeholder groups, communicating closure and how decisions are made when dealing with a crisis. The interviews also supply some insight into how the current COVID-19 pandemic has impacted their organizations. Not all organizations went ahead with closure.

Some key takeaways from each interview are provided below.

1. Andrea Topham, Executive Director, ATN Access

ATN Access is a nonprofit organization providing employment support and training to people with disabilities in London, Ontario. The organization runs both programs and social enterprises to accomplish its mission. One social enterprise, the Old East Village Grocer, a small food retailer, was forced to close due to the impact of COVID-19. ATN Access as an entity did not close. The experience with the closure of the social enterprise provides insight into the process of closure.

Key takeaways from this interview are:

- develop productive and trusting relationships with your board
- have open and honest communication
- develop a strong communication plan for messages about closure
- tailor those messages to the unique needs of different stakeholder groups
- communication plans should include the roles and responsibility of staff and outline key audiences
- time your communications for different groups
- be transparent and open about the reasons for closure
- provide a confirmed date for closure
- understand your organization's funders needs, have an asset tracking map
- always prioritize people in your communications and strategic planning; put people first

2. David Morley, President, and Chief Operating Officer, UNICEF Canada

UNICEF Canada is the Canadian National Committee Organization of UNICEF. UNICEF was established by the United Nations in 1946 and is the world's first international children's organization. UNICEF's mission is to advance the rights of children and youth and advocate for a more equitable and equal world for every child. UNICEF works in across 190 countries worldwide. UNICEF did not close.

Some key takeaways from this interview are:

- shift programming to digital in times of crisis for greater reach
- respond to changing needs in your community with different programming during a crisis
- develop a business continuity plan in case of emergency and practice it to eliminate confusion
- stay connected to your partner groups and communicate frequently
- share information freely with your partner to manage a crisis

- prioritize the mental and financial health of people, staff, and clients
- develop a communications plan and communicate frequently
- show empathy and relate to staff challenges
- express a sense of solidarity and hope for the future
- put people first in everything you do
- share your feelings and be vulnerable in times of crisis when communicating with others

3. Dawna Morey, Executive Director, The Lending Cupboard

The Lending Cupboard is a registered charity in Red Deer, Alberta. The organization provides medical equipment and supplies to enhance the quality of life of those individuals with critical needs. The organization is volunteer run with over 70 volunteers. This organization did not close.

Key takeaways from this interview are:

- review operations and develop a plan to accommodate reduced financial capacity
- share information freely with staff and volunteer and keep them informed with open communication channels
- keep the community informed of changes and use various social media channels effectively
- Be open with your communication and don't hide significant information from others
- have a contingency plan for clients to receive similar services from other organizations to meet their continuing needs
- develop a strategic plan to continue to meet the needs of the community after you close
- celebrate your organization's achievements
- develop a legacy project to record your organization's accomplishments after you close

4. Don McRae, Charitable Sector Researcher

Don McRae has been researching the charitable sector for many years and was suggested as a contact by Bob Wyatt of the Muttart Foundation. Don's insight into the trends for charitable revocations and organizational closure informed the development of this workbook.

Key takeaways from this interview are:

- organization closure fall into two groups
    - collective organizations have orderly closure
    - independent groups have more challenges
- government funding changes lead to financial shortfalls for organizations
- corporate funding priorities change, leading to funding shortfalls for organizations that do not align their changes in programs
- inconsistent budgets are signs of organization trouble leading to closure
- every organization has a best before date
- organization need to look to the future to survive
- succession planning is key to organizational survival
- organizational wind down should be planned and not sudden
- always consider the worst-case scenario
- organizations need to have open communication with member and the community
- organizations often fail to prepare for their closure

5. Frances Shakov, General Manager, Dancemakers/ArtSmarts

ArtSmarts was a pan-Canadian coalition project aiming to support arts education in schools across the country. The program was partly funded by the McConnell Foundation and now operates regionally as part of the Arts Network for Children and Youth. Dancemakers is a registered charity supporting dance performance in Toronto. It is Canada’s second-oldest contemporary dance company. COVID-19 forced the organization to close its head office and main studio space.

Key takeaways from this interview are:

- board and director relationships are key to organization survival
- develop a plan to protect, preserve and disseminate intellectual property
- have a good understanding of your financial reality and pay attention to revenue and expenses
- develop a strategy for closing your organization
- have a plan to disseminate and transfer assets and equipment
- have a plan to archive organizational documents
- honour the efforts of staff and clients with a legacy project
- position your closure as a positive development of mission achievement
- develop a strong communication plan for closure

6. Gary Collins, Executive Director, Epilepsy Canada

Epilepsy Canada is a national organization that raises funds to advance research in finding a cure for Epilepsy. The organization has a long history dating back to 1966. This organization did not close.

Key takeaways from this interview are:

- act quickly in a crisis to diminish the negative impacts
- develop a nimble strategic plan
- set aside an emergency fund for administrative costs in case of an emergency, plan for one year
- appreciate your donors and send messages of thanks and gratitude in your communication
- don’t have a hidden agenda in your messaging for fundraising, be honest and sincere
- develop a stewardship policy for communicating with donors in an emergency
- work with your board immediately during a crisis
- have a strong communications plan for donors and clients
- plan for contingencies
- don’t overreact
- reduce your expectations

7. Heidi Clarkson, Co-founder, IMPACT Parkinson's

IMPACT Parkinson's is a nonprofit organization offering exercise programs and hands-on services to people with Parkinson's and their families and friends. The organization ran a physical location in New Westminster, B.C., with 35 volunteers. It was forced to close its physical location due to COVID-19. IMPACT Parkinson's was a young organization in its third year of operation. The organization currently exists virtually.

Key takeaways from this interview are:

- understand your financial reality
- don't overreact and contemplate your options
- develop good relationships with your sector partners
- monitor your cash flow and organization's budget
- be prepared to make tough decisions
- prioritize the health and safety of your clients before finances
- be prepared for the emotional process of closing down
- have a well time and schedule communication plan

8. Laura Syron, Chief Executive Officer, Diabetes Canada

Diabetes Canada is a national organization aiming to support people living with diabetes and providing funding to advance the research of finding a cure for diabetes. The organization has a long history dating to 1953. This organization did not close. The impact of COVID-19 forced the organization to restructure, leading to large staff layoffs and regional office closures.

Key takeaways from this interview are:

- understand your financial reality and review your budgeting process
- project what is possible with reduced financial capacity and reduced staff
- develop a strategic plan for working in new financial reality
- communicate staff terminations and be as supportive as possible
- be transparent and open about reasons for layoffs
- big decisions rest with the CEO
- leadership competencies are crucial
    - be able to work in a grey zone
    - be resilient in times of crisis
    - be courageous in making tough decisions

9. Steven Clark, Executive Director-The Royal Canadian Legion

The Royal Canadian Legion is a large national organization with a history dating back over a century. The COVID-19 pandemic negatively impacted the organization, forcing 21 local branches to close permanently. Many branches remain closed and cannot fund their fixed expense, forcing them to consider permanent closure.

Key takeaways from this interview are:

- the process of closure requires a plan
- include crisis management into corporate by-laws
- develop a strong communications plan to eliminate uncertainty and confusion
- recognize the accomplishments and achievements of individuals and the organization as a whole
- quickly pivot from reaction mode to proactive mode to better manage the crisis
- give autonomy to local units and allow them to meet their unique community needs

Documents Sent to Interview Candidates

Confidentiality Form

Carleton UNIVERSITY

CONFIDENTIALITY FORM
PANL-5010- Capstone Research Project
School of Public Policy and Affairs

Monday October, 5th, 2020

Workbook Development for __Nonprofit (or Program) Closure, Dissolution and/or Voluntary Revocation of Charitable Status in ___the Nonprofit Sector due to COVID-19 __

Student Supervisor:
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Student Co-Investigator(s): Praan Misir, Syeda Uzma Giliani, Ellie Sabourin, Shane Norris

You are invited to take part in this study of the **Nonprofit Closure, Dissolution and Voluntary Revocation process in the Nonprofit Sector due to COVID-19. This process is designed to provide guidance to other nonprofit organizations during the process of closing, dissolution and/or voluntary revocation** by comparing existing processes to recommended practice and existing scholarship. Toward this end, you will be asked questions about past practices in your organization or sector, processes that guide these practices, and your impressions of how these processes might be improved. The interview will last **15-30 minutes** and there is no compensation for your participation. Interviews will be recorded to assist with transcription where applicable and review.

This project will be carried out from September 9, 2020 to December 24, 2020. You can withdraw from the study until November 1, 2020 by emailing Paloma.Raggo@carleton.ca and your data will be destroyed and not included in the final report.

While we expect that the risks inherent in participation are minimal, but should you become uncomfortable or unnecessarily burdened during your participation, you may choose to end your participation at any time before its conclusion. We hope this analysis will **improve guidance for other nonprofit organizations in their process of closing down, dissolution and/or voluntary revocation of charitable status** by providing recommendations for future practice.

Any information you provide will be confidential unless you agree to have your identity disclosed, used only to create a report suggesting program improvements, and video summary of this report. This report will not be disseminated for research purposes. These pedagogical activities have been cleared by CUREB-A in the following course clearance (file#107709)

CONSENT

- I have read the information presented in the information letter about a study being conducted by ***Praan Misir, Syeda Uzma Giliani, Ellie Sabourin, and Shane Norris*** of Carleton University.
- I have had the opportunity to ask questions about my involvement in this study and to receive additional details I requested.
- I accept to have my identity disclosed in the final report and associated to my interview responses [please circle YES NO]
- I accept to have my interview recorded [please circle N/A YES NO]
- I have been given a copy of this form.
- I agree to participate in the study.

Signature: ______________________________ Date: ____________________

Name of Participant (Printed) ______________________________

Should you have any ethical concerns with the study, please contact, Carleton University Research Ethics Board-A (by phone: 613-520-2600 ext. 4085 or by email: ethics@carleton.ca).

Project Introduction and Interview Questions

Carleton UNIVERSITY | Philanthropy and Nonprofit Leadership

PANL-5010- Capstone Research Project
School of Public Policy and Affairs
Project Description and Interview Questions

Hello,

In advance of your participation in an interview, the research team has compiled this brief document to introduce you to the research project and present the intended research questions. We hope this can provide you with some context to our research, and that the interview questions can offer an opportunity for reflection on your experiences to help the interview progress smoothly.

Project Description

Some charities will not continue to exist after the COVID-19 pandemic. For some, it will be a conscious choice. For some, they will feel they have no choice. The Muttart Foundation, a foundation that focuses on capacity building and regulatory work for the nonprofit sector, is proposing a research project in collaboration with Carleton University's Philanthropy and Nonprofit Leadership Program, that will lead to development of a workbook that will help charities chart their way through the process of closing down. The project will involve searching out existing material and conducting interviews with sector leaders and allied professionals. Absent such a resource, there is potential for charities to miss certain steps that could result in liability attaching to officers and directors. Upon completion, the Foundation would undertake to have the workbook designed and digitally published under a Creative Commons licence.

Interview Questions

1. Can you briefly describe the organization or program that had to close down either due the impacts of COVID-19 or other factors?
2. How was the decision to close down the organization (or program) reached and where did that process start? Who was involved?
3. Can you describe the situation that led to the decision to close down? What challenges was the organization facing and why?
4. In your opinion, was your organization prepared for the process of closing down? Why or why not?
5. In your opinion, what was the biggest challenge in your organization's decision to close down and why?
6. In your opinion, how did the organization's members, stakeholder and clients or customers respond to the decisions to close down?
7. How was the communication about the decision to close down shared among the staff, stakeholders, clients, customers and community partners? What was the content of the message in that communication?
8. Looking back on the closing down process, what would you have done differently? What errors could have been avoided or what practices proved most useful? For example, did your organization conduct any events to acknowledge or celebrate your organization's legacy and accomplishments as part of the closing down process?
9. What advice would you give to other leaders considering closing down their organization or programs? What leadership skills or closing down processes should they be aware of?
10. Thank you for your time in sharing your experiences with me. Are there any other issues about closing down that you feel other organizational leaders should be made aware of and how would you suggest that other leaders approach the closing down process? In other words, in your opinion what is the most important aspect of closing down an organization or program that other organizational leaders should know?

Thank you for your participation in this research and we look forward to speaking with you shortly,

Research Team

Praan Misir, Ellie Sabourin, Syeda Uzma Giliani and Shane Norris

On behalf of the research group, I sincerely thank you for your time,

Shane Norris

Shane Norris

Sample Donor Relationship Table

Sample Donor Relationship Table						
Individual/ Partner/ Funder Name	Type of Contribution	Total Amount Given	Length of Relationship	Source of Relationship	Outreach Method	Key Contact
Foundation #1	*Major Gift Donation*	*$250,000*	*10 years*	*Cultivated via Fundraising Team*	*Personal meeting/phone call*	*ED, Board Chair*
Individual Donor #1	*Monthly donor*	*$120*	*2 years*	*Newsletter subscriber conversation*	*email*	*Fundraising department*

Communication Planning Templates

Internal Communications

Staff Communication Strategy Table					
Staff Audience	**Audience Background and Potential Reactions**	**Communication Objectives**	**Communication Channel**	**Communication Timing/Frequency**	**Key Message Tone**
Senior Leadership	*WHO?*	*WHAT?*	*WHERE?*	*WHEN?*	*HOW?*
Mid-level Managers					
Part-time employees					
Contract workers and consultants					
Interns					

External Communications

External Communications Strategy Table					
Audience	**Audience Background and Potential Reactions**	**Communication Objectives**	**Communication Channel**	**Communication Timing/Frequency**	**Key Message Tone**
	WHO?	*WHAT?*	*WHERE?*	*WHEN?*	*HOW?*

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